

# Volvo Subscription Service is returning to California



**By Tony Rached**

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In less than three years since Volvo was banned from CA due to violations of state franchise laws, the company is returning with a subscription car service. Volvo and its California dealers have been battling for years to introduce a service that includes vehicle usage, road hazard coverage, maintenance, and other services in one package. The program is set to launch in March 2023.

Initiated by ex-CEO Hakan Samuelsson six years ago, Care by Volvo has become a major part of Volvo's strategy. It is seen as an alternate outlet for dealers to market their vehicles, wherein they make a profit on every subscription made. Subscribers must get their own insurance but are allowed to choose from the retailer's current stock, with terms given for two years and termination without fine possible after just five months.



### **Revamped program**

Due to the great retaliation suffered by the company, the new subscription program will be launched in a completely revamped way in California. Dealers argued that the company's previous proposal violated state franchise laws, which prevent manufacturers from competing with franchisees by offering online, direct-to-consumer subscriptions.

As a result, Volvo relaunched the program in fall 2019, shortening the approval process and expanding the models that were eligible. With the new program, retailers can now offer subscription customers vehicles that are in stock. The original program required customers to order their vehicles.

An association petition arguing the legality of the program was filed with the New Motor Vehicle Board in early 2019. In 2020, the DMV concluded its six-month

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investigation in favor of the dealerships, finding that Volvo should have properly informed dealerships about franchise agreement changes.

Volvo also failed to provide lease disclosures to subscription customers, according to the DMV. Volvo was warned by the department that future violations could result in "enforcement actions," but no punitive action was taken. Shortly after, Volvo halted its subscription program in California.

The dealers now will no longer be mere delivery agents for Volvo, which was a fatal flaw in the past. Dealers will be the contact points for subscription consumers.