

New Toyota Trucks Accessory Program Boosts Dealers' Bottom Lines



A roundtable discussion with Toyota dealers

ACCESSORY REVENUE SHARING

How has the new revenue sharing program helped Parts, Service and Sales work together as a team at your dealership?

Bill Finocchiaro: The big difference that we see is, there's more of a team effort now throughout the dealership in terms of getting the accessories on the car, getting it through service, getting the right parts ordered on time and completing the transaction, because the end result is, everyone shares in the profit now.

Mike Balise: It really gets everybody working as a team. I think everybody feels like, hey, I'm at least getting my fair share, the sales department isn't profiting a ton at the expense of me or vice versa.

Jim Orman: Everybody likes it better because it pulls us closer together as a team and it makes it easier to sell accessories.

How has revenue sharing impacted your gross profit?

Bill Finocchiaro: When we initially went through the pilot program and we heard some of the numbers in terms of how much customers spend on accessories in the first year of ownership, the numbers are staggering and the question was, why aren't we getting a part of that business? And once we started with the pilot program and we started putting our processes in, we realized the gross profit the first month.

Dave O'Brien: Since we've been on the program with the accessories, our accessory sales have definitely increased, our gross profit has definitely increased, and it's mainly because there's a focus on it, because we actually have a process in place.

Finocchiaro: You have to get in with both feet and you have to make a commitment and you have to have buy-in from your sales managers, from your sales consultants, and we've seen magical numbers happen.

Dave O'Brien: It builds gross and it builds customer satisfaction, and it works.

The Toyota Dealer Roundtable:

Peruzzi Toyota Scion, Hatfield, PA:

- Bill Finocchiaro, President
- Ryan Addeo, Sales Manager
- Gene Herberlig, Service Manager
- Nic Dolas, New Vehicle Sales Manager

Frontier Toyota, Valencia, CA:

- Don Whempner, Parts Manager
- Dave O'Brien, General Sales Manager
- Richard Newman, Service Manager

Balise Toyota, West Springfield, MA:

- Mike Balise, Vice President
- Jim Orman, Fixed Operations Manager
- Bryce Piper, General Sales Manager

MENU-DRIVEN ACCESSORY PRICING

Do you like the menu-priced worksheets?

Don Whempner: The menu-priced worksheets, everyone was very excited to see those, because it makes everyone's job so much easier when it comes to selling an accessory. When you have the menu price sheet in front of you, you have the installed price of an accessory, there's no calling service to find out how much it is to install this. There's no calling parts to find out how much it is for a part. You just have the sheet. It's there in front of you. You quote the price and it's done.

Ryan Addeo: There's a list there, there are little check boxes, and we go over them with the customers. The price is disclosed right there as well, the customer can just check off the box for whatever accessory they would like to have on their vehicle. We just add them up and it keeps track of every single deal, every customer.

Jim Orman: It brings us closer together as a team because everybody is looking at the same page, we're all working off the same figures instead of everybody looking at different figures and pricing different figures.

Is it tough to close a deal when negotiating on the vehicle, but not on the accessories?

Bill Finocchiaro: It's actually more fun to close the deal because now you know that you have at least some accessory profit built up in addition to what you're selling the car for and you know that it's not negotiable. And when we close a deal, we go into it with a more positive attitude now, knowing that we have more opportunity.

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- Bill Finocchiaro, President,
Peruzzi Toyota Scion

“It actually makes the process smoother . . . ”

- Dave O'Brien, General Sales Manager,
Frontier Toyota

Bryce Piper: The accessories are presented to the consumer after the deal's already been made. Once that deal is consummated and we've agreed to a price, then we present a menu, as well as an accessory catalogue for them to choose options.

Dave O'Brien: It actually makes the process smoother because you can go and you can still negotiate with the customer and give them a discount, but the accessories are something that they're choosing to add to the car.

Do you make any exceptions to “no negotiation” accessory pricing?

Dave O'Brien: You're going to run into those situations where at times you're going to have to negotiate on the accessories, but we really try not to do that. As a rule of thumb, we would rather de-gross the vehicle and keep the price of the accessories the same.

Bill Finocchiaro: If we do have to make an adjustment, we'll do it on the car, not on the accessory.

Mike Balise: What we've done is, we've taken the Toyota recommended accessory MSRP and we've stuck with it, and that's probably the hardest part of the program because it's in our blood to want to negotiate and want to change here and there or throw something in for free, and we're pretty militant, we don't do that.

Do your customers like “no negotiation” accessory pricing?

Jim Orman: They love it. It's totally different from the old game where they were wondering what the prices are going to be and we were trying to compete with other dealers and they were getting one price from one dealer and another price from another. Customers absolutely love it.

“Customers absolutely love it.”
- Jim Orman, Fixed Operations Manager,
Balise Toyota

“. . . it makes us look like the honest business that we truly are.”
- Don Whempner, Parts Manager,
Frontier Toyota

Bill Finocchiaro: At first it was an issue with customers, but now that we've become comfortable with it, especially the way the salesperson explains the process to the customer, it really isn't an issue any longer.

Ryan Addeo: It's taking them out of their element because customers are used to negotiating pricing. But as soon as they see that it's broken down price-wise and it's consistent throughout the dealership, it takes the aggressiveness out of it.

Don Whempner: Having the menu pricing, everybody quoting the same prices, everybody being on the same page, it makes us look like the honest business that we truly are.

Bryce Piper: It's the same price every time, every day.

QUALITY ACCESSORY INSTALLATION PROCESS

Do you have dedicated accessory installation technicians?

Jim Orman: We have dedicated accessory installers because they're experts in the business, that's all they do every day. They're not the everyday oil change or flat rate technicians that are doing other work to cars and then installing accessories. This is all they do and it makes it so much easier, the quality comes out better, and then you don't have to worry about problems after the sale.

Richard Newman: The quality of the installation has gone through the roof. The timeliness of it being done right the first time without any scratches or imperfections, it's really noticeable with the designated group of technicians that we have.

How have you prepared for the increased accessory business?

Gene Herberlig: We've been stocking a lot more accessories, which is very good because sometimes we can do the work before the customer gets the vehicle, which is naturally better for the customer. They get it totally complete.

Dave O'Brien: Part of accessorizing the vehicle is, when someone gets a new vehicle, the reason they would go to a Pep Boys or they'd go down the street to a local accessorizing shop is because they can get it done now, and that's what the customers want. And you have to make sure that you have the right accessories in stock. You have to make sure that when that customer comes in to your Service drive, you're ready to handle him.

Jim Orman: The customer doesn't have to go through a lot of hassle about "I don't know if I've got the part, I don't know when I can get it done," because we have the parts, we've got the expert installers and everything is seamless, it all works so much better for the customer.

“. . . you have to make sure that when that customer comes in to your Service drive, you're ready to handle him.”

- Dave O'Brien, General Sales Manager, Frontier Toyota

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- Jim Orman, Fixed Operations Manager, Balise Toyota

ACCESSORY MARKETING & MERCHANDISING

How important is it to pre-accessorize vehicles?

Mike Balise: You need to have these accessories on trucks so people can stand on the running board and feel how tough they are, look at the way the brush guard looks.

Ryan Addeo: A picture of a running board is very nice, but actually seeing it on a truck that they're going to get, now they can imagine that's going to be their truck, that's what their truck is going to look like.

Bryce Piper: Brochures don't sell the product. They give you some information, the accessory looks great in the brochure, but if you don't see it on the vehicle, that's not going to sell you.

Addeo: Oddly enough, you would think a pre-accessorized truck would sit there for a while so we could show it off, but those are the ones that seem to sell the quickest. Customers see a truck in here and we put \$6,000 worth of accessories on it, someone walks in, sometimes people not even looking for that specific vehicle, they see it all dolled up and they want it, they want that truck.

Mike Balise: If you don't have any of your trucks accessorized you're missing the boat.

THE BOTTOM LINE

What's been the overall effect of the new accessory program at your dealership?

Bill Finocchiaro: Since we've started using it 100 percent of the time, our closing ratio has gone up. Our dollars per vehicle has gone up in accessory sales, as well as salespersons and sales managers' commissions. It's been phenomenal for us.

Dave O'Brien: We're capturing a lot of that business that we were losing, just by having a system in place. It's an eye-opening experience, once you actually go out there and implement this process and show people, not only your employees but also your customers, that you can do this here at the dealership.

Nic Dolas: I'm glad we finally caught on to it, and we're jumping in with both feet and moving forward.

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Contact information

To learn more about putting the new Toyota trucks accessory program to work for your dealership, contact your regional manager.



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