

## Advertising



Tom Letizia

**N**ow is the time to begin making decisions on how you are going to run your dealership in 2010 and, most importantly, how you will handle your advertising in this upcoming year. If you are like most dealers, you are confused as to how you should proceed in this uncertain automotive selling environment. From all indications, it is expected that sales should increase about 15 percent next year to around 11.5 million and to 13.7 million in 2011. This is a far cry from 2007 levels, but better than 2009.

As the economy improves, it will be impor-

tant for dealers to focus advertising towards the fastest growing segment of our population the 55-65 year-old demographic. Their needs are much different than the younger demos; most are empty nesters entering into the later stages of life. In order to capture sales from this segment of the market, you should focus on advertising vehicles that offer a blend of utility, comfort, and fuel efficiency. Once you have crafted your message into a 30 second TV commercial or newspaper ad, you must purchase your media to focus on this fast growing population segment.

There are a number of traditional media outlets that will easily serve your needs to reach this demographic. Local news, network prime, and a variety of cable shows will best deliver these demos. Media experts predict another down year for most media, including the much-hyped digital marketing, which should create great opportunities for smart dealers when buying media. This

writer encourages dealers to maintain ad spending during these difficult times, because your market share will continue to increase as your competitors continue to cut their ad spending. Television will continue to face major challenges this next year, although election spending will keep rates the same or slightly higher than current rates. Television is still the leader for reaching a mass audience. Daytime viewing should continue to grow as unemployment continues to rise. Dealers may find opportunities to reach a larger audience at better prices by moving money to daytime.

With all the negative news still in abundance, start negotiating with your media outlets immediately. Make an annual commitment now, as rates will continue to inch up as the year progresses. The General Motors focus on four auto brands, rather than eight, will reduce auto advertising by \$1.3 billion alone this next year. Auto advertising is on

*Continued on page 22*

## Aftermarket Parts &amp; Accessories



Sherralyn Peterson

**I**n addition to the many choices of vehicles available, today's car shoppers also have a wide array of options when it comes to customizing or upgrading their vehicles. The industry has really embraced the accessories market and its demands, because selling accessories and add-on equipment can be a *great* profit center for dealerships. And many dealerships already have fully stocked parts departments that serve customers, wholesalers, and other dealers. Whenever equipment/options are installed, however, there are documents that need to be completed correctly before the sale is finalized.

**Disclosure**

All dealer-installed equipment, accessories, and add-ons should be *clearly* disclosed to customers. There should be *no* doubt as to what was added or paid for. This protects your business transaction as well as your integrity. For dealer-installed equipment on stock units, some state laws require that dealers display "addendum stickers" (secondary stickers).

## Closing the Deal with Accessories and Add-on Equipment

Accessories and add-ons sold at the point-of-sale should be listed separately on the Buyer's Order with each applicable price. If there is not enough room, a supplemental worksheet should be attached. For equipment installed by up-fitters or outside vendors, the same process applies; also place a copy of the sublet invoice in the deal jacket.

This disclosure is *mandatory* for all Special Formula-Priced/Plan Deals (e.g. sales to factory employees, retirees, family, suppliers, or dealership employees). Any deviation from the specified factory invoice price must be walked; each item listed, described, and priced separately. *Note:* the Chrysler and Ford required "Plan Pricing & Acknowledgement Forms" have a section for options disclosure.

**Pricing**

The selling price of accessories and add-ons is at the discretion of each individual dealer. For Special Formula-Priced or Plan Deals, the manufacturer cannot dictate or set accessory pricing; they are negotiable between the eligible participant and selling dealer. They cannot, however, be given as *free* to eligible participants.

Some financial institutions may not finance certain accessories or add-ons, especially if the total vehicle sell price exceeds MSRP or market value; if so, only up to a certain percent over MSRP (i.e. on leases, a maximum of 120 percent of MSRP) is allowed to be "residual-

ized." Even "hard adds" vs. "soft adds" can be allowed/disallowed at the discretion of financial institutions. Check with the financing arm for their policies and allowable additions.

**Customer acknowledgement**

The other half of disclosure is acknowledgement. Buyer's orders and supplemental worksheets (displaying start sell price with listed accessories and add-ons) *must* be signed and dated by each customer and sales manager. Always give copies to customers.

**Accounting**

Be sure to initiate a repair order (with the sublet invoice) for option installations so that vehicle service history records are created. When customers come in for service, it saves time, eliminates confusion, and will help maintain your high CSI.

The up-selling is a *great* way to generate extra profits, but noncompliance in any of these areas could cause serious issues or even incentive charge-backs to the dealer. Covering all the bases at the end of the sale will enable you to keep the extra profits you've earned.

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