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No cookie cutter approach to used vehicles

Three strategies to help ease supply pressures

BY IAN REILLY

While used vehicle supply in the U.S. is starting to loosen, industry economists predict used supply in Canada will remain tight for the next several years.

During that time, auction prices are expected to stay high, while consumer demand levels out to near pre-recession figures.

These predictions put additional pressures on dealers to stock the right vehicles with the right features to meet customer demand – and to do so profitably.

There's no cookie cutter approach to meeting these pressures, but here are three strategies.

FOCUS ON VEHICLE VALUE

Traditionally, used car managers have priced vehicles more by instinct than fact. With consumers armed with more and more information, especially about vehicle price, that approach is no longer the best option, especially when supply is tight and profits are shrinking.

But, the most successful dealerships I speak with make the used vehicle discus-

sion more about value than price. A vehicle's unique characteristics – condition, mileage, owner history – can influence its value and help dealers avoid competing only on price.

FOCUS ON DEALERSHIP VALUE

Franchised dealers have an inherent competitive advantage over other sellers: the dealership. Don't sell your dealership short. The value you provide beyond delivery – knowledge and expertise, service after the sale – should also go into your price considerations. It's both the value to your dealership in gaining a long-term customer and the value to the consumer of your dealership's knowledge and services.

MINE YOUR DATABASE

Wholesale auctions and customer trade-ins are the most common sources of used inventory, but your customer database also is a goldmine for quality inventory.

Mine your database for sales or service customers who have a vehicle on your "buy list" and may be in a position to trade. Then, build marketing campaigns to help entice those cus-

tomers to your store.

Better yet, grab those customers while they are in your service department. Match up your "buy list" with your service appointment list, and then prepare and present attractive offers to help move those customers into new vehicles and earn their trade-ins.

This takes a little legwork and cooperation between your used car and service departments, but it can yield big wins.

Price and market volatility are short-term factors that won't go away. It's important to look beyond those pressures to build value in your used inventory, attract consumers to your dealership, and deliver better results in the long term.



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