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What a deal-er!

How the Costco Auto Program chooses dealerships

BY STEVE FISHER

NEW AUTO-BUYING programs seem to pop up every day, but there is only one service dedicated to assisting Costco members, and that's the Costco Auto Program (CAP).

"The sole purpose for many other services is to provide dealerships with as many consumers as possible to sell cars [to]; their focus is not the customer," says Gina Paolino, CAP president. "The Costco Auto Program's goal is to benefit Costco members by providing the best car-buying experience possible, with prearranged pricing and a no-hassle experience. We've been doing it for nearly 30 years."

CAP achieves that by working with the best dealerships. Paolino tells *The Connection* how CAP ensures this.

COSTCO CONNECTION: ***How many participating dealerships work with CAP?***
GINA PAOLINO: For the Costco Auto Program, the quality of dealerships we offer is more important than quantity. We've carefully selected more than 3,000 dealerships to participate in the program nationwide.

CC: ***Do you initiate the relationship or do dealers have to apply?***
GP: The majority of the time we initiate. However, many dealerships come to us monthly requesting to be in the program. After the vetting process, maybe 10 percent will qualify because of our strict criteria. Additionally, they must be trained and certified on our policies and procedures before they can connect with Costco members.

CC: ***What are CAP's criteria for accepting a dealership?***
GP: We make sure that the dealership has a great reputation for customer service and agrees to provide prearranged pricing that represents a Costco value for members. Specific personnel who we believe will be the best representatives at these dealerships are trained and certified to further ensure Costco members receive a great car-buying experience.

In addition to agreeing to provide great pricing, they must agree to follow our refined process for the member experience at the dealership, which includes enhanced customer service, detailed information and additional opportunities for significant savings on service, contracts and accessories.

CC: ***How do you vet the dealer?***
GP: First, vehicle manufacturers provide Customer Satisfaction Index ratings. The ratings are derived from customers who complete a manufacturer survey after their visit to a dealership. A dealership must be in the top tier to be a part of our program. When a dealer submits an application, we compare its value to the value offered in its market area, using our proprietary metrics.

We also make sure the dealership has qualified sales associates who will follow our proven process for delivering an exceptional Costco member experience. We review program requirements and processes with senior decision-makers at the dealership to ensure everyone is supportive of our goals.

And our dealers are under constant evaluation to ensure that they are performing to the high standards we set for member experience.

CC: ***What might cause a dealership to lose its partnership in the Costco Auto Program?***
GP: If they don't provide an exceptional experience and the value we expect, they will lose the exclusive opportunity to be part of the program.

CC: ***What oversight to the sale process does CAP provide?***
GP: Our sales process is supported by our member satisfaction surveys and by mystery shopping our own dealerships. Throughout all of this, we're identifying what dealers are doing well and where we need to make improvements. Then, we provide dealer training—it's a continuous process.

After the sale, our Member Advocacy Group follows up with each member who contacts us to see how their experience has been and to answer any questions.

The follow-up includes a member satisfaction survey. To rate the professionalism of the dealership, we ask members if the dealer contacted them after they submitted their inquiry, if they were shown the CAP price sheet, etc.

Members are never alone when they use the Costco Auto Program. We're here to help and advise them—before, during and after the purchase. **C**

CONNECTING

If you're in the market for a new or pre-owned vehicle, or just want to accessorize and maintain your current vehicle, visit the Costco Auto Program website at *CostcoAuto.com*.