



THE TRUTH ABOUT

# CAPPED PRICE SERVICING

A WORKSHOP GUIDE TO THE FACTS

An initiative of the Australian Automotive Aftermarket Association



# PROTECTING THE INDEPENDENT WORKSHOP

The Australian Automotive Aftermarket Association (AAAA) believes that fair and open competition in the service and repair of vehicles is critical to ensuring that the aftermarket industry sector can continue to provide the Australian motoring public with affordable and high quality car service, repairs, accessories and parts.

Our aim is to protect choice and competition in the vehicle repair and servicing sector by eliminating any anti-competitive behaviour or technical barriers that impact on the Australian consumers' right to have their vehicle serviced and repaired at competitive prices in the workshop of their choice.

Our membership and stakeholders share a common and real concern regarding some Capped Price Service programs. We call into question the validity of certain marketing claims and we believe that in some cases motorists are potentially being misled over the true long term value of these service programs.



## WHAT IS CAPPED PRICE SERVICING ?

Capped Price Servicing (CPS) is a routine maintenance program that purportedly offers new car owners a fixed or capped price on (some) servicing requirements, provided that certain conditions are met.

CPS plans are usually marketed as an enticement for purchasing a new car, although they are primarily used as a customer retention tool that is designed to keep service work and the purchase of parts and accessories within the dealership network.

The term 'Capped Price' gives an impression to the motoring public that such plans offer full transparency over pricing and superior value for money. In reality, this is often not the case and it's important that consumers carefully read the conditions involved in any CPS deal prior to purchasing a new vehicle.

For example, vehicle owners may not be aware that the cost of a CPS program may have been built into the purchase price of that car or that the 'capped' price may be subject to change at the car manufacturers' discretion. In addition, many CPS plans do not cover critical service items as specified in the manufacturers own recommended service schedules. These replacement parts often come at an additional cost, despite being essential in preserving the new car warranty as well as protecting the resale value and life of the car.

## EXPOSING THE MYTHS

Car owners, especially those with new cars, are often confused by the myths that are perpetuated regarding things like Capped Price Servicing, the use of so called Genuine Parts and the service requirements for maintaining a warranty.

It is in the interests of every workshop owner, and the general automotive community, to provide education and information to ensure that the motoring public are fully aware of their rights and are not being misled by myths or deception

## SOME BASIC QUESTIONS YOUR CUSTOMER SHOULD ASK BEFORE ENTERING INTO A CAPPED PRICE SERVICING PLAN ...

- Is the service price actually capped for the life of my car, or can these prices be increased over time ?
- Does the CPS include a full safety check or is this an additional charge?
- Will there be additional parts and services required in order to maintain my new car warranty and if so at what cost ?
- Is the CPS price built into the purchase price of the vehicle and if so, do I have the option of taking this as a discount off the sale price ?
- Does the capped price include all parts and lubricants that are required to be replaced on my car over the duration of the program , and if not, how can I be assured that these will not be supplied at an inflated cost ?
- How long am I locked into a dealer only service option under the CPS program and are there any penalties imposed if I miss a scheduled service ?

Your customer can find more at [www.choiceofrepairer.com.au](http://www.choiceofrepairer.com.au)

## CONSUMER CHOICE

With the rapid changes in vehicle technology, there is a concern that some car companies are leveraging their technological and market power to restrict competition and force car owners into their dealership networks. This is likely to be achieved by restricting the access of independent repairers to vital repair and service diagnostic information, perpetuating a 'myth' that a car owner must use an authorised repairer and fit 'genuine' parts to preserve their manufacturer's warranty and offering programs such as capped price servicing with terms and conditions that significantly erode the value of the service offering.

If allowed to continue unabated, this behaviour will result in a large decline in the market share of the independent repairer segment of the industry and will force the closure of many thousands of family owned repair businesses, reducing freedom of choice for the consumer and driving up the cost of vehicle ownership. This will also have a detrimental impact on employment and skills development in the retail repair and service sector.

The 'Choice of Repairer' initiative is an information campaign designed to help protect consumer choice and advocate for fair competition in the automotive aftermarket.

## JOIN THE CHOICE OF REPAIRER CAMPAIGN

If you believe in full and open competition in the vehicle repair, servicing and replacement parts sector we urge you to register your support for the Choice of Repairer initiative. To do this simply log on to our website [www.choiceofrepairer.com.au](http://www.choiceofrepairer.com.au)

Once you have registered your support we will keep you updated on the progress of the campaign.



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