

# SHOP TALK

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## There's Something Missing Here

Hippocrates nailed it: Desperate times call for desperate measures.

What the ancient Greek physician and philosopher actually said was, "For extreme diseases, extreme methods of cure, as to restriction, are most suitable." In other words, when things go haywire, it's time to pull out all the stops to make it right again. That's where the automotive industry stands as it wrestles with a shortage of computer chips as a result of the coronavirus pandemic. Consumers are feeling the pinch now when they try to purchase new vehicles, which are becoming scarcer than lifeboats on the Titanic.

Automakers are reeling from production cuts of more than 1.2 million vehicles in North America due to a shortage of computer chips. These chips are used for multiple purposes, including safety features, braking, and engines. These cuts come on the heels of last year's reduced vehicle production caused by pandemic-mandated plant shutdowns. Manufacturers and new car dealers are being forced to find creative ways to deal with increasing demand as consumers—flush with government stimulus money—shop for new cars and return to the mobile lifestyle they once enjoyed before COVID-19 struck.

Satisfying consumer demand is not the only issue at play. The EV market is ramping up more quickly than anticipated as the majority of automakers focus on migrating their vehicle lineups to all electric within the next 10-15 years. This initiative has increased demand for computer chips, adding pressure to already stressed chip manufacturing companies struggling to keep up.

Currently, 40% of the car chip supply comes from three chip manufacturers, entities that are large enough to lobby for more production facilities and increased resources. But smaller chip manufacturers with the capability to help fill the growing demand for chips don't have enough clout to obtain similar resources. Even if chip makers could find a way to keep up with demand from a production perspective, getting chips to automakers is a challenge since cargo transportation is also backed up due to the pandemic.

Vehicle manufacturers are doing what they can to fill consumer demand under these conditions, but they're taking interesting approaches to keep the production line rolling. Some are shifting available computer chip inventory to the best-selling models, leaving less popular models stranded on the sidelines. Many other automakers are producing vehicles and then parking them in empty lots to await the arrival of the next shipment of computer chips.



# Do You Know What You're Getting?

Have you purchased a new or used vehicle from an auto dealership lately? If so, you may have been offered a prepaid vehicle maintenance plan. It sounds like a good deal, right? You pay for your maintenance services up-front, and then you don't have to worry when it's time to change the oil, rotate the tires, or check fluid levels. You bring the car in, drop it off, and pick it up when it's done. It kind of feels like you're getting your maintenance done for free!

But let's take a step back and do a deeper dive into these prepaid maintenance plans. While they do provide benefits, it may also be that you're not getting as good a deal as you thought.

A prepaid maintenance plan is not the same as an extended warranty or extended service contract. Extended warranties and service contracts, as the name implies, are an extension of the factory warranty on the vehicle. A prepaid maintenance plan, on the other hand, often has nothing to do with the manufacturer or its guidelines for vehicle maintenance. Dealerships create these plans to keep a steady stream of vehicles flowing through the service department after the sale. This doesn't mean these plans don't have value. But you should know what you're getting before adding one onto your purchase.

Because car dealers want to keep your business for the long haul, they often sell prepaid maintenance plans at a discount. This is appealing, but keep in mind that the discount is off the dealer's standard service fees, which are often higher than independent auto repair shops or manufacturer-affiliated service shops. If you're considering adding a prepaid maintenance plan to your auto purchase, it makes sense to do the math first. Compare the price of the services you're getting at the dealership to what those services would cost at a local auto repair shop. You might be surprised.

Prepaid maintenance plans have been structured by the dealer and apply only to those maintenance services the dealer sees fit to include in the package. While these services may be all you need, they may also be more than you need. Many new vehicles don't require much in the way of maintenance. If the prepaid maintenance plan has you returning to the dealership every month for a check-up, you're probably wasting your money.


Today's auto manufacturers are good at outlining



maintenance and service intervals in the vehicle's owner's manual. Prepaid maintenance plans purchased from a dealership may not necessarily follow these guidelines, though. For instance, the plan may call for oil changes every 3,000 miles, while the manufacturer recommends this service every 6,000 miles. In this case, you're essentially over-servicing your vehicle. While this may not bother you from a cost perspective—you've already paid for the service—it will cost you in time and inconvenience.

In another scenario, the maintenance plan may call for oil changes every 10,000 miles, while the manufacturer recommends every 7,500 miles. In this case, your car travels a considerable number of miles over what's recommended by the automaker. This wears the vehicle down faster. Before you purchase a prepaid maintenance plan, compare the service intervals in the plan with those from the manufacturer to see if they align.

Auto dealers make prepaid maintenance plans sound very appealing, and they do have some benefits. For those who are cash-strapped, it's possible to wrap the plan's cost into the purchase price of the vehicle. Just remember that when you do this, you're paying interest on the maintenance plan and the vehicle loan. Prepaid maintenance plans also simplify things. You know when to take the car in and what service to ask for. You don't have to debate over where you'll get the service done; your only option is the dealership that sold you the car.

If you're offered a prepaid maintenance plan the next time you purchase a vehicle from a dealership, take a good look at what you're getting to make sure it's a good deal. If you need help deciding, call your local auto repair shop. They want your business, too, and will often help you make the best decision for you—whether it's in their favor or not. 

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Inside: How one tiny chip has thrown  
the auto industry off-track.

## We're Not All the Same

I'm continually floored by how technologically advanced vehicles are becoming. Accident avoidance systems now employ dozens of sensors and cameras, all exactly calibrated to intervene when you are on the verge of hitting something.

But because they allow you to maintain control of the vehicle, they only step in at the very last second.

BMW, for example, uses a special camera that can identify someone stepping out into the road in between parked cars and stop the vehicle to avoid hitting them. It's a marvel of modern technology.

But the shop owner in me starts to ask questions. Does the vehicle know the condition of the tires? Cheap tires do not grip the road very well when even moderately worn. Does the vehicle know the condition of the braking system? Does it know the shop installed cheap brake pads and reused the rotors on the last brake service? Does it know that those brake pads aren't designed to stop the vehicle like the original units?

The answer, of course, is no. The vehicle doesn't know. And it's likely you don't know either.

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This is where the automotive service professional is supposed to step in. But not everyone that "works on cars" is a professional. Ultimately, it's left to you to ensure that your chosen automotive service professional is properly trained and knowledgeable on new technology.

You'll need to make sure they're keeping up on how to properly service your vehicle as well as sourcing the right parts, not just those that fit.

Regardless, rest assured we'll be doing our part to make sure every vehicle that leaves our shop is properly serviced and is as reliable and safe as possible.

Until next time...

*Dave*