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Manufacturers Experiencing Record Warranty Expenses and Scheduling Delays for Service

The data is in, and the results are *shocking*... the Automobile Manufacturers paid MANY billions of dollars MORE in warranty costs, during 2023 (the most recent full year for which information is currently available) than they did in 2022! The loses are staggering, particularly when the year-over-year increases are taken into consideration. Several Manufacturers experienced cost increases of nearly 30%, and one major Manufacturer experienced a nearly 40% cost increase!

What on earth is going on, here?

Change, that's what. Let's consider a significant historical example...

Consumers desire performance and luxury and in the late 1960's and early 1970's gasoline was inexpensive and plentiful. American car companies gave the public what it wanted. The industry was enjoying tremendous success selling muscle and large platform cars. Unfortunately, however, America was heavily reliant upon foreign oil supplies. Late in 1973 these supplies were suddenly *greatly* reduced, for political reasons, causing the price of oil to nearly *quadruple* within a few short months! Fuel was rationed and gas lines were seen everywhere. Economic hardship became widespread, and the public psyche was greatly impacted. The ripple effects of these events have never fully subsided, and acute changes were experienced for many years, from the onset! Reflexive reaction to these new realities led to the rapid implementation of smaller displacement engines (with the associated engineering challenges of attempting to maintain performance), multi-displacement trickery, and even converting existing gasoline engines to diesel. Going further on less became the objective, and ALL other considerations became secondary, including reliability. Comfort even suffered, in the eyes of many, as vehicles became smaller and lighter.

Fuel efficiency was the new goal, then, as it is now.



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Partnership + Performance = Profit

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Once again, we are witnessing the challenges created by rapid technological evolution. We have danced to this music before, and history *is* repeating itself...

Federally mandated Corporate Average Fuel Economy (C.A.F.E.) standards are now the source of the pain, versus an oil embargo. On the internal combustion engine (I.C.E.) side of things, Manufacturers are once again attempting to get more performance out of smaller displacement engines. Forced induction and other methods are being employed. The obvious goal, here, is to obtain higher fuel economy numbers. When burning fuel, power development yields heat and stress, and more is being asked of these powerplants than ever before. On the electrically powered side, EV's bring many new questions to the table... with their own engineering challenges and unique complexity. Reliability issues are once again surfacing en masse. The bottom line, here, is that these powerplants and their support systems are being rushed into production to meet burgeoning demands and failures *are* occurring!

Furthermore, consider the example provided by many Service Department's scheduling delays. It seems to be far more common than not... often the shop is scheduling new appointments many weeks from now. Check with your own Service Department to speak accurately regarding the current situation within your organization. Chances are the same holds true.

What is the significance of this?

This demonstrates, once again, the difficulty in obtaining the necessary talent to keep the modern vehicle running properly. There just aren't enough qualified Technicians available to serve these rapidly increasing demands. These problems currently seem to be getting more profound by the day.



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As usual, perhaps we might *tactfully* share some of this insight with our Guests who may otherwise choose to leave our stores *under* protected. The *need* for additional SHELTER, PROTECTION, SECURITY, and PEACE OF MIND appears to be greater than EVER!

Inspiration for this month's "Training Tip" was provided by Jeanne W. Thanks, Jeanne!

Think about it.

Good luck and good selling!



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