



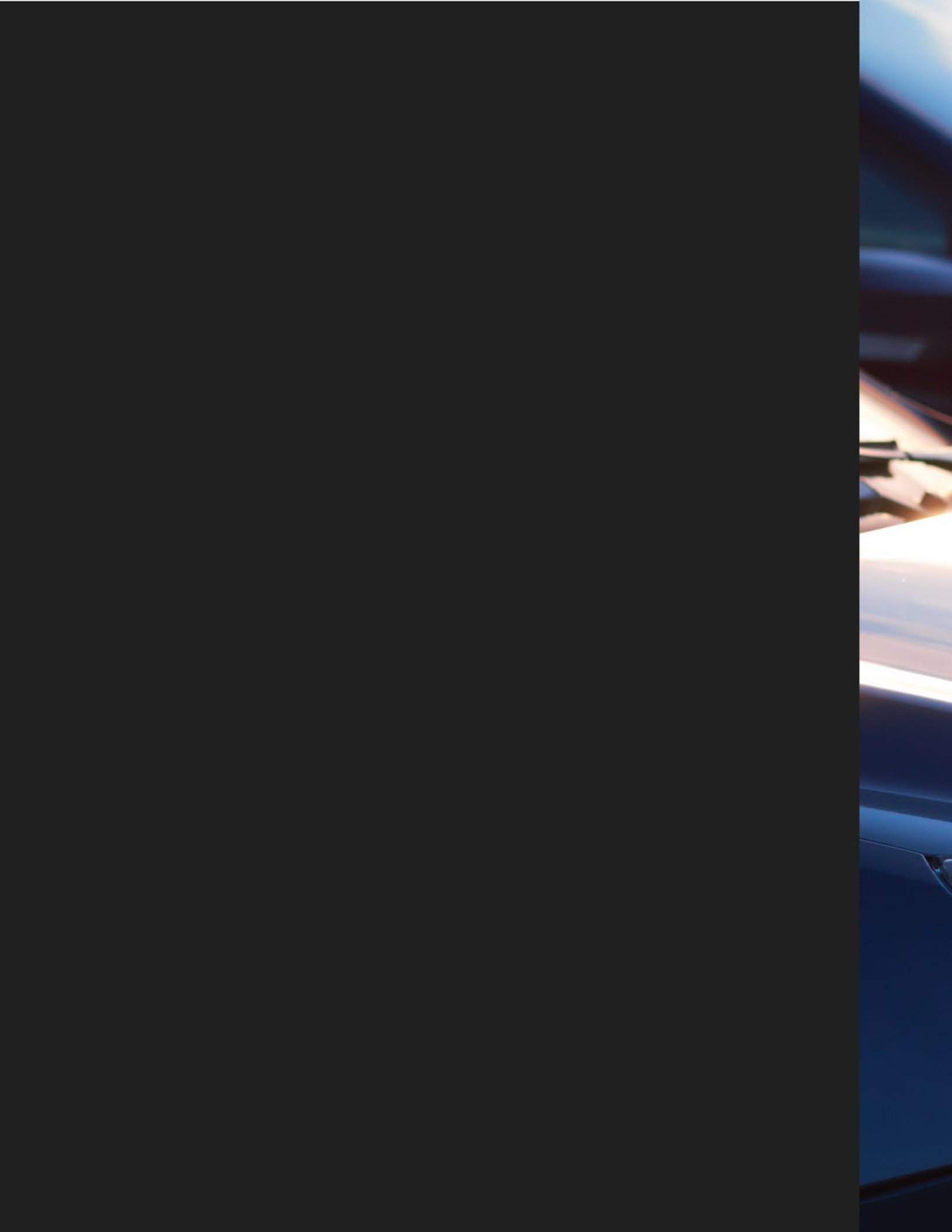
Radiant Ride

COSMETIC CAR CARE PROGRAM

Driving S.M.A.R.T. Repairs to Dealerships

A New Strategy for Higher
Customer Satisfaction
and Retention

October 2022



CONTENTS

ONE: The Reality.....	1
TWO: A New Idea.....	3
THREE: The Data.....	5
FOUR: Fixed Ops.....	9
FIVE: The Customer.....	11
SIX: The SMART Techs.....	13
SEVEN: The Dealer.....	14
EIGHT: State of the SMART Industry.....	17
NINE: Wrapping It Up.....	19
POSTSCRIPT: Smart Repairs And EVs.....	20
About Radiant Ride.....	21
Footnotes / Sources	



THE REALITY

Today's Market Disruptions

Traditional standards for customer retention
— which worked for decades —
are no longer sufficient.

Everything is changing. The bar is rising as consumers demand easy online shopping, value-based pricing, and a more satisfying driving experience.

Online auto sales are particularly disruptive:



Carmax and Carvana continue to take a bigger part of market share.



Shift, Vroom, and JoyDrive impact foot traffic of traditional dealerships.



Craig's List and Facebook Marketplace make selling pre-owned vehicles even easier than in the days of classified print advertising.

Other potential disruptors for auto dealers loom like customers keeping their cars longer, ride-sharing, the growing popularity of battery electric vehicles (EVs), and, on the horizon, autonomous vehicles.

All of the above contribute to ongoing efforts to stay competitive.

Dealers traditionally have tried to keep customers coming back to their stores via their service departments. Prompt, friendly, and thorough service are must-haves if dealerships don't want to lose customers.

Other time-honored methods involve products and services offered by the F&I department: GAP insurance, limited warranty, prepaid maintenance, road hazard plans, key replacement, lease-end protection, etc.



These are all fine, but what if there was something that would not only help customers keep their vehicles on the road, but something that would make them feel better driving it?

There is. And we think this service program will help astute dealers wow existing customers back to their dealerships.

A NEW IDEA

SMART Repairs Blended with
Routine Maintenance

2

Customers get super convenient access to cosmetic / reconditioning repairs at the same time as routine maintenance at the dealership.

What are SMART Repairs?

SMART is the industry acronym for Small to Medium Area Repair Technicians, commonly known as cosmetic or recon (reconditioning) services providers. These repairs include fixing dents, dings, paint scratches, scuffs, windshield chips, Alloy wheel / rim curb rash, vinyl / leather tears, and headlight restoration.

“ The essence of this innovative solution is that a SMART program provides consumers access to cosmetic repairs at the same time as maintenance services.

Remember, the new car buyer is in love with his or her new vehicle. At delivery, new car buyers typically promise themselves they will take good care of their new car's appearance. In fact, the International Carwash Association says 70% of new car buyers desire to have their car look brand new for at least five years from the date of purchase.



Mostly, it's for pride of ownership. There's a sense of well being when a driver slips behind the wheel of a new car and drives it off the lot. A driver even has that same feeling after a good car wash. A clean car runs better, right? Imagine the customer satisfaction if it is pristine ... all the time!

But there's another reason for maintaining the cosmetic appearance savvy owners desire: Higher Resale Value.

Of course, to get that higher resale price, new car owners must also keep up with routine maintenance. They can have their cars routinely maintained at the dealership, or they can go to a private garage.

What is to entice them to use the dealership?

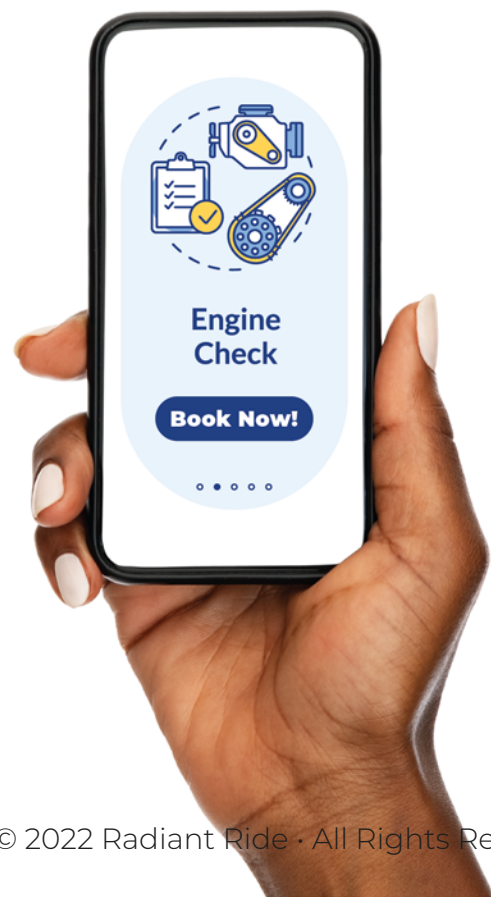
First, excellent, prompt, and friendly service are the no-brainer must-haves dealerships must offer. But how about something more? How about a complementary SMART service that appeals to at least 70% of new car buyers?

How about a service that takes care of the irritating dings, dents, scratches, curb rash, windshield chips, interior tears, and stains that inevitably occur?

How about that service takes place at the same time as the routine service call?

For most owners, touch-up wear and tear repair services are not readily available. Convenient one-stop-shops that provide both routine maintenance and cosmetic / recon repairs in one location are becoming popular in the United Kingdom and Australia. However, they are virtually non-existent in the United States and Canada.

The opportunity is ripe for American and Canadian dealerships to offer new car buyers a convenient, one-stop shop for keeping their vehicles both running properly and looking like new.



THE DATA

Survey and Trends Research Demonstrate the Need



The Question:

How do customers perceive the need for and the value of cosmetic / recon services? To find out the answer, we surveyed 115 consumers both online and in person.

- 90%** Of customers experience various types of reconditioning damage during ownership of the vehicle.
 - Dents and Dings 21%
 - Windshield Chips 18%
 - Scraped Rims 17%
 - Paint Scratches 23%
 - Leather / Vinyl 9%
 - Foggy Headlights 12%
- 89%** Of customers would have cosmetic repairs done at the dealership during maintenance if the service were available.
- 68%** Prefer going to a dealership while 32% prefer a mobile service.
- 95%** Of customers are aware resale / trade-in values are higher when cosmetic appearance is maintained.
- 57%** Of customers plan to own a car over 10 years. 22% 6–10 years and 21% 1–5 years.

The Survey Takeaway

Consumers are keenly aware of the value of auto cosmetic services. Yet, they rarely take advantage of them.

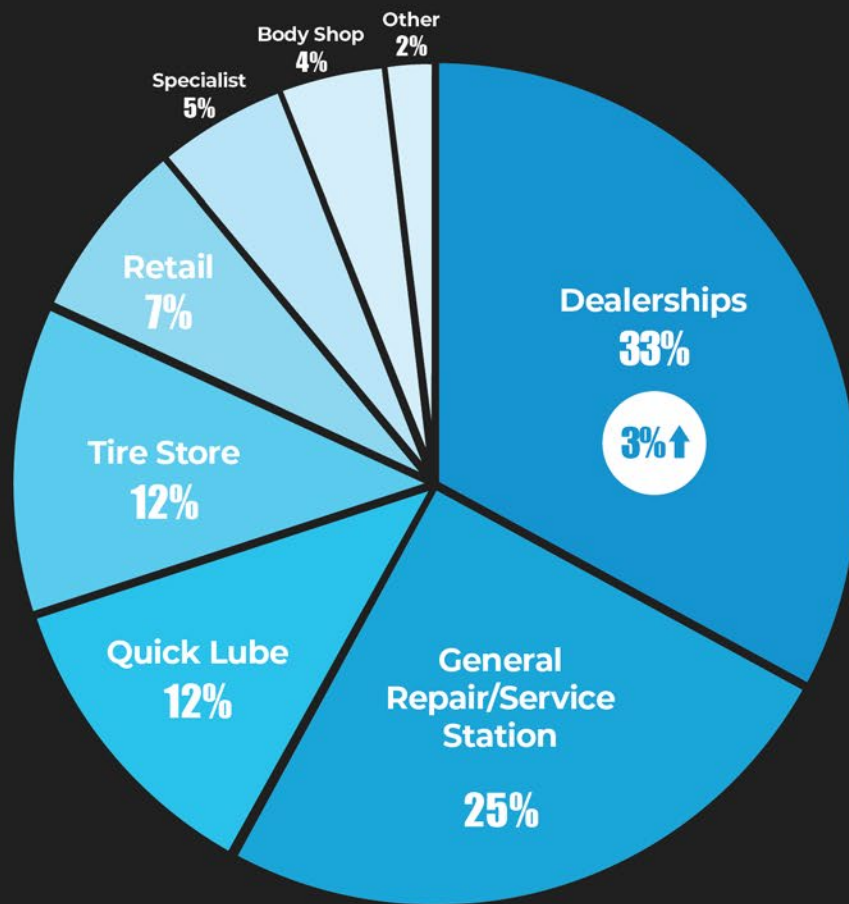
When a vehicle is malfunctioning, it must be fixed or drivers can't get where they need to go. Not so with cosmetic repairs. They can be postponed and postponed indefinitely.

70% of new vehicle buyers vow to keep up the appearance of their cars. They fail. They fail because of time, money, and inconvenience.

The SMART repair program removes the obstacles.

The above survey demonstrates that new car buyers will be eager to take advantage of SMART repairs, IF available at the time of routine maintenance at the dealership.

Where Do Consumers Go for Maintenance?

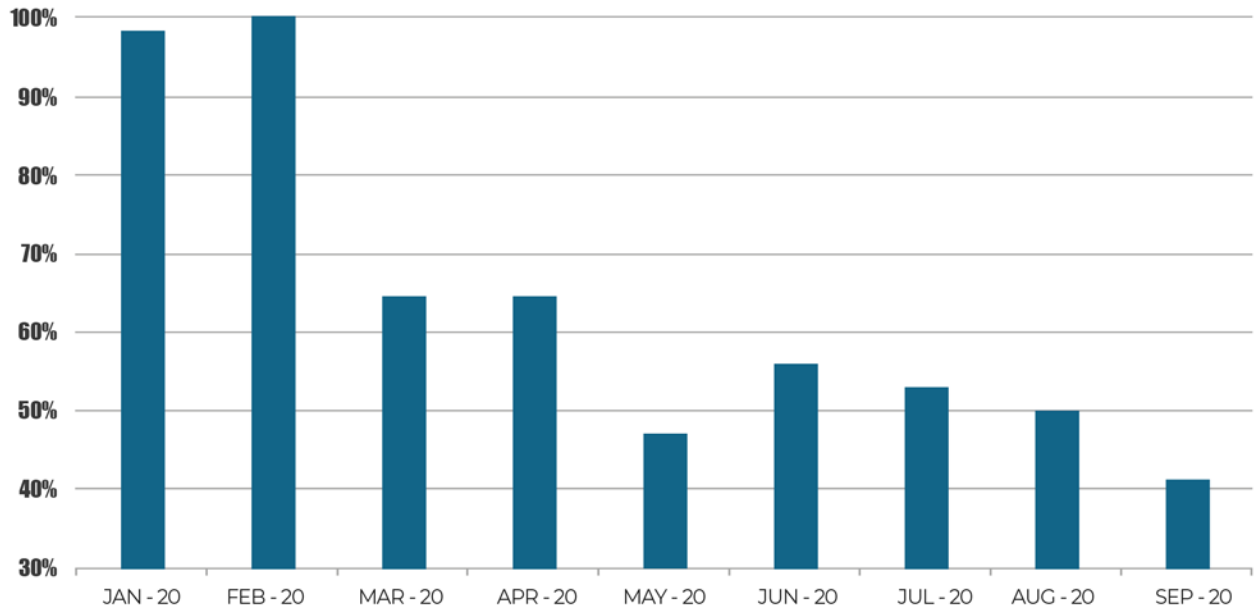


Based on U.S. Data



While dealerships face competition from various service providers, they still compete well for routine service. And visits are even up 3%. Dealerships are still in the game. But even more competition is on the horizon so it's imperative to explore new ideas. Especially ideas where independent repair shops can't compete.

AUTO DEALERSHIP VISITORS 2020



Note: Included is the volume of geolocation auto dealership visitors for 2020. Data is normalized to max volume of 100% in February 2020.

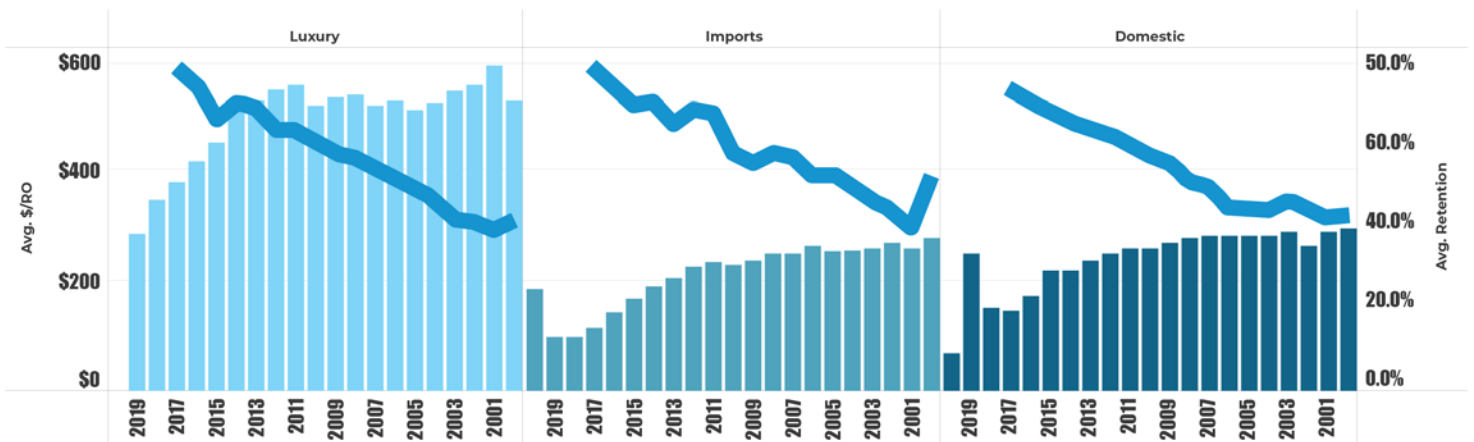
2020 was a perfect storm: The three Cs: Covid, Carvana, Carmax all struck with a vengeance. Plus there was Tesla. As digital retail entices more consumers, dealerships need to find new ways to get consumers back onto the lot.

Holding On to Past Customers

Customers simply aren't as loyal as they once were. And it's not just online shopping. Customers are holding on to their vehicles longer and the longer a customer is away from the dealership, the harder it is to hold on to the customer.

DEALERSHIP RETENTION DECLINES AS VEHICLES AGE

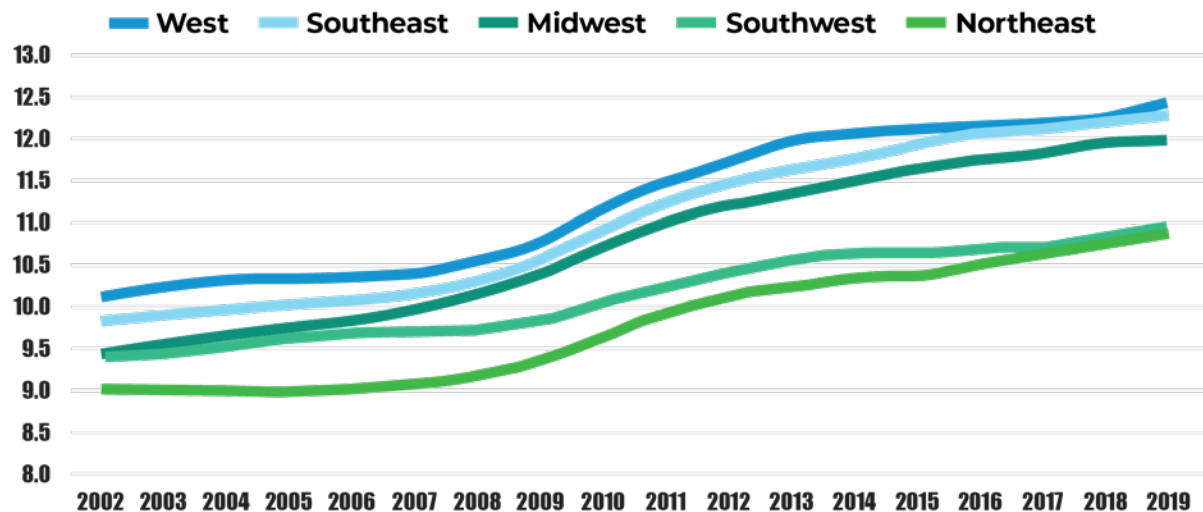
\$/RO CP by Model Year and Retention



Country: U.S. OEM Segment: All

Unfortunately, longer vehicle ownership continues to increase and doesn't show any signs of slowing down.

U.S. Average Age of Light Vehicles by Region



Note: Based on a snapshot taken Jan. 1 of each year shown

Source: IHS Markit ©2019

Avg. Age of Cars and Light Trucks Now 11.8 Years

Unique Opportunity for Dealerships

Dealerships are uniquely positioned to attract customers back to the dealership with a SMART program blended with routine maintenance.

Independent shops cannot easily offer these services. Why?

SMART repair technicians are already on the lot of dealerships and they prefer working with dealerships. Dealerships are well-positioned to leverage existing recon activity at the store and provide consumers convenient access to both routine maintenance and reconditioning repairs.

Since independent shops don't have the working relationships with recon specialists, dealerships should tap this under-utilized workforce to gain a significant competitive advantage.

Getting Customers Back ... and Back Again to the Dealership

With a SMART repair program in place, customers come back regularly to the dealership. Once back at the store, service advisors have sales opportunities for other products and services. Repeat visits during the life of the vehicle allow the dealership build and cement trust so when the customer is ready for a new vehicle, he or she is ready to purchase from the dealership.



FIXED OPS

Boosting CSI and Retention

Once a friction point for the service department, SMART repairs can now complement the value-added services that significantly improve CSI (customer satisfaction index) and customer retention.

As noted earlier, customer retention drops off as a vehicle ages. By signing up for a SMART repair program, customers now have strong incentives to keep coming back to the dealership. And service advisors are recognizing the advantages.

Service advisors once resisted incorporating cosmetic services into their offerings. Now, with the decline of dealership traffic, they understand the benefits of improved customer relationships and all the resulting opportunities for sales.

“ Dealerships whose service advisors offer SMART repair programs to their customers stand out from individual repair shops.

Since Fixed Operations have the most interactions with customers for the duration of a vehicle's life, having tools to build stronger relationships are vital to success. A SMART repair program allows the service advisor and customer to engage more fully to ensure a well-maintained and attractive vehicle.

Customers love when their vehicles look better because of the SMART repairs. This sense of pride in the vehicle greatly increases the likelihood of maintenance repairs long after the warranty period, which are the most profitable services for the dealership.

In addition, as service advisors and customers form stronger, more trusting relationships, customers become well-disposed to hearing recommendations for new products and services.

A SMART repair program gives the service advisor a powerful tool to solidify the advisor-customer relationship, making the dealership the first place customers turn to for anything related to their vehicles.

THE CUSTOMER

Easily Fulfilling Desire for Vehicle to Always Look New

5

Everyone is busy. Just the same, most new car buyers don't put off mechanical maintenance. But cosmetic repairs are all too easy to delay. And then to delay again and again.

That's why so many resolutions to keep up a new car's appearance never become a reality.

As noted above, SMART programs solve this problem by allowing customers to receive cosmetic repairs at the same time as routine maintenance. No need for a second trip to another location.



For new car owners, the desire at-purchase to keep up the appearance of their vehicles is no longer a resolution quickly forgotten, but a reality.

By offering SMART service contracts, dealerships help customers fulfill the deep desire to take care of a valuable asset and investment.

Fulfilling that desire will help bond customers to both the dealership and its brand.

This is especially important. As noted earlier, today's consumers are not the loyal consumers of old. By fulfilling customers' aspirations, and doing so conveniently, dealers make more existing customers, repeat customers.

Customers who feel that new-car-high when they drive off the lot, will have that upbeat feeling extended with a SMART program. Good feelings associated with the dealership builds on and improves the dealer-customer relationship and increases the chances of customer retention.

In addition, customers love that their vehicles, cosmetically maintained, will be worth more when it's time to purchase a new vehicle. Even for those who lease, SMART contracts make sense as it helps lessees avoid end-of-lease charges for vehicle damage.

Service repairs typically covered in SMART contracts include:

- Dents and Dings
- Windshield Chips
- Paint Touch Up
- Scratches
- Bumper and Mirror Scuffs
- Alloy Cosmetic Wheel
- Curb Rash
- Leather Rips and Tears
- Interior Fabric and Carpet Stains
- Headlight Restoration

Benefits to customers typically include:



Convenient and Express Touchup Services



Transferable Contract

The vehicle's resale value is increased by transferring the product warranty to the next owner. Transfer fee will apply.



More Driving Enjoyment



Saving Money

Less expensive than paying for repairs separately.



Higher Resale Value



Peace of Mind

Don't have to worry about when and how to get repairs done.

As Nicholas Wharton, Service Manager, INFINITI of Modesto said about the SMART program, ***“The number one benefit is convenience for the customer. Whenever they're coming in for maintenance, they're able to come in, get their basic services done, but also take care of the windshields, the wheels, the dents, at the same time, allowing us to make it a seamless effort.”***

THE SMART TECHS

Tapping an Under-Utilized Resource

6

A SMART repair program uses the mobile techs already trusted by the dealership.



Dealerships have established relationships with local SMART mobile techs on their lots.

Dealers know whom they can trust to deliver top-notch work. Furthermore, these vendors prefer to work with dealerships.



Thus all stakeholders are well-positioned for incorporating into a SMART program.

By consolidating these trusted vendors into a SMART program, routine maintenance can be scheduled on the specific days and hours the vendors are already on the lot. Or by spreading appointments throughout the week, service drive logistics can be further optimized.

THE DEALER

Gaining a Competitive Advantage

7

SMART programs offer an innovative business model that leverages existing cosmetic repair activity at dealerships, giving them a competitive advantage in their territory.

SMART program providers partner exclusively with select dealerships.

There are two ways customers typically sign up for SMART cosmetic services.

- 1 Dealerships offer a SMART plan as an after-sale product to its customers.
- 2 The SMART provider's own marketing campaigns direct car owners — who have purchased vehicles elsewhere — to its partner dealerships, thus bringing new customers to the dealership.

SMART providers should include in the package a “take home” kit so customers immediately feel the benefit of the contract. Kits should include items like:

- Waterless Wash Solution
- Vinyl / Rubber Dressing
- Car Interior Cleaner
- Wheel Cleaner
- Glass Cleaner
- Protectant Wipes
- Microfiber Cloths



Take-home kits creates a value add, and helps the customer drive off the lot extra satisfied.

After sign-up, dealers simply remind customers via postcard, text, or email to bring their vehicles in for both routine maintenance and cosmetic / recon repair. Dealers can further motivate customers by offering:



Vehicle Pickup and Delivery



Delivery of Services at Home or Place of Work



Pick Customer Up to Get Vehicle



Drive Customer Back Home or to Work after Drop Off

The more convenient dealers make it, the better the relationship-building.

Dealers should also remind customers of the benefits they are receiving by keeping up with both mechanical and cosmetic maintenance of their vehicles. Congratulate customers on their responsible ownership.

Dealership benefits from SMART service contracts include:

- Income from Point-of-Sale SMART Contracts to New Car Buyers
- Enhanced Customer Buying Experience with Take-Home Kit
- Income from SMART Contracts Offered to Service Customers
- Training and Support for Service and Sales Staff
- Marketing and Merchandising Support
- Customer Retention as Service and SMART Repairs are Done at Dealership
- Opportunity for Upsales of Other Products and Services
- Opportunity for New Vehicle Sales to Customers as Loyalty and Trust is Built
- Less Vehicle Prep Time for Vehicles Returned to Stock
- More Referrals from Happy

As Jon Peterson, General Manager, Folsom Lake Ford & Kia said of the SMART program,



I like that it helps us become a one-stop shop for all their needs and they don't have to worry about going anywhere else.





8

STATE OF THE SMART INDUSTRY

Proven Model Poised for Growth

An article posted April 4, 2020, on AM Online (www.am-online.com) reported most favorably on the benefits of SMART repair service plans in the UK saying, it's "... a win-win product. It means extra income for the dealer and buyers should see a return on their 'investment' when it comes to reselling the vehicle."

Nick Franklin, head of distribution and product development for Autoprotect Group, said, **“Over the past five years, SMART repair has come much more to the forefront of the range of add-on products dealers offer.”** He adds that whereas the frequency of Gap plan claims are around 4%, use of SMART repair plans are around 35% and at certain times of the year as high as 70%. Thus consumers are getting significant value from their SMART repair plans.

UK based, Lee Coverdale, sales manager, considers SMART repair as a retention tool and sees trade-in values higher for those vehicles with coverage. But he adds,

“This isn’t a reflection on the true value of the product because the consumer may have had multiple repairs on the same areas, so their purchase has looked fantastic throughout the whole period of ownership.”

Phil Newstead, Director of DHMB Limited, which is a SMART repair provider and also UK based, says after-sales departments can offer contracts to car owners, without plans, whose vehicles are in the service department and would benefit from a SMART repair. He says, **“There is a very clear upsell opportunity. It does have its challenges because the vehicles are probably up on the ramp for 70% of the time when in the dealership and people want their car back the same day. But I think, potentially, it is a real revenue opportunity which no one has really got right yet.”**

In the United States, Radiant Ride has demonstrated proof of concept in Northern California.

In the United States there are 273.6 million cars on the road. In Canada, 34.3 million. Well over 300 million combined. It’s estimated 90% of vehicles need some cosmetic repair. With this in mind, the industry is poised for growth with demand far outstripping supply.

WRAPPING IT UP

9

SMART programs are a proven business model that will drive customers to dealership service departments, increasing profits and customer retention.

There is nothing like the car business.

As the digital retail revolution takes flight, we must keep in mind the history of automotive retail, which is replete with dealers who are resourceful and resilient business men and women who always rise to overcome market challenges. They know, firsthand, getting the customer back to the store for service and then providing a superb experience exponentially increases the likelihood of selling that customer his or her next vehicle.

SMART programs drive customers back to the store.

Proof of concept is well established. SMART programs are already a proven business model in the UK and Australia, and, now, in Northern California. Thus they are poised to become mainstream in the United States and Canada as dealerships scale SMART repair programs regionally.

Customers love it. They love the convenience and they appreciate the dealers playing a key role in preserving their trade-in and resale value. It's a win-win for customer and dealer.

Super convenient SMART programs offer customers higher service engagement which, in turn, positions dealers to be more competitive in their markets.

The service brings in new profits and creates happy customers who will refer their friends and relatives to the dealership.


At the end of the day, it's about building better relationships with customers. When this happens, brand and dealer loyalty increases, so will revenues.

POSTSCRIPT:

Smart Repairs And EVs

As dealerships across the nation make room on their floors for EVs, they should remember that while battery-operated vehicles will not require engine maintenance, they will suffer the same cosmetic wear and tear as gas-operated cars. A maintenance schedule for SMART Repairs at the dealership will keep customers coming back.

About Radiant Ride

A black and white portrait of Earl "Sticks" Brown, a middle-aged man with glasses, smiling. He is wearing a light-colored button-down shirt under a dark, patterned blazer. The portrait is positioned on the left side of the page, partially overlapping the text.

For more than 25 years, the Sticks Brown Group has specialized in automotive appearance, demonstrating an unwavering commitment to the industry. Now Earl "Sticks" Brown has successfully piloted a SMART program in Central California and is fast expanding. If you are interested in exploring a SMART program for your dealership, please contact Sticks directly at sticks@radianride.com or through LinkedIn.



There's a lot of great benefits to Radiant Ride, especially the customer retention. Being able to have customers come back to the dealership. The convenience factor, being local, and if there's somebody far away, guess what? Radiant Ride will go to them as well. To be able to have a product that you know that takes care of all those things and for a customer to come into a dealership where they bought it from, and for us to be able to hold on to that customer, it's important. It just brings them back every time and if they're in here for the third, fourth, fifth year of issues and at that time, they're looking at buying a new car because they were so well taken care of, that's a great tool for the dealership as well. So it's a win-win situation for everybody.

Jesse Ismate, Finance Director, Folsom Lake Ford & Kia



FOOTNOTES

[Auto Dealer Today / November 24, 2021](#)

“How to Win Back and Retain Service Customers”

[Colonnade / October 2021](#)

“Automotive Reconditioning Market Commentary”

[Automotive News / September 28, 2020](#)

“Providing Wow Customer Service”

[ET Auto.com / December 3, 2019](#)

“BMW India Introduces SMART Repairs Initiative”

[Automotive News / June 27, 2016](#)

“Video Marketing Targets In-Store Customers”

[Power Training Webinar Auto News / October 28, 2020](#)

“Simple Strategies for Attracting and Retaining Fixed Ops Customers”

[Jim Leman - Biz Writer / May 15, 2019](#)

Cosmetic Service Agreement from Radiant Ride Delivers 30-75% Penetration,
Drives Consistent Customer Retention

[Power Training Webinar Auto News / November 11, 2020](#)

“Creating Compelling Customer Experiences”

[Brent Tally / October 19, 2020](#)

“Make Your Dealership a Destination Dealership”

Dave Foy, VP of Fixed Operations Quantum5 / April 2, 2021

“Fixed Ops - CSI and Customer Retention”

NADA Workshop, Friday February 14, 2020

Fixed Ops Customer Experience for Growth, Retention and Profit
David Foutz/Xtime and Tully Williams /The Niello Company

USA Today / September 29, 2019

“Cars have a problem: They last longer, and that means the insides get grubby and outmoded.”

Automotive News Access F&I / February 1, 2017

“Showroom Intros, Videos Plant the F&I Product Seed”

F&I and Showroom / February 2016

“Protecting the Finish”

Automotive News / July 6, 2015

“Service Growth Comes Down to the Details”



Radiant Ride

COSMETIC CAR CARE PROGRAM