

**October 2018**

THE MOTOR DEALER REPORT FROM AUSWILD & CO  
PO Box 527 Kogarah NSW 1485  
*Chartered Accountants and Dealer Management Services*

Website: [www.auswild.com.au](http://www.auswild.com.au)  
Telephone: (02) 9588 0100  
Facsimile: (02) 9588 7865

---

## **USED CARS – YOUR MOST PROFITABLE FRANCHISE or IS IT?**

Your used car department can be your most frustrating department but getting it right, can be your most profitable! No one else controls the outcome of this department but you. Your used car department requires the same, if not more attention than your new car department. You undoubtedly follow a strict process when a new car has arrived at your dealership of getting it pre-delivered, detailed and onto the floor within a certain timeframe. Is the same strict process followed with your used cars? Do you know how to give them the attention they need?

From what to look for at trade in and strategies around when to spend, what to spend it on and why you should adopt the "no wholesale" vs "re-price philosophy" on your aged stock for better returns within the whole of your dealership. The opportunity is huge!

By ensuring the following 4 key factors are highly executed your Used Car franchise can and should be your most profitable department in your dealership!

### **Presentation - Yard**

- It is paramount your yard should be 100% right 100% of the time - No excuses. Be aware of bushes and other plants, hedges etc.
- Look like you're open for business - lift bonnets, hatches etc.
- Flag displays need to be spot-on.
- Clearly displayed stickers - remember they must tell your customers a snap shot story and need to be consistently faultless.
- Fix and repair ALL damages to ensure maximum dollar at sale time, including tyres!
- Ensure your front line is gap free at all times and really maximise your drive by location!
- Every - little - thing counts! Conduct regular yard walks to make sure your yard is something to be proud of.
- The only thing your salespeople should be negotiating is PRICE – nothing else. If your cars are 100%, it is so much easier to justify your price! WIN-WIN.

### **Presentation - On-Line**

- Great photos are vital as 9 out of 10 people visit your website before they visit your dealership. It's your "director of first impressions" today!
- It's essential your online photos tell the FULL snap shot story of the car in less than 30 seconds.
- Photo stories should always include Log Books and Spare Keys.
- DO NOT take vehicle photos unless the car is completely clean, use tyre shine etc to enhance vehicle.
- Use websites such as carsales.com to your advantage to maximise your dollar spent.
- Spend 15 minutes each day to ensure your cars are loaded correctly on to the website.
- Download the photo order for the website at [www.ipmg.net.au](http://www.ipmg.net.au).

## Inventory

- Stock bought at the door/traded-in will always be your most profitable stock.
- Always consider the "Re-Price Philosophy" before Wholesaling – your dealership profits from more than just the Used Car Department.
- Continuously develop ways to "Leave the Door Open" for your customers who don't trade at time of delivery and ALWAYS follow up within 10-20 days.
- At trade-in time, always value from retail back to wholesale.
- Look at including cars traded as part of your sales people's KPI's (commission). Traded cars will always be less expensive than buying at auction.
- There is life after 90 Days - Value add instead of discounting!
- Always consider giving your salesperson the "discount" that you were going to give off the car.

## Re-Conditioning

- Who's accountable at your dealership? Used car manager or service manager?
- You can either spend it on the car before delivery or over the next three months post-delivery.
- Do your research - use grey/2nd hand parts.
- Sublet if need be!
- Used Car Labour rate MUST be the same as Retail/Warranty Labour rate.
- Remember - If you wouldn't buy it, you can't expect anyone else to.

## Your People - Used Car Manager

- Action Plan DAILY for Presentation, Reconditioning & Inventory control.
- Comparing stock to the Live market – make sure it's competitive.
- Internet – Use it to your advantage and manage enquires effectively. Have a plan - the key is URGENCY.
- Highly trained team – daily meetings.
- Daily yard walks/yard changes.
- Daily Internet Photo/Descriptions check.
- Be proud of your team and department.
- Sales Team incentives - keeping the culture rocking!

## Your People - Salespeople

- Know ALL used car stock - both current and what's coming in.
- Should only have to negotiate the price – they know how to hold their price because everything else is right.
- Commit to regular training & roleplays - EVERYDAY!
- Daily yard walks/yard changes.
- Know why customers should buy off them - they know why they are different

*This month's article is a summary of Ian Parker's standing room only presentation at the 2018 AADA Convention. Ian is a Director of The Auto Academy, Australia's premier automotive online Sales & Leadership training system. He has owned and operated 2 very successful, very profitable and highly awarded dealerships. Ian can be contacted at [ian@ianparker.com.au](mailto:ian@ianparker.com.au) or Website [www.theautoacademy.com.au](http://www.theautoacademy.com.au)*

For additional information, please contact your  
Auswild Dealer Management Services Team

Vincent Choy      Greg Jepsen      James Dick      Lee Payne

(02) 9588 0100

**Important:** This is not advice. Clients should not act solely on the basis of the material contained in this bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. This bulletin is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without prior approval.