



COMMERCIAL PLAYBOOK

THE NEW [COMMERCIAL] WORLD SALES ENVIRONMENT

CHAPTER 2

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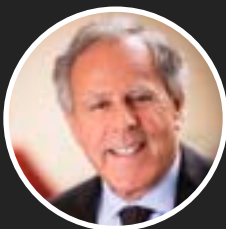
If you've spent any amount of time in the automotive dealership environment selling vehicles (commercial or retail), you may remember the "old days"—also known as one or two years ago. You could list vehicles on your website, wait for visitors to find them online, and subsequently come to your physical location, walk the lot to find the commercial truck or van they were looking to purchase and complete the deal. In today's world, this is no longer the case. Rather, it's a **New World Sales Environment**.



So, what's necessary to navigate this New World? The short answer is, there is no short answer. Instead, succeeding in this new environment requires a commitment to adopting new tools, new services, and new ways of thinking, all while continuing to capitalize on proven processes and solutions.



According to Jim Press, who has over five decades in the automotive industry, including time as President/Chief Operating Officer of Toyota North America and also Co-President/Vice Chairman of Chrysler Group, LLC, there are many forces at play impacting the automotive space. Some he cited include, "new technologies, sustainability policies, the introduction of new power trains" and several others. Additionally, he states that:



Dealers who can recognize this new era, adapt and embrace technology and a new culture and business model will be able to take the franchised dealer system forward.

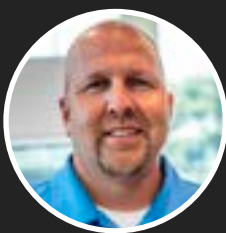


If you haven't embraced the new world sales environment yet, the good news is it's not too late. As the saying goes, the best time to plant a tree [or implement a plan that incorporates changes to the world in which your business operates] was years ago. **The second best time is NOW.**

Like many businesses, automotive sales have peaks and valleys. You can enjoy the good times, but you must also plan for the dips that are sure to come. Said another way, the danger of success is complacency.

Dealers who aren't complacent are looking for **new revenue opportunities** as a hedge against that next dip. And, they realize there's also been an overarching change in the automotive space, much of which is being led by the OEMs, and it's impacting the approach to inventory, as well as how dealerships operate. With continued supply chain issues, an uncertain economy, and rising interest rates, dealerships that are planning ahead, modifying processes, and seeking out and uncovering those new profit centers are the ones who will be well-positioned for the future.

As we saw in Chapter I, selling to businesses (i.e. commercial vehicles) is a great profit multiplier. If you're already in the commercial vehicle business, you know this to be true.



For the first time ever, we are seeing our commercial division outsell our retail division.

***Dan Bryan, General Manager, Ricart to Business
(a Top 25 Ford Commercial Dealer)***

So, if you find yourself saying, “Ok, I’m interested in assessing the B2B side of the business”, actually figuring out where to go next might seem daunting. Or maybe your situation is different and you’re already in the commercial vehicle arena, and you find yourself asking “What can I do to expand my existing commercial department and capitalize on current opportunities?” No matter which scenario best describes you and your dealership, a sound execution strategy, built on education, ideation and research, is foundational to a successful plan.

THE PLAN

When times are good, it’s easy to get complacent and forget time-proven habits and processes that result in profits; but maintaining those good habits even when times get tough is what keeps successful operators on top.

You’re the expert on your market; after all, you operate in it on a daily basis. There is a set way to look at market specifics, especially as it relates to commercial business. Let’s start with the basics and expand from there.

STEP ONE: **GATHER YOUR RESOURCES**

As a dealership engaged in, or planning to be engaged in, the commercial business, you should join the NTEA, the association of the Work Truck Industry. There are a number of perks to joining.

You gain access to data and various reports to keep you abreast of the industry, such as the following examples that show the continued stability of commercial vehicle demand, and trends in the industry. As a member, you’ll gain access to updated stats, data and metrics as NTEA releases new information.



If you’re a dealership just getting started in the commercial business, NTEA resources are a must. They’ll help you get a feel for the industry and the opportunities, while also introducing you to many nuances not found in the retail side of the dealership business.

USMCA commercial truck new registrations forecast - July, 2022

Data are in units (000s)

U.S.	2021	2022	2023	2024	2025	2026
Class 1-2	2,556.6	2,681.9	2,866.9	2,909.9	2,837.2	2,791.8
Class 3-5	498.8	499.4	529.7	531.3	530.7	528.2
Class 6-7	90.7	90.0	90.7	83.9	87.9	93.2
Class 8	223.1	228.9	240.1	219.4	221.7	236.9
Total 3-8	812.6	818.3	860.4	834.5	840.3	858.2
Class 3-8 % change	1.7%	0.7%	5.1%	-3.0%	0.7%	2.1%
Canada						
Class 3-5	56.7	39.0	35.6	41.7	45.0	48.7
Class 6-7	3.4	3.9	3.8	4.1	4.3	4.7
Class 8	29.2	27.0	27.8	29.2	31.7	34.6
Total 3-8	89.2	69.9	67.2	75.0	81.1	88.0
Class 3-8 % change	-5.5%	-21.7%	-3.8%	11.5%	8.1%	8.5%
Mexico						
Class 4-5	8.8	9.5	8.9	8.4	8.8	8.9
Class 6-7	4.7	6.0	5.7	4.8	5.0	4.9
Class 8	18.9	22.4	20.9	17.7	16.9	18.2
Total 4-8	32.4	37.8	35.6	30.9	30.7	32.0
Class 4-8 % change	25.0%	16.7%	-5.9%	-13.3%	-0.5%	4.2%
USMCA Total						
Class 4-5	165.9	154.8	159.9	153.9	163.8	170.7
Class 6-7	98.8	99.8	100.2	92.7	97.3	102.8
Class 8	271.2	278.2	288.8	266.2	270.3	289.6
Total 4-8	535.9	532.8	548.9	512.8	531.4	563.1
Class 4-8 % change	2.5%	-0.6%	3.0%	-6.6%	3.6%	6.0%

Note: Note: Classes 1-3 include vans and pickups owned by commercial operations.

Source: S&P Mobility

USMCA monthly factory shipments, sales and cumulative inventory - standard roof commercial vans (Class 1-3)



Source: NTEA, OEM Quarterly Chassis Report

You should also plan on attending **Work Truck Week**, held in early March each year. This event not only offers attendees the largest commercial vehicle expo at which to see all the upfits and chassis offerings in one place, but it also has workshops and sessions that focus on trends and opportunities in the industry.

If you're already selling to businesses, but you've stopped attending - or sending your team - to Work Truck Week, you need to revisit your approach. What better way to stay current on what's happening in the commercial vehicle industry, hear about ideas from other top operators and talk through potential strategies? If you're looking to grow your commercial business, you and/or your leadership team need to attend this once per year event. You may even attend an educational session that answers questions you have about how to grow to that next level.

There are also other events where you can spend time with commercial dealers and learn from those Dealer Principals/GMs/Commercial Managers successfully operating in the work truck and van sector. Some of these are local truck club meetings and regional OEM or upfitter events. After all, who better to learn from than those who are in it today?



In total units sold, our retail and commercial sales are about even, but commercial sales always lead in profit margin. Factor in that our commercial sales team is half the size of our retail team, and the profitability of commercial vehicles is through the roof.

AJ Hewitson, Fleet & Commercial Director, Paradise Chevrolet

Additionally, here's a few other resources you should consider to gain knowledge about the commercial space:

Local trade associations- Research online and determine which ones have a strong presence in your market and then seek out opportunities to get involved, such as sponsorships, luncheons, and so forth. They also often post their members' contact information, which can be downloaded to expand your prospect list.

Commercial Vehicle Business Summit - this **virtual event** is held twice per year and is fully dedicated to the commercial vehicle industry. Recent event themes included Mobility and Transformation in the work truck and van market, and had expert speakers/panelists from dealerships, OEMs, upfitters, data research firms, finance and fleet management companies. This is a no-brainer!



Escalent market assessment - New opportunities always involve a certain amount of risk. **Escalent** can help expansion-focused dealerships assess markets to make data-centric market evaluations.



Upfitter websites - There are many upfitters (these are the businesses that put vocation-specific bodies onto vehicle chassis) in the commercial vehicle market, and several have websites offering great information. For example, you can read blogs to see what others are talking about, check out upfit guides to better understand unique vocational needs, and review product literature about the upfits provided.

Here are a couple different upfitter sites for consideration:

[Knapheide](#) | [Scelzi](#) | [Reading](#)



2 STEP TWO

DEFINE YOUR PRIMARY MARKET AND CUSTOMER

Start with what's obvious (what do your eyes tell you). Then back that up with data. The following list is not meant to be a comprehensive checklist, but enough to demonstrate the kinds of questions that will help you to zero in on your target.

Is your market urban, suburban or rural?

Geography. Are you located in the north where snow removal vehicles are essential in the winter? Or maybe you're in the south where pool-cleaning outfits prevail year-round.

Final mile delivery

[With a 43.5% increase in online holiday shopping from 2019 to 2021](#), cargo vans used for final mile delivery have been in high demand. In fact, Work Truck Solutions' [Q3 2022 Data Report](#) shows empty cargo vans, upfitted cargo vans, and step vans in the top eight searched commercial vehicles from Q3 2021 to Q3 2022.

What does this opportunity look like in your market, including electric work van use cases?

Adoption of electric commercial vehicles

Are EVs making inroads into the commercial sector in your market? [What types of topics](#) do business owners need to consider when looking at EV adoption and how can you factor those into your approach? EV delivery vehicles are especially suited to businesses that perform last-mile deliveries within a fixed and limited radius, such as retail delivery, and e-commerce home service businesses. Even medium and heavy-duty EVs are gradually gaining popularity, so it's a worthy investment to begin exploring what the [top EV concerns](#) are of those fleet/business owners.



Last Mile delivery is a super tough market. For companies in this space, it is a cutthroat, brutal, and highly competitive environment. To be competitive in this space, business owners are choosing vehicles optimized to meet that need. Vehicle selection is about maximum optimization and efficiency because that efficiency is what creates dollars and cents.

Gregory Skinner, Vice President,
Strategic Insights, Escalent



TYPES OF COMMERCIAL CUSTOMERS

There are several types of commercial vehicle customers, each with specific needs and requirements. Consider the different types of customers and what factors are important for their ongoing success. By taking the time to understand the unique needs of every kind of customer, you can provide them with the customized care they need to continue doing their job with the least stress possible, while also continuing to look to you as their trusted partner.

Sole proprietors

A sole proprietor usually operates under extremely tight time and budget constraints. They juggle many hats and don't have the luxury of exploring new strategies or technologies. By adopting a partner mentality, dealers can find ways to bridge the gap between what a customer needs and what they can manage to implement.

These sole proprietors are local businesses relying on their work trucks and vans; if their truck or van isn't running, they're losing money. These customers need reliable vehicles that can handle their specific business needs. By offering expert service and repair, you can help keep these businesses running smoothly.

Small fleets

Any business maintaining a small fleet of commercial vehicles deals with many moving parts, and managing a fleet can be time-consuming and expensive. Limited budgets can bully owners and managers into thinking only in terms of cost rather than investment, and their predicament is an opportunity for your dealership to ease their burden. Consider offering a suite of solutions like:

- Basic telematics to track maintenance/hours/routes
- Extended service hours
- Mobile services, such as oil changes, no-starts, etc.
- Keeping realistic constraints in mind, you may be able to offer some OEM-style fleet management services

Medium/Large fleets

Customers with substantial fleet numbers are likely to already have some telematics in place, so integration with OEM telematics and fleet management programs might be a more relevant opportunity.

Upon conducting your research, you'll probably discover you have more than one target customer. Make sure to create buyer personas for each one. And you may have more than one persona for each customer type. Just remember that documenting your buyer personas will help guide your inventory, marketing, and sales strategies. Those who write down goals are much more likely to achieve them than those who don't—so write them down.



Three years ago, Ricart to Business invested in building a 115,000 square foot building with approximately 64,000 square feet of that dedicated to service. Today, that space is fully utilized and because we take care of our commercial customers, we continue to grow.

Dan Bryan, General Manager, Ricart to Business
(a Top 25 Ford Commercial Dealer)

Large commercial operations selling multiple brands, who may also have several locations, need to continuously delve into market and customer definition. If this is you, it's likely you already know how much the market can and does change - which means frequent re-evaluations of these conditions are essential to staying on top. And not only do you need to frequently review your market, you'll also want to do the same with your sales operation because as the market changes, your team will need to do so too.



Anything you can do to help businesses with small fleets operate more efficiently will set you apart in your market.

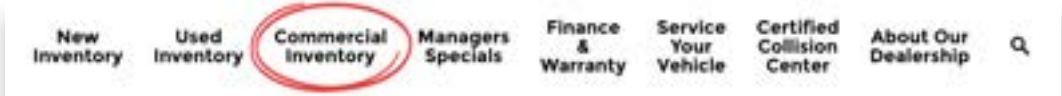
3 STEP THREE

UPDATE YOUR WEBSITE

A foundational place to start is with positioning your dealership as a commercial partner to businesses in your market by having a robust section of your website dedicated to commercial vehicles - both inventory and

education. After all, if you don't tell business buyers you're the experts at providing them with commercial vehicles, how will they know that you're a good resource/partner to fulfill their work truck and van needs?

With that in mind, use this checklist of things to consider at a minimum:

Yes/No	<p>Does your retail website prominently display that you sell commercial vehicles? This is critically important when business buyers come to your site.</p> 
Yes/No	<p>Can your prospects and customers quickly search for (filter) exactly what they need, such as bodies, upfits, engine types, etc.? Remember, these buyers have specific needs for vehicles that fit their particular use case(s). If they can't quickly and easily search, they'll move on to another dealership/source.</p>
Yes/No	<p>Are your business prospects able to see the details of the unique vehicle configurations, or do they have to guess what's on the work truck or van? If they have to guess, you're making it much harder - as well as unlikely - for them to do business with you. When it comes to business buyers, while price is certainly important, time savings and ease of doing business are also high on their list when choosing a dealership partner.</p>
Yes/No	<p>How about photos? As with a retail site, a picture is worth a thousand words, so show shoppers lots of vehicle and body images.</p>
Yes/No	<p>Does your site offer educational information to business owners and fleet managers? For example:</p> <p>Do you have content discussing EVs (or other alternative fuel vehicle options) to help make decisions on how and when to consider transitioning from ICE vehicles?</p> <p>Is there content about vehicle servicing specific to businesses?</p> <p>Consider links or original content related to telematics.</p> <p>By listing additional, non-promotional commercial content on your site, you further establish your dealership as a business partner for these commercial customers.</p>

What if you don't have much on-lot inventory to display on your website? This is a problem challenging many dealerships today. Use these three strategies to deal with a low inventory climate.

NATIONWIDE VEHICLE LOCATION TOOL

Find a single-platform solution that searches multiple inventory sources, including wholesale, auctions, rental companies, and other suppliers of work trucks, vans, and pickups to source remarketed vehicles for your customers. You'll want one that provides detailed upfit information that is crucial to your prospects.

VIRTUAL SHOWROOM

Is there a way you can show vehicles even if you don't have them? Think about it - don't most big retailers do this today? Does Amazon avoid showing customers a product just because it's not in stock? Of course not - so you should do the same thing; after all, customers, including B2B buyers, are conditioned to shop this way, so you should make sure you have a way to show—and order—the most popular vehicles, even when you don't have them in stock.

OUTBOUND MARKETING MESSAGES TO YOUR CUSTOMERS

Be the one they think of, and make sure these messages are built for mobile/tablets since these customers are always on the go. A regular cadence ensures it gets done. A haphazard strategy won't cut it. As buying cycles are stretched by thin inventory and pre-sales lag time, it's more important than ever for you to reach out to your customers, build the relationship, and be top of mind. While it might seem counterintuitive to market to customers if you don't have vehicles in stock, if you implement steps 1 and 2 above, you'll certainly want to keep those prospects thinking of you - and, with the order process being elongated, getting those business buyers into the pipeline sooner rather than later is a winning approach.

Previous: [Commercial Playbook - Chapter 1, Mobility By the Numbers: Identifying Dealer Opportunity](#)

Coming Soon: Chapter 3 - Commercial-Customer Care: Partner vs. Vendor