

Unlock New Potential

Enhance Customer Loyalty & Revenue with Extended Service Contracts

Executive Summary

Extended service contracts are more than just a safety net—they're a strategic tool for dealerships to boost revenue, build customer trust, and streamline post-sale operations. Ag Guard offers customizable coverage options that align with inventory and customer needs, turning protection into income.

Key Benefits for Dealers

- **Customer Retention:** Coverage builds long-term loyalty and repeat business
- **Fewer Repair Disputes:** Clear terms reduce friction and protect service team
- **Sales Differentiation:** Stand out from competitors with bundled protection
- **Seasonal Upsell Opportunity:** Pair with winter service for added value
- **New Revenue Stream:** Earn margin on every contract sold

In today's evolving agricultural market, farmers are weighing every purchase more carefully, and equipment owners face mounting pressures from variable crop prices, lingering inflation, and increasingly complex machinery. As trusted advisors in their communities, equipment dealers are uniquely positioned to offer more than just machinery—they can deliver confidence, security, and long-term partnership. Extended service contracts are a proven way to strengthen customer relationships, drive repeat business, and unlock new, resilient revenue streams for the dealership.

Why Extended Service Contracts Are Essential for Dealers and Customers

As manufacturers narrow discretionary support outside of base warranties and the costs of repairs continue to climb, both dealers and their customers face larger financial risks than ever before. Extended service contracts, often referred to as extended warranties, provide a comprehensive solution that protects farmers' investments and shields the dealership from costly surprises.

The Current Market Challenges

The agricultural equipment market has entered a phase of heightened uncertainty. While new machinery sales have softened, the used equipment sector and the need for cost management have become more critical. At the same time, service and parts departments have become key income centers as farmers opt to maintain and extend the life of their existing equipment. Now more than ever, farmers are looking for predictable, fixed costs and a trusted ally to help manage risk.

Meanwhile, dealerships are seeking decisive ways to:

- Attract and retain customers in a crowded field,
- Build lasting relationships that go beyond the initial sale,
- Generate stable revenue regardless of fluctuations in new equipment demand,
- Differentiate themselves from competitors that do not offer similar value.

Extended service contracts from Ag Guard are the answer.

How It Works - Key Benefits of Extended Service Contracts

Ag Guard extended service contracts are specifically designed for agricultural equipment dealers who want to provide more to their customers—while also securing their own bottom lines. Here's how:

| Benefit | Customers | Dealerships |
|---|--|---|
| Financial Security | Avoids major unexpected repair costs | Minimizes post-sale liability; shields against costly claims |
| Predictable Ownership Costs | Turns variable repair costs into a fixed, manageable expense | Increases service and repair visits, boosting parts and labor revenue |
| Enhanced Resale Value | Trade-ins with coverage bring higher value | Quicker turnover of used inventory; attracts more buyers |
| Customer Loyalty | Builds peace of mind; demonstrates partnership | Increases the likelihood of repeat business; strengthens brand |
| Competitive Differentiation | Shows commitment to the customer's long-term success | Positions dealership as a market leader |
| Service Department Revenue | Covered repairs drive additional maintenance and parts sales | Maximizes dealer revenue potential beyond the sale |
| Transferable Coverage | Coverage stays with the machine, even if resold | Makes used equipment more marketable and easier to sell |
| Quick Claims & Trusted Support | Repairs processed with speed and fairness | Fast, reliable claims support ensures customer satisfaction |

Let's take a closer look at how these benefits translate to real-world success.

1. Increase Customer Satisfaction & Build Lasting Loyalty

Owning agricultural equipment is an investment in productivity and peace of mind. But unexpected breakdowns—especially those outside a manufacturer's base warranty—can jeopardize farm operations and erode trust in the dealership. Extended service

contracts offer customers a critical safety net, demonstrating the dealership's commitment to their long-term success.

Customers who enroll in extended service contracts experience:

- **Confidence and clarity** in planning their equipment costs
- **The peace of mind to make necessary upgrades** or try new technologies, knowing they're protected from major unexpected expenses,
- **A stronger sense of partnership** with their dealership, leading to greater trust, satisfaction, and advocacy.

In fact, businesses that offer extended financial products, like warranties, report annual customer retention rates that far outpace industry averages, with one retailer seeing re-enrollment rates as high as 78% and ROI for customers increased by over 20%.

2. Drive Additional Revenue for the Dealership

Extended service contracts represent one of the most consistent revenue streams for modern dealerships. They not only deliver high-margin direct sales at the point of equipment purchase, they also:

- **Bring customers back for covered service and repairs**, ensuring service bays stay busy and parts business grows—even when new equipment sales slow;
- **Facilitate routine maintenance and pre-qualification repairs** associated with contract enrollment, generating extra business and reducing post-sale disputes;
- **Offer upsell and cross-sell opportunities** for value-added services and upgrades when customers return for contract-covered work.

Dealerships with robust service contract programs report an average 20-30% increase in per-sale profitability, and customers with service contracts are 50% more likely to purchase their next machine from the same dealership.

3. Secure the Dealership's Competitive Advantage

- **Differentiates offerings** from competitors who do not provide contracts or who offer only manufacturer's base warranties,
- **Strengthens the dealership's reputation** for long-term partnership, care, and transparency,
- **Delivers products tailored for the sophisticated buyer** who expects high-value, risk-mitigating solutions.

In highly competitive markets, **extended service contracts become the "tie-breaker"** in a customer's decision-making process—leading to more closed deals and greater loyalty.

4. Turn Used Equipment into Market Gold

The pre-owned machinery segment is surging in importance. Quality used machines, enhanced with extended warranties, turn inventory into fast-moving, high-value assets.

- **Coverage for units up to 15 years old and 5,500 engine hours**, available through Ag Guard, expands eligible inventory and reduces risk for the next owner.
- Used equipment with at least one year and 250 hours of coverage enjoys improved resale value—often 1% to 5% higher than comparable machines without coverage, and sometimes as much as 10%.
- **Transferable contracts** make trade-ins, auctions, and private resales smoother and incentivize customer trade cycles.

5. Protect Both the Bottom Line and Customers' Finances

With increasingly complex, high-tech equipment, repair costs have soared—one unplanned repair can cost farmers tens of thousands of dollars, and can easily erase dealers' margins if they get pulled into post-sale disputes.

Extended contracts:

- Turn variable, unpredictable repair expenses into known, **manageable costs** for both the farmer and the dealer, helping both parties manage risk and budget effectively.
- Reduce the chance of costly chargebacks, disputes, and customer dissatisfaction, thanks to clear, structured coverage plans backed by decades of industry expertise.

6. Ag Guard: Your Trusted Ally and Industry Pioneer

- **25+ years as the leader in independent extended service contracts**, building a reputation for fairness, fast claims, and deep dealer support;
- **Exclusive partner model:** Ag Guard contracts are only available through authorized equipment dealerships—meaning equipment dealers, not big box stores or online discounters, deliver the coverage;
- **Mission-driven company:** We're committed to helping our partners thrive by delivering solutions that are fair, fast, and ethically grounded.

Ag Guard contracts are available on virtually all major equipment brands, cover a wide range of machine ages, and are structured for simplicity, flexibility, and rapid response. When dealers call, they reach an ag machinery expert, not a bureaucratic call center.

Ag Guard contracts cover a wide range of equipment—from tractors and combines to skid steers and telehandlers. Dealers can offer coverage at point-of-sale, on customer-owned units, or as part of seasonal service programs. Plans are customizable by equipment type, usage hours, and customer preference.

 **Real-World Impact** - Dealers who integrate Ag Guard contracts report:

- Up to **15% increase in service revenue**
- **Fewer post-sale complaints** and repair disputes
- Improved **customer satisfaction scores**
- Higher **repeat purchase rates**

Industry Data: The Market Momentum

- The global extended service contract market is forecast to reach \$347 billion by 2034, growing at more than 8% annually—with North America accounting for nearly half of all revenue, and agriculture representing one of the fastest-growing segments.
- Automotive and ag equipment contracts make up 40%+ of the extended warranty market, and North American dealers benefit from mature consumer awareness and frequent purchase behaviors.
- 6 out of 10 eligible equipment buyers choose extended coverage when offered a clear, value-focused plan at the point of sale. That’s real, actionable demand that can be captured.

Ag Guard vs. The Competition: Why choose Ag Guard over other providers?

| Feature | Ag Guard | Other Providers (Typical) |
|-----------------------------|--|---|
| Dealer-First Focus | YES: Products available only through dealers who service what they sell | Sometimes offered direct-to-consumer |
| Coverage Flexibility | Wide range of brands, ages, and hours; up to 15 years old or 5,500 hours | Often limited to OEM brand, new equipment only, limited age/hours |
| Claims Support | Fast, fair, personal (real ag experts answer the phone) | May be handled by call centers lacking real industry knowledge |
| Transferability | Simple transfer to new owners (supports resale) | Sometimes rigid or unavailable |
| Pricing Model | Based on machine condition and actual claims experience, not market-driven | Often standardized, less flexibility, poor value |
| Mission & Ethics | Driven by fairness, fast response, and mutual success | Varies |

Ag Guard's industry-first 15-year/5,500-hour coverage on tractors and combines opens new sales opportunities on equipment that other providers simply won't touch, giving you a clear competitive edge.

 **Take the Next Step Toward Growth**—Are you ready to turn every sale and every service opportunity into a stronger partnership and more income?

- **Connect with your Ag Guard representative** to discuss integrating extended service contracts into more of your sales pipeline.
- **Request a personalized training session** for your sales and service teams—equip your staff to present the value of extended coverage in every customer conversation.
- **Review your current used inventory** and identify high-opportunity units that benefit from coverage—boost your trade-in value and speed up your lot turnover.
- **Start promoting extended contracts proactively** with every new or used equipment sale or service touchpoint.

Contact us today at Support@agguard.com or call 816-223-1978

 **Turbo-charge winter service programs with Advantage.**

- Add value to inspections and tune-ups
- Offer peace of mind during downtime
- Increase off-season revenue
- Build trust with proactive service

 **Estimated Reading Time:** This white paper is approximately **1,800 words**, which takes the average reader **5–6 minutes** to read thoroughly.

Real-World Success: Testimonials

“Working with the crew at Ag Guard has been a great experience! They are responsive, knowledgeable, and have helped us and our customers save thousands in unplanned expenses. Extended service contracts are a small price for the peace of mind they deliver.” — 20+ Years in Farm Equipment Sales & Service.

“By offering Ag Guard coverage, I’ve built loyalty and trust that keeps our customers coming back year after year—and our used inventory moves faster and fetches top dollar.” — Dealer Principal, Midwest.

“The warranty program not only helped grow sales with the customer, but helped solidify a multi-year commitment to our organization.” — Sales Representative, Major Ag Retailer.