Certified Pre-Owned has become the industry buzzword lately. The CPO model, created by franchise dealers and OEMs, has set a new standard for used car sales and redefined the way customers shop for cars. In 2013, sales of manufacturer-certified pre-owned vehicles totaled a record 2.1 million units.

National, high-dollar marketing campaigns have educated the car-buying public about the benefits of buying a used car that has been certified, so much so that it has now come to be an expected part of the process. Much like a missing CarFax, if a car has not been certified then the customer starts to wonder what the dealer is hiding.

For the most part, independent dealers have been left out of the CPO game. Good dealers, of course, have always inspected their cars and done their best to represent the condition of the vehicle as accurately as possible and some will even stand behind their inventory by offering some type of limited warranty to ease the mind of a wary customer. Even so, customers can still be a little skittish of a dealer-endorsed certified car and many will end up paying more at a franchise dealer’s used car lot to get the label they are after.

That all changes, however, with the re-introduction of the NIADA Certified Pre-Owned program. NIADA Certified has been around for a few years, but recently underwent some extended enhancements and tweaks that have made it an attractive option to customers and a powerful profit-center for dealers.

“The NIADA Certified program allows independents to play on an even field with the new car dealers,” said NIADA Senior Vice President Frank Fuzy. “It’s 50 percent easier to sell a car that’s been certified and has a warranty, and we know that today every sale counts!”

“We basically asked ‘what do you want’ and then we listened to what everyone said,” National Business Development Manager Natalie Suarez said about the changes to the program. Since it kicked off in January the number of dealers using the program has quadrupled. Suarez says dealers understanding exactly what CPO is, and can be, is part of the reason.

“Customers want peace of mind. They are looking for cars that are advertised and branded as something they can trust has been thoroughly checked out. NIADA Certified gives them a guarantee,” Suarez said.

Some of the biggest changes to the new program include:

- Three very
flexible CPO Limited Warranty programs which include Basic, Standard and Enhanced options.

- CPO coverage’s for vehicles up to 14 years in age and with up to 150,000 miles.
- 100 percent credit of the CPO Limited Warranty investment if the customer upgrades to an NIADA VSC contract
- No surcharges
- Enhanced NIADA CPO marketing resources, including large window banners, lot flags, etc.
- A more seamless, less timing consuming CPO contract forms processing procedure
- E-Bay Motors promotion and inventory listing support/endorsement
- ASE certified technician vehicle inspection requirement enhancing validity to the customer

NIADA Certified is exclusive to NIADA members (FIADA members of course gain NIADA membership automatically). Dealers choose which vehicles they want to certify, as well as the terms (3 months/3,000 miles, 6 months/6,000 miles or 12 months/12,000 miles) of the warranties. Current model year plus 14 year units with zero to 150,000 miles are eligible. There is a cost to the dealer to certify, however if the customer upgrades to a service contract the fee is waived. Even if they don’t, however, the value added with the certified status can cover the cost.

By adding the CPO status to a vehicle, dealers can leverage a higher asking price as a result of the increased value it brings. Consumers will, and do, pay more for certified.

“There is a small cost to it in the beginning, but it gives leverage to the dealer to ask for more money in the price because of the value it has being certified. Consumers will and do pay more for certified,” Suarez said.

“If you ask them, about one in four customers will upgrade to the service warranty, so the program really pays for itself,” Fuzy said his dealership has seen so much success by utilizing NIADA Certified that he jokingly says he doesn’t want other dealers to know about it.

“Don’t do it” Fuzy teases to other dealers, “because your sales will increase and you’ll be competing with me.”

There is more detailed information about NIADA Certified at the official website that has been created for it at www.niadacertified.com. To find out more, you can also call the FIADA office at (800) 237-0448 or go to the website at www.fiada.com.

High-quality marketing materials including digital ads, brochures and Buyer’s Guide templates are available to NIADA Certified participants, as well as customized training to learn how to make the program work for your dealership.