

Successful Dealer **SOLD!**

Best practices for moving used trucks



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Too many trucks

The uncertainty of the presidential election is behind us. The freight market is strengthening. Tax cuts and regulatory rollbacks are on the horizon. With these positive

developments, experts say, buyers are more confident about buying used trucks.

The bad news? Supply, especially of aerodynamic, fleet-spec'd trucks, is still outpacing demand, putting downward pressure on pricing.

Dealers are feeling the pain. Nearly half of respondents to a recent *Successful Dealer* survey said the used truck market is their second biggest concern, behind only the technician shortage (56.4 percent). Nearly 72 percent said falling vehicle values is their top concern for selling used trucks.

"There are some dealers that have frankly over-invested in trucks and there is going to be some pain there," says Craig Kendall, president of The Used Truck Association (UTA) and specialty markets manager for the Pete Store. "A truck is like anything else you sell — it's worth what someone will pay for it."

In December, retail prices for 3- to 5-year-old sleeper tractors (MY 2011-2013), which make up most of the used

truck inventory, averaged \$53,916, or about \$1,074 (2 percent) lower than November, according to J.D. Power Valuation Services.

Average mileage on those trucks was 435,732, or about 4,626 lower than November. Compared to December 2015, prices were \$9,364 (14.8 percent) lower on trucks with 9,734 (2.2 percent) fewer miles on the odometer, on average.

December capped off a year of falling used truck prices. The problem started in mid-2015, when trucks bought post-recession started filtering back into the secondary market, says Chris Visser, senior analyst with J.D. Power Valuation Services. The glut of trucks hit the auctions first, he says.

"It took dealers six to eight months

"It took dealers six to eight months to realize the supply had changed. They lowered prices to compensate for the changed environment."

Chris Visser, senior analyst with J.D. Power Valuation Services

to realize the supply had changed. They lowered prices to compensate for the changed environment."

Consequently, sleeper tractors lost about 30 percent of their value at auction in 2016 and 23 percent through retail, according to J.D. Power. Trucks sold at auction in 2016 brought

about 30 percent less money than the year before, while trucks sold retail brought an estimated 13 percent less.

"Depreciation generally accelerated in the second half of 2016," Visser says. "From January to December, trucks of model year 2013 lost about 22 percent of their value, trucks of model year 2012 lost

about 37 percent and trucks of model year 2011 lost about 32 percent."

Last year's annual depreciation translates to an overall monthly loss of about 2.5 percent. Visser says that's an improvement over J.D. Power's early estimate of 3 to 5 percent. "This figure is also better than the nearly 5 percent



Jim Allen/365trucking.com

With an influx of 3- to 5-year-old sleepers hitting the market, falling prices are giving dealers heartburn. But improving freight and more optimistic buyers might just be the medicine they need.

average monthly loss in the second half of 2015," he adds, "but of course selling prices are roughly 30 percent lower today than they were then."

Heading into 2017, the market is showing some signs of improvement. The average price of a 3- to 5-year-old sleeper in January was \$65,910, \$11,994 better than December but still \$7,412 (10.1 percent) lower than January 2016 on trucks with 402,138 or 9,051 (2.2 percent) fewer miles. (Click here to read the latest J.D. Power Valuation Services report: http://img03.en25.com/Web/NADAUCG/%7Becc95384-a84c-4ccb-a13f-42c169cb0801%7D_Guidelines_CTG_201703.pdf.)

Three- to 5-year-old sleepers sold at auction in January brought about 5.5 percent higher prices than January 2016. "Since retail pricing trends generally lag auction pricing trends by a few months, we expect trucks to lose less of their value each month going forward," Visser says.

Despite such signs of improvement, UTA's Kendall cautions dealers against waiting on prices to rebound before moving aging inventory. "If you've got \$20,000 in a \$15,000 truck, you're going to be disappointed if you wait for the market to come back to you for that \$5,000," he says. "Eventually we're going to have to lower the price and sell it off."

Dealers should expect continued robust supply and downward pressure on pricing throughout this year, Visser says. Deliveries of new trucks over the past five years equate to a potential 8.1 percent increase in the number of 3- to 5-year-old sleepers returning to the market in 2017, compared to 2016, according to J.D. Power.

"It is likely that OEMs are already stockpiling some quantity of these trucks, keeping them out of the marketplace until conditions potentially

change," he says.

That won't be for some time, predicts Arrow Truck Sales President Steve Clough. "The amount of trucks I anticipate coming back as used trucks for the first time will continue to grow," he said in September at the FTR Annual Conference. "It will probably peak in 2019 or 2020."

Despite such challenges, there are bright spots. The market for new and used dump trucks is regional but relatively healthy, Visser says. He also points to daycabs coming onto the market in response to fleets' shifting their operations from long haul to more regional hub-and-spoke. "Depreciation on daycabs is still better than sleeper cabs," he says.

"The amount of trucks I anticipate coming back as used trucks for the first time will continue to grow."

Steve Clough, Arrow Truck Sales president

At the February Ritchie Bros. auction in Orlando, Class 8 trucks, particularly pre-emission models, sold well. "We had one 2007 Kenworth (with 600,000 miles) and it brought \$97,500," says Jake Lawson,

Ritchie Bros. senior vice president. Compared to last year, "we sold comparable trucks for better pricing today than we did on the back end of 2016," he says.

The January report from ACT Research also gave dealers reason for optimism. It showed used Class 8 truck same-dealer sales volumes starting 2017 on a high note, up considerably over a weak January 2016. Sales also rose from December, marking a second consecutive month-over-month increase.

"The retail and wholesale markets both posted gains, improving 9



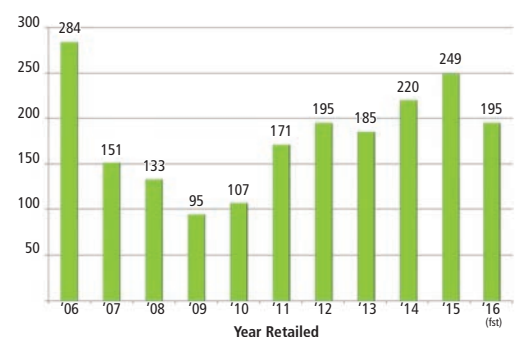
At the February Ritchie Bros. auction in Orlando, Class 8 trucks, particularly pre-emission models, sold well, while used Class 8 trucks overall brought in higher prices than in the 4th quarter of 2016.

percent and 11 percent month-over-month, respectively," said Steve Tam, ACT's vice president. ACT's just released February report showed another improvement over January.

UTA's Kendall, a self-described "glass half-full kind of person," is banking on the fact that dealers didn't sell as many new trucks in 2016, "so we're not just packing the shelves with trucks like we did in '14 and '15," he says. "My take is '17, barring something bad, the longer we go, the better the year will be for dealers."

— Jason Cannon, Tom Quimby and James Jaillet contributed to this article.

Class 8 retail sales in thousands



As the high truck sales in 2014 and 2015 flood an already crowded used truck market into 2019 or 2020, it will put more downward pressure on used truck prices.

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Volvo, Kenworth models earn top retail prices in 2016

Used truck sellers trying to move the industry's most common trucks, 3- to 5-year-old sleepers, fared best with Volvo VNL 780 and Kenworth T660 models last year, says

the NADA Used Car Guide in its February Guidelines Commercial Truck Guide Industry Update.

Evaluating the industry's most common Class 8 engine and transmission configurations, NADA reports 3- to 5-year-old VNLs with Volvo's proprietary D13 engine and iShift transmission netted slightly

more than \$60,000 on average in the retail market last year. That price was slightly higher than Kenworth's T660 with a Cummins ISX and manual transmission and the VNL 780 with a D13 engine and manual transmission. Those were the only other configurations to surpass \$60,000 on average during 2016.



Among the industry's most common Class 8 engine and transmission configurations, NADA reports that the only 3- to 5-year-old packages selling for more than \$60,000 on average in the retail market last year were two configurations of the Volvo VNL (top) and one of Kenworth's T660.



Freightliner's Cascadia with a Detroit Diesel 15-liter engine and automated manual or manual transmissions earned the fourth and fifth place price positions in 2016. They were followed by the Peterbilt 386 (ISX/manual), Volvo VNL 670 (D13/iShift AMT), Peterbilt's 387 and 587 (Paccar MX/manual) and VNL 670 (D13/manual). Those units averaged between \$55,000 and \$60,000.

The only configurations to average less than \$50,000 in the 3- to 5-year-old retail market were Mack trucks equipped with an MP8 engine and manual transmission and International ProStar tractors running Navistar's MaxxForce engines and manual transmissions.

Mack's configuration netted an average slightly above \$45,000, while the ProStar MaxxForce/manual truck was around \$25,000. Regarding the latter, NADA data shows the same tractor with a Cummins ISX totaled around \$50,000 in the 2016 marketplace.

Looking at the sleeper market at large, NADA says average pricing for 3- to 5-year-old retailed sleepers was \$53,916 in December 2016, with an average mileage of 435,732. Those totals were lower on money and miles than November averages.

Evaluating year-over-year the December 2016 price was \$9,364 (14.8 percent) below the average of December 2015.

Monthly depreciation rates also rose 0.7 percent point for retail sleepers in 2016. NADA says this translated to 3- to 5-year-old sleepers selling for \$8,803 less (12.5 percent) in the retail market last year than in 2015.

"This difference is substantial, but notably smaller than the drastic 30 percent year-over-year change in auction pricing for these same trucks," NADA says.

Five reasons to use auctions

More dealers are turning to auction companies as a way to relieve their used truck glut. While auctions typically net lower prices than the retail markets, auctions'

benefits can make up for the difference.

The biggest advantage is speed. Instead of turnover measured in months with no sure sign of ending, the auction process is a more defined process taking a matter of weeks.

A February 2017 *Successful Dealer* survey showed 72 percent of dealers turn used trucks in 60 days or more, and 43 percent need at least three months to move the average used truck.

"If equipment marketing and sales isn't your core business, selling on your own can be time-consuming and fruitless," says Mike Cerilli, vice president, marketing at Ritchie Bros.

Stacy Tracy, national director of sales at Taylor & Martin, says auction houses also have proven their worth in normal markets. "Auctions are no longer a method used only by those in distressed situations," he says. "We can move large quantities of equipment in short order and retain close to retail value."

SELLERS HAVE OPTIONS

Many auction companies are offering online selling tools to supplement conventional onsite sales. These additional channels can reach much further than dealers' internal sales team or website.

Some auctions feature unreserved sales, with no price floor, so that all items are sold to the highest bidder. Others will offer a reserve to ensure the seller earns a minimum price. In reserved auction where a truck does not sell, an auction house can add the unit to its sales programs and continue looking for a buyer.

Tracy says Taylor & Martin also offers "guarantee pricing." If a truck sells for less than a predetermined bottom line, Taylor & Martin pays the difference and charges a higher commission, Tracy says.

"We conduct more than 350 live auctions each year and sell items daily on our EquipmentOne marketplace," Cerilli says.

LARGER INVENTORY ATTRACTS MORE CUSTOMERS

Using the same internet tools used by savvy truck dealers, auction houses draw the attention of many more customers because the scale is so much greater, Cerilli says.

"There are tens of thousands of trucks available for sale around the world on any given day," he says. "We make sure they focus on yours through multi-faceted marketing campaigns that target both local and international buyers."

They're aggressive in promoting, too. All units listed in TruckPlanet's weekly auctions are featured online for two weeks before going to market, says Paul Blalock, vice president of sales at IronPlanet and its subsidiary TruckPlanet.

PAYMENTS ARE EXPEDITED

Because buyers are typically smaller fleets and owner-operators, they often require financial assistance. Most auction houses eliminate that risk for sellers by assuming responsibility for securing financial assistance and completing all transactions. Tracy says Taylor & Martin pays out 10 days after a sale.

Also, he says the company guarantees a sale once a truck passes through an auction. For example, if a purchaser backs out four days after the sale, that loss falls to the auction house.

"We take that on as our problem, not yours," Tracy says.

TruckPlanet's customers have three days after winning an online auction



The ability to draw the attention of a large number of customers, whether in person or online, is a major asset of auction houses.

to submit payment, Blalock says. Once the company has received payment and shipped the title, the seller's net earnings are dispensed.

DEALERS CAN BENEFIT FROM BUYING

Auctions also can be a lifeline for dealers challenged with finding trucks to meet a customer's needs.

Say a buyer is looking for five tractors spec'd a specific way and a dealer has only three. The dealer is much more likely to find the additional two tractors via auction than by calling neighboring dealers. That's especially true if the request is highly specific or requires a truck brand the dealer isn't associated with.

Blalock says TruckPlanet makes a point of noting its similarly spec'd models purchased from a single owner so purchasers can see how many duplicate models are readily available.



"We can move large quantities of equipment in short order and retain close to retail value," says Taylor & Martin's Stacy Tracy.

Finding the pricing sweet spot

Correctly assessing a used truck's value and setting a price have never been easy. It's certainly no easier when selling today's used trucks, with engine technologies that differ due

to evolving emission standards, as well as other truck engineering and design changes.

Evaluation begins the instant a dealer is presented with an acquisition opportunity. Assessing condition and performance is complicated, says Keith Ely at KEA Advisors. Lacking a perfect way to assess condition, and without a sure formula to determine how much condition, specifications and age should determine price, dealers are forced to weigh each factor independently and set a price on their own.



Monitoring market and customer trends allows dealers to make necessary pricing updates quickly and remain competitive.

Most dealers are good at determining value for trucks that share their nameplate, says John Whitnell, president at Whitnell Analytics. Other brands are more challenging for dealers. "They don't have the history with it," he says.

In these situations, other dealers, wholesalers and auction companies can be valuable resources, say Whitnell and Ely. "A lot of our clients have that group of four or five guys they can trust and that have a pretty good understanding of value that they can lean on," Whitnell says.

Industry groups can help as well, adds DTNA's Angelique Pierce, used truck manager of marketing pricing and former Used Truck Association (UTA) secretary. Pierce says UTA offers workshops on vehicle evaluation, and addresses the topic at its events.

USE CAUTION IN ACCEPTING TRADES

Having that strong base of resources to cover all brands is a key way for dealers to avoid used truck sales disasters by being highly selective about what they accept on trade in the first place, says Whitnell. Dealers can't let the allure of a large new truck order stop them from doing their homework on potential trade vehicles, he says.

"You can work through a mistake on one truck, but if you make a mistake on a 500-truck package ... that's where people really get hurt," Whitnell says.

He says a used truck manager should assess the value of possible trade-in vehicles during all potential order discussions.

Once the evaluation is complete, Whitnell advises the manager

to provide the results to the salesperson and dealer principal before the order proceeds. That information also can be presented to the fleet, ensuring each party is aware of the parameters that need to be met for the dealer to profit on the transaction.

"If you [as a used truck manager] can go to your boss and say 'Here are 14 trucks like the ones in this deal, here's what they were sold for and here's what we need to get for them to make this deal,' that's really valuable information," Whitnell says. "It might not stop the deal, but at least then everyone knows the situation and what needs to be done."

"Typically, you're going to make more money on a truck you buy than on a truck you trade for, because you'll buy outright at closer to market price," says Craig Kendall, UTA president and

specialty markets manager for The Pete Store. "If you paid too much, you are managing a loss, and if you're waiting on markets to get better (to sell), you're playing a dangerous game."

SET AN OPTIMAL SALES PRICE

A dealer who's done the research to establish the general value of used trucks before acquisition is a step ahead of competitors when it comes to pricing.

"The majority of dealers today simply don't have any idea of what the market demand is for their inventory, so they struggle to set a competitive price," Ely says.

Even if a used truck operation did its due diligence on newly acquired trucks, it still needs more than just its own sales records to make pricing decisions. However, used truck sales data tends to be dispersed among different sources.

TruckPaper.com shows where and at what price trucks are for sale, but does not update with final sales prices. It allows users to refine searches based on location or spec'ing information, but does not offer comprehensive data sets for the information it has on hand.

The information is out there, but analyzing it is "time consuming," Ely says. "You have to do the research and get the data, then make all of the calculations by hand."

J.D. Power Valuation Services offers a monthly Guidelines report that provides average wholesale and retail pricing for various types of trucks and even some specific brands and specs.

Whitnell Analytics has started compiling its client data, presented in aggregate and as unidentified individual numbers, as part of a quarterly newsletter, Whitnell says. The simple format allows users to identify pricing trends in seconds that would otherwise take days.

Ely says recognizing trends from other sales allows dealers to set more educated initial prices, which ideally

reduce the time it takes for used trucks to sell. This impacts the bottom line not just in margin, but also in volume. The quicker one truck sells, the quicker another can be brought in, priced and sold. For example, taking a truck in on trade for \$30,000 and selling it for \$32,000 three months later might result in a black number, but the long turnaround reduces the sale's overall value.

ADJUST PRICES TO CHANGING DEMAND

Successful used truck pricing also requires responding to rapid changes in demand. Take the example of a truck model year that posts stable sales for a period, then slackens rapidly once interested customers fulfill their needs, Ely says.

"You have to be constantly doing research and monitoring activity or you won't know customers aren't looking for that truck anymore," he says.

Dealers also need to watch market trends closely. For example, starting around mid-2015, the Class 8 trucks sold post-recession started to filter back into the secondary market as 3- to 5-year-old vehicles.

"It took dealers six to eight months to realize the supply had changed," says Chris Visser, senior analyst with J.D. Power Valuation Services. Because of that, dealers also lagged in adjusting prices accordingly, Visser says.

Customer activity can be monitored any number of ways, including phone calls, on-site customer visits and internet website activity. Ely says the last is especially important as more customers move to online shopping. He says dealers should make their entire inventory available online, and track page views and customer inquiries about each vehicle.

"You ought to know if you are having a valuation issue within 30 days," adds Whitnell.

Updating a price requires asking similar questions addressed in the original pricing: How much is the truck worth to potential customers? How have sales prices changed for comparable competing trucks? How much are our margins impacted by inactivity?

Dedicating an employee to oversee updates is a good way to keep inventory turning, Ely advises. "And it's not as simple as putting your best sales person in charge," he says. "You need someone who is meticulous and will keep track of everything."

Whitnell advises holding at least weekly meetings with management to address issues of inventory and turn rates. He says this facilitates quick reaction to changes and ideally minimizes sales lulls.

"In the used truck game, make and miles is 50 percent of the evaluation," Whitnell says. "But it's the other 50 percent where you get hurt."



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- ✓ Original factory specs
- ✓ UCC liens
- ✓ Title history

For more information on how you can become a RigDig Certified Dealer, go to www.rigdig.com.



How to use online marketing

Dealers say classified ads and listings in trader publications are still the tried and true way to market used trucks, with 87 percent of dealer respondents to a recent *Successful*

Dealer survey citing those tactics as somewhat or very effective. But today's digital world presents many more options for reaching prospects, offering sophisticated ways to target based on location, brand affinity, likely trade cycle and even web-surfing habits.

The key to success in using social media and other digital platforms to help sell used trucks is to know exactly what you want to accomplish, says Aaron Craddock, director of performance marketing for Randall-Reilly, *Successful Dealer's* parent company.

"Determine your goal, target and win for an online marketing campaign," he advises. For example, your goal might be to sell 20 used trucks by mid-year. Your target might be owner-operators within a 100-mile radius

of your dealership. Your win might be 10 inbound calls per day to your dealership inquiring about specific trucks.

Once you have a plan in place, the next step is to determine which platforms or tactics will help you achieve your goals — within your budget. Here are the most effective ways to reach used truck prospects online:

SOCIAL MEDIA

Cited as somewhat or very effective by 67 percent of survey respondents to the *Successful Dealer* survey, social media is a great way to connect with prospects.

Facebook is the most-used social media in trucking, frequented by 51 percent of fleet executives and 52 percent of owner-operators, according

to research by *Successful Dealer* sister brands CCJ and *Overdrive*. In addition, three out of four buyers rely on social media when it comes to making a purchasing decision, according to Sprout Social, a social media software firm.

"Social media is your close sphere of influence," says Lindsey Wreggelsworth, with Commercial Web Services. "There's a trust factor at work, and you can generate leads and business from it if you leverage it properly against a goal."

Facebook has tons of data about the people who use it, information you can use to target prospects based on their profiles.

Users who click on your dealership's Facebook ad can redirect to a form that auto-completes using their Facebook profile. If they complete the rest of the form, indicating the types of trucks they are interested in, you get a solid lead to follow.

"Paid Facebook ads can generate a fairly large lead volume," Craddock says, "and you can ensure you are targeting the correct people who can buy your trucks through layering CRM (customer relationship management) data, interests, and other behavioral data."

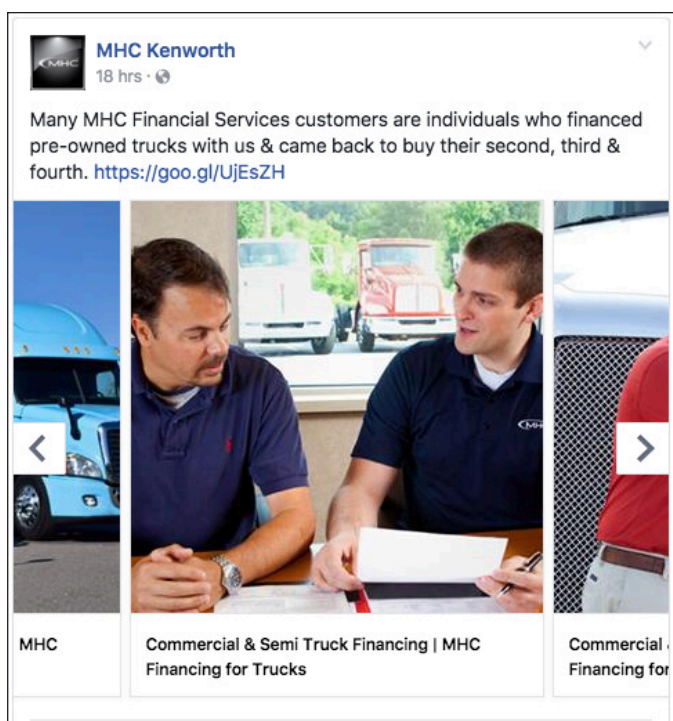
Craddock also recommends using Carousel ads, which can include up to 10 images to promote your trucks. "These perform better than standard image ads," he says.

PAID SEARCH

This option is available through Google and other search engines, allowing you to advertise your business — or your used truck inventory — through keywords. These are the terms potential buyers would likely use to search for used trucks, such as "used Class 8 trucks," "2013 Freightliner Cascadia," etc. When people enter the keywords you've paid the search engine to promote on your behalf, your results come up in the first few search results, marked as advertising. Fifty-eight percent of respondents to the *Successful Dealer* survey said paid search is very or somewhat effective in generating leads for selling used trucks.

When prospects click on your ad, they are redirected to a landing page where they can browse your inventory of used trucks. By asking them to provide a phone number to access your inventory, you've received a lead.

Keyword marketing is a great option for dealers because search engines receive huge amounts of traffic related to new and used truck shopping, says Justin Seibert, founder and



MHC Kenworth tries varied approaches with posts to its Facebook page.

president of Direct Online Marketing. Dealers, however, must keep their websites updated as often as daily to reflect changing inventory.

“Have every truck in your inventory on your website,” he says.

RETARGETING

Seibert also stresses the value of retargeting, sometimes called remarketing. This works by placing a piece of code (or cookie) when a potential customer visits your website.

As visitors browse other websites around the internet, ads promoting your used truck inventory (or even the specific truck they may have clicked on your site) will follow them. Constant retargeting can be annoying, but occasional advertisements will provide customers just enough information to lead to sales, Seibert says.

Experts say a combination of tactics is the most effective way to market your used trucks online. You’ll need to focus your efforts on generating the kinds and volume of leads that work best for your

business. Paid search, for example, generates inbound calls, while Facebook ads generate short form leads (name, email, phone), Craddock says.

“Given a small budget and if the goal is both forms and calls, I would recommend starting with paid search (call only) and Facebook lead ads,” he says, keeping in mind that costs per lead can range from \$10 to \$50. If you use an online marketing firm, be sure to be clear about your goals and how much you are willing to spend to achieve them.

Dealer website should be diverse marketing tool

When selling used trucks, dealers should use their websites to “try to put the best foot of that truck forward,” says Craig Kendall, Used Truck Association (UTA) president and specialty markets manager for The Pete Store.

“Do you talk about specs? Show multiple views?” he asks. “Is the truck clean? Does it look good? Are we giving them enough information to be comfortable to buy a truck?”

While providing specs and a brief description of each truck is important, photos are what sells. And including video gives potential buyers that much more detail.

“Use YouTube and embed videos on your website,” says Justin Seibert, founder and president at Direct Online Marketing. “You are already taking pictures and adding information to your site, just add this to the checklist.”

Video shot inside the truck, as well as a walk-around of the exterior, shows so much more than a few still photos. Providing photos and video is especially important if potential buyers will have to travel to see the truck in person. “I’m always amazed at how far people will come to buy a truck,” Kendall says.

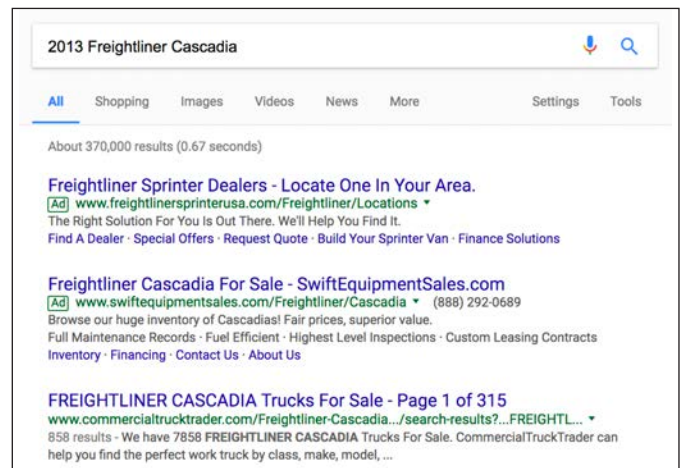
It’s also important to keep in mind what devices your customers will use to view your website. Increasingly, fleet executives and especially owner-operators, will view your inventory on a smartphone or

other mobile device.

In fact, 55 percent of owner-operators and even 29 percent of fleet executives say they most often use a mobile device (handheld or tablet) to access the Internet, according to studies by *Overdrive* and *CCJ*. Make sure your web developer has optimized your site so that it can easily be used on these devices as well as on a desktop.

Once you woo prospective buyers to your website, you now have ways to find out who those prospects are, says Prescott Shibles, senior vice president of data for *Successful Dealer* parent Randall-Reilly.

For example, a free service from Google Analytics can let you see the networks that have come to your site, but you’ll need to sift through the thousands of internet providers that also show up. Subscription-based products such as Demandbase, Hubspot and Dun & Bradstreet offer additional information such as company address, industry, revenue and employee size.



A google search for “2013 Freightliner Cascadia” produces two paid results at the top of the results. One is a dealer locator map for Freightliner vans, the other for Swift Transportation’s equipment sales.

“RigDig Business Intelligence, a sister company to *Successful Dealer*, offers dealers the additional insights of fleet size, fleet age, truck brand preference, haul type, vocational trucks, and fleet specifications,” Shibles says, at cost-per-lead as low as \$20. “We’ve found that marrying a prospect’s existing fleet specifications with the trucks that they’ve looked at on your website allows you to engage a prospect before they’ve already looked at a competitor’s inventory—a huge advantage, given the glut of inventory available.”

— Lucas Deal and Marcia Doyle
contributed to this article.

Try disruptive marketing to shake up status quo

Everyone knows the old saying: You have to spend money to make money. The truth of that is obvious, but when times are lean, it's hard to maintain a heavy marketing budget.

Furthermore, marketing has changed dramatically as social media and other digital platforms have revolutionized so many aspects of commerce, especially on a national scale.

However, there are other marketing approaches that can distinguish your business in your local market, often without requiring too much investment. These are sometimes called disruptive marketing practices because they differ from the standard approaches to marketing.

Here are three ways to create disruptive marketing campaigns on a limited budget.

GET BEHIND A CAUSE

Working on behalf of a worthy charity or initiative can help your company gain visibility, as well as the good will that comes from helping your community.

A great example is Truck Centers, Inc.'s annual toy drive for needy children in the markets it serves. In 2016, the company collected about 800 toys for children who otherwise might not have received much for Christmas, working with Toys for Tots coordinators in each market.

Truck Centers has other, similar local and national involvements, too. "The Toys for Tots campaign was one

of our highlights for 2016, along with a school supply drive that we held in August to provide children with new backpacks full of their entire school supply list," says Katie Hopkins, executive vice president for Truck Centers.

HARNESS YOUR DORMANT ASSETS

Are you sitting on leftover promotional items from previous campaigns, such as coffee mugs or something nicer, like personal electronics items?

These can be used at trade shows or through local giveaways. Sometimes you can use such materials, or discounts on your products or services, as a trade for a sponsorship or other presence at a key event.

PUT A CREATIVE SPIN ON ONE OF YOUR PRODUCTS

Use your resources or find a local partner to create something that makes your typical product stand out in a completely new way.

Four Star Freightliner in Montgomery, Ala., painted two used trucks in the colors of the state's biggest football rivals — Auburn University and the University of Alabama. Originally planned as a project to fill downtime in the dealership's body shop, the trucks sold to a father/son team two days after entering the paint booth.

"The paperwork was signed before the trucks were finished," says used truck sales manager Don Alexander. "Everybody thought I was crazy, but I've been selling trucks for 20-something years. Basically, a truck is a billboard for owner-operators. They want something unique, something that will stand out."

That's what disruptive marketing is all about—making your brand stand out in a way that no one else is doing.



Dig deeper with data

Fleets start up and go out of business all the time. Owner-operators from miles away travel through your area daily. These are prospects that might be interested in one of your

used trucks – if only they knew you were there and what inventory you have to offer.

“Unless a dealer uses a solution that pulls in multiple data sources to give a clear picture of the trucking landscape, there’s no way they know every potential customer out there,” says James Vogel, vice president of analytics and professional services with RigDig Business Intelligence. RigDig, a sister brand to *Successful Dealer*, provides in-depth fleet profiles to help dealers target new prospects.

Savvy dealers use both a push and a pull strategy to market used trucks, Vogel says. They push their truck inventory out through traditional channels, such as used truck publications. They also use data from providers such as RigDig and competitors such as Polk, FleetSeek and TDS, to target potential customers and pull them in.

“If a dealer has several 3- to 5-year-old trucks on his lot that he’s having trouble moving, we’ll use our RigDig database to identify fleets in his area that are running older trucks, and thus might be ready to trade up to a newer used truck,” Vogel says.

RigDig can also identify fleets that are having maintenance issues due to their trucks’ age. “This type of information lets a dealer salesperson start a discussion with a potential customer about how a newer vehicle could help lower their maintenance costs and improve

their inspection profile,” Vogel explains.

Brian Murphy, vice president of sales with Bruckner Truck Sales, says RigDig data gives his sales people a competitive advantage. “How else can you procure lists with user names and contact information, and have in hand what their fleet consists of and their pain points?” he asks.

Data targeting can also help identify prospects dealers typically wouldn’t have in their CRM, such as fleets that are domiciled outside of the dealer’s area, but whose routes take them through your market on a regular basis. “RigDig can show you what fleets and owner-operators

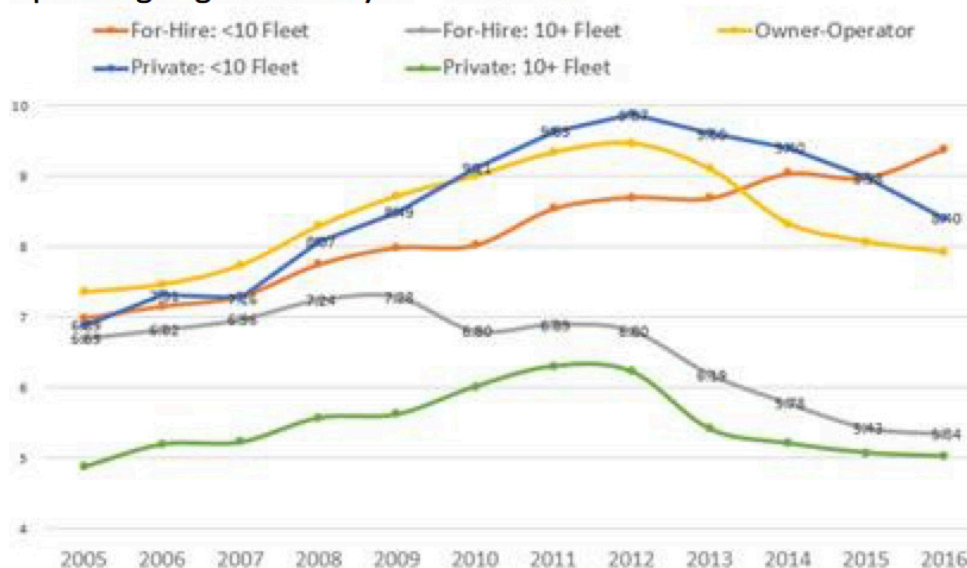
travel near your dealership,” Vogel says.

Dealers might be surprised to learn how many prospects outside their area of responsibility are interested in their offerings.

For example, analysis of the website of a large dealer group that uses RigDig showed that 45 percent of its web traffic comes from states where they don’t even have a location. That was true for six of the 10 states that generated the most traffic.

New prospects can also come from business segments dealers typically wouldn’t target. “When oilfield dropped off, we had to switch to highway,” Murphy says. “Without this tool and without some of the sales training we took on, we would have had an unbelievably terrible year in 2016. We survived and found a lot of niches we wouldn’t have (otherwise) been in.”

Operating Segment Analysis – California



One sample of fleet data available through RigDig Business Intelligence is this trend report of fleet ages in California. Most trucking segments there saw the average ages of their fleets increase for at least a few years following the 2008-2009 recession before coming down as older trucks were phased out. One exception is for-hire fleets of less than 10 trucks. Their fleets have continued to age since 2005. RigDig can show more granular data, identifying the best potential used truck buyers in a dealer’s area.

How to manage your lot and inventory to boost sales

What does a customer see upon entering your property for the first time? You might be surprised at how minor adjustments to lot configuration and the appearance of

equipment can help increase your sales.

Prospective customers should have to pass through your inventory to reach your front door. This can be done by forcing a few simple turns or creating a long corridor flanked by vehicles.

Don't create an elaborate maze, but ensure that prospects do not enter your building without noticing your quality vehicles. This prepares the customer to be receptive to your approach of selling value versus price, says George Papp, professional sales consultant and trainer for the Used Truck Association's (UTA) "Selling for Success" training seminars.

Trucks destined for premium lot placement should be detailed and expertly reconditioned, allowing them to become a value talking point.

"If you're dealing with a guy who is buying one or two trucks, he probably wants to get in it and put it to work immediately," Papp says.

Papp says another display option is to promote groups of sister trucks on the front line, and have other, similar units not on display that can be sold as-is. These trucks sell well with educated buyers, such as fleet owners who have their own shop capable of reconditioning.

Once a truck is made front-line ready,

it shouldn't be forgotten.

"If you have a truck on your lot and prospects are walking around it, nine times out of 10 there is a visual problem," Papp says. "It could be rust, broken glass, rusty frames, dents, dings and or it smells like someone died in it."

Also, all vehicles that sit for extended periods of time are susceptible to issues. You want to ensure that performance doesn't suffer when a prospect gets to the point of testing.

"Having sales consultants walking the lot daily pays off in spades — they know every truck and how to present it properly to a willing prospect," Papp says.

You can give your customers additional peace of mind when buying used by providing them with documentation that shows the truck's background. Services such as RigDig Truck History Reports (a sister company of *Successful Dealer*) let you provide customers with in-depth information about a truck's operating history.

"By meshing a variety of data sources that track junk and salvage vehicles, total loss insurance claims, title and odometer brands, accidents, inspections, ownership, cargo hauled and CSA scores, RigDig helps dealers

give truck buyers a level of confidence in making purchase decisions that's unprecedented," says RigDig's Prescott Shibles. You can even display signs that say: "RigDig Certified Dealer" to show your customers the investment you've made in selling them quality used trucks. Other providers, such as CarFax and BigRigVin, offer similar services.

In an industry where too many sales people are content to simply recite a truck advertisement to a customer requesting more information, genuine research and original observations stand out.

"Envision yourself going to a store to buy a product and the sales associate knows nothing about it nor do they ask any questions of why or how you plan on using this intended purchase," Papp says. "Is this who you want to purchase from? Or would you prefer to have a consultative approach in making your purchase?"



RigDig reports provide this information on used trucks, as well as much more. See a full sample report.

Some customers know exactly what they want when they hit your lot, says Craig Kendall, president of the UTA and specialty markets manager for The Pete Store. But in some cases, they need your help. "Just because customer wants truck X is that really what they need?" he asks. "Let's don't sell them a Class 8 if they need a medium duty." Matching the right truck to each customer helps them be successful and can avoid problems down the line, Kendall says. "Repos ultimately are bad for our business," he says. "In an ideal world, we'd have none."

Yet even with thorough restoration, good placement and a knowledgeable sales staff, not every used truck is destined for a quick sale. In such cases, be willing to explore alternatives.

"Be smart. Network it, wholesale it, move it off your lot," Papp says. "It's just costing you inventory dollars to hold it, while dreaming that you might break even."

Prominent positions for reconditioned used trucks will attract buyers and increase interest in the entirety of your inventory.



Understand the types of customer visits

It's no secret that visiting a customer can be a great way to build a relationship that leads to sales. However, it's critical to note the difference between calling on an established

customer and calling on an unknown prospect, says George Papp, professional sales consultant and trainer for the Used Truck Association's (UTA) "Selling for Success" training seminars.

PRE-ARRANGED CALLS

Scheduled in advance, pre-arranged calls are visits to customers with whom you have some relationship.

If you've done your homework on a customer, and especially if the relationship is strong, you should know their needs and the extent of their buying qualification, says Jim Ehrensperger, assistant manager of Arrow Truck Sales, Atlanta. So when you schedule a visit, you should be prepared with photos, financing options and other information about specific trucks.

Pulling up in a truck you know they'll like doesn't hurt, either. "That creates excitement," Papp says. The sales process moves a lot faster when a buyer is sitting in a truck rather than looking at brochure.

"You have to do your research and know what types of equipment they need," Ehrensperger says. "If they only run day cabs and I show up there in a sleeper, it's a waste of time." He said his research would often go as far as looking at Google Earth images to see what equipment a customer has.

"There's been many times that I have taken a truck with me to visit a potential customer and came back with a check in hand," he says. "Having the truck adds a lot of clout in the selling process."

Pulling up to a customer's facility in a truck that fits their needs can create excitement, and expedite the sales process.

Salespeople should be comfortable and gregarious when visiting a customer. Whatever your relationship is, Papp says, work to strengthen it during the meeting. That will help sell the customer on not just the truck but also you and your dealership's complete offering.

"There's a big difference between someone who just wants to sell you something, and someone that wants to be your business partner for a long time," Papp says.

He advises to listen carefully when a customer is talking, but don't be too quiet. Long periods of silence make a customer uncomfortable.

COLD CALLS

Cold calls are fact-finding missions, not selling opportunities. They provide a chance to introduce yourself to a prospective customer, get information about the business and its truck needs.

Can a cold call visit morph into a selling opportunity? Sure, but Papp says a salesperson should allow the customer to be the one who takes it in that direction. He says salespeople who try to turn cold calls into sales meetings get nowhere and give cold calling an unfairly poor reputation.

"There is no magic script, and while there are many helpful techniques and methods, there is no single answer," Papp says in his training brochure.

He recommends being prompt, polite and direct during a cold call. Introduce yourself and ask if you can speak to the person in charge of truck purchasing. If that individual isn't there, ask for contact information and leave your business card, but don't push the issue.

Being friendly goes a long way. "When you're [rude] they're going to treat you that way in return," Papp says.

The goal should be to lay the groundwork for another conversation and eventually a pre-arranged call.

"Cold calling makes things happen," Papp says, and it can be the first step in finding a new customer.



How to leverage a phone sales inquiry

Do you know how to handle a prospective customer who calls out of the blue? Can you quickly evaluate the caller's potential to buy? Can you establish a rapport that moves

the prospect toward a close?

It may sound exaggerated, but properly managing a customer reaching out over the phone is a complicated aspect of truck sales, says George Papp, professional sales consultant and trainer for the Used Truck Association's (UTA) "Selling for Success" training seminars.

"The phone is a short-selling cycle. When a customer contacts you [on the phone], you want to take him out of the marketplace quickly," he says.

This can be done by training sales people to navigate phone inquiries.

KNOW YOUR INVENTORY

A good phone response begins before the phone rings, through preparation.

Salespeople should walk a used lot every morning, taking notes on the condition and specs of each truck. This information should be added to the data sheet on the truck, providing a sales person a comprehensive description of every truck available.

Customers shopping online have more information available to them than previous generations using print ads. That means sales people on the other end of the line can expect more focused, detailed questions during calls, says Arrow Truck Sales President Steve Clough.

Clough says Arrow trains its sales people in the use of the new mobile friendly technologies so that they are better equipped to meet customer needs and answer customer questions.

PREPARE A CONVERSATION PLAN

Papp says most customer calls start with questions about a specific truck or truck financing. Salespeople should

have a call outline or script prepared to handle each call path.

"If a customer is in control of a call," he notes, "you may never get to your objective of selling them a truck."

Papp says well-placed "trigger" questions — "Are you a first-time buyer?" "How many trucks do you currently own?" — are imperative in this respect because they get a customer talking about his operation, vehicle needs and price restrictions.

From there, responses should direct a sales person to a specific call path, built with clear transitions to address the customer's most pressing need or concern. In some cases, this may even force a sales person to defer to another expert within a dealership.

Regarding financing, Vanessa Ciervo, finance and accounting manager at H.K. Truck Center, says, "I find it easier if the sales person just lets me

talk to the customer directly because it avoids a situation where we both may be asking the same questions."

LISTEN CLOSELY

Once a customer enters a specific call path, the only way for a salesperson to know what comes next is to listen. Papp says sometimes salespeople get distracted by thinking about what they'll say next and forget to listen to the customer.

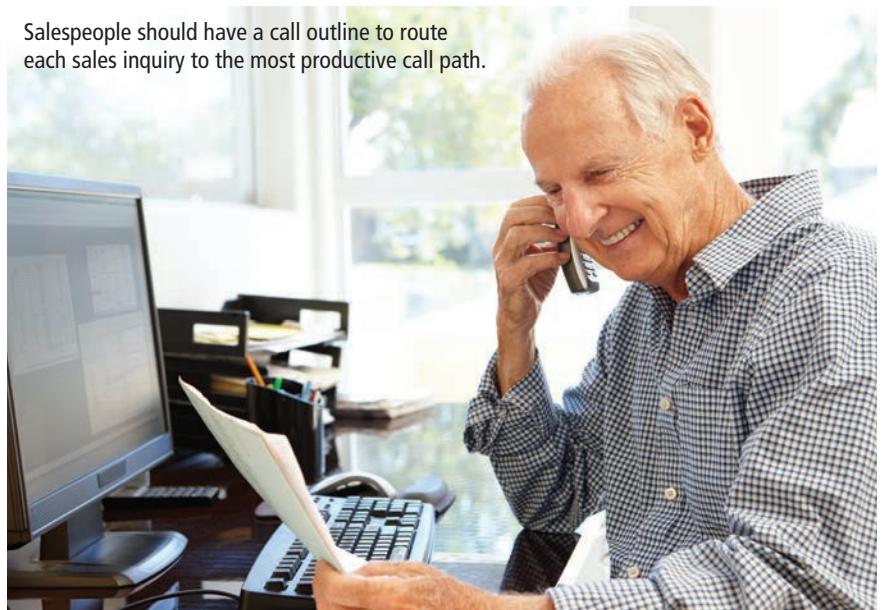
"When you ask a question, stop and listen to the customer and everything they have to say," he says.

Papp says too often a sales person answers the phone and hears a customer inquire about a truck, only to take down their name and contact information before asking, "How can I help you today?"

"They've already told you that," he says. "That was the first thing they said."

Phone conversations should be prompt and direct, Papp says. The goal is to take the customer out of the marketplace and into your trust. Listening carefully, being prepared and asking the right questions will help you do so.

Salespeople should have a call outline to route each sales inquiry to the most productive call path.



How to assess customer needs and present pricing

When customers tell a salesperson what they want in a truck, they expect a prompt reply with a reasonable price. Don't underestimate the importance of your response,

says sales consultant George Papp.

If you want to sell trucks, you first have to sell customers on your price, says Papp, professional sales consultant and trainer for the Used Truck Association's (UTA) "Selling for Success" training seminars.

Papp warns salespeople of what can happen from a poorly presented price. Hypersensitive customers can be turned off by poor body language and indifference, for example. Veteran customers can spot mistakes or lack of expertise when a salesperson isn't focused. That means a poorly worded response, delayed reaction or incorrect price quote significantly hinders completing a transaction.

"We say that truck costs X instead of saying Y per month," says Craig Kendall, UTA president and specialty market manager at The Pete Store. "There are still people who pay cash for their trucks, that's wonderful. But we need to think of the cost per month, rather than the cap cost. We scare the life out of these customers."

Here are three specific tips to handling the customer:

AVOID UNHELPFUL QUALIFIERS BEFORE QUOTING A PRICE

Papp says to avoid modifiers before a price reveal, such as, "Our regular price is," or unrealistic guarantees

such as "Tell me where we need to be." This language can weaken a customer's confidence in your price.

Papp instead advises salespeople to be receptive and sparse with words when listening to a customer's requests. The more time a salesperson learns a customer's needs, the quicker that information can be turned into an accurate price quote.



How a salesperson presents prices and responds to customer inquiries may significantly impact on a customer's willingness to buy.

BE BRIEF IN RESPONDING TO CUSTOMER INQUIRIES

For example, a customer request for warranty information should be met with a quick outline of the program and its strongest features. Instead of highlighting too much detail, Papp advises modifying the question as a rebuttal.

For example, ask why the customer wants to know about your warranty program. The response will provide a

better understanding of needed coverage, which will have a bearing on the overall price.

REVIEW THE CUSTOMER'S SPECS AND NEEDS

To eliminate any confusion, review a customer's requests one final time before presenting a price. Papp says he likes to present the price and options included at once:

"You told me you were most interested in this, this and this. Is that correct?" he says. "With that in mind, let me tell you how our product can help

you achieve those things. It will provide you this, this and this, and all for this price. Plus, you will [receive] this, this and this as well."

This allows customers to hear their needs included and see the effect it has on the base price. If the customer is shaken, Papp says "let them tell you why." If a spec change is requested, get the information and present your overall package again in the same way.

David Bibler, finance manager at Truck Country, says he appreciates

that thorough approach from his sales team before bringing a customer to him for financing. He says detailed questioning and evaluation of the customer during the selling stage minimizes downtime when acquiring financing and gets a customer into their new or used truck faster.

A customer talking price and spec'ing wants to buy. By presenting your price effectively, you can move the customer even closer to the dotted line.

Flexibility helps financing in today's tricky market

As used truck sales numbers have flattened and values have crashed, financing a used truck purchase has become a tough task for dealers and customers alike.

"For the past 12 to 18 months it has become increasingly difficult to acquire financing for used trucks because they don't book well," says David Bibler, finance manager at Truck Country.

This can be traced to depreciation rates. Used trucks that don't move quickly are slipping in value, making it harder for dealers to maintain the margins seen in the market during its earlier decade boom. This can mean the dealer either loses money on a lower sales price or struggles to find a lender willing to finance a sale at an inflated price.

"Creditors know how much that truck is worth now, and it's hard for them to [finance] it," Bibler says.

But proactive dealers say there are ways to get over the hurdles of the current used truck market.

When it comes to financing a used truck sale, "one size does not fit all," Bibler says. Dealers looking to move used trucks must be able to provide customers options that can be structured

to best fit their financial capabilities. These can include down payment, choice of loan vs. lease, and interest rates, which have risen in recent years.

"When I walk in and sit down with a customer, my first question is, 'What do you need me to do for you?'" says Bibler. "My job is to get that customer financing."

For first-time purchasers or owner-operators with minimal credit history, Bibler says one useful tactic is building a customer up to their ideal truck.

He gives the example of a new driver setting his sights on a \$100,000 tractor. Bibler says he'll accept the customer's credit application and submit it to the lenders he believes would be most likely to work with the buyer, but while doing that he also works with his sales team to develop a secondary option. This option is usually a similarly spec'd truck that's a few years older and much more affordable.

"Sometimes you can tell a person

is not going to be able to afford that much truck," he says. "I'll go back to the customer and explain that to him and try to sell them on that second option. 'Maybe you run this [more affordable] truck for two or three years, and if your payments are fine, then we'll trade you out of that truck and step you up to the first one.'"

Steve Clough, president at Arrow Truck Sales, adds, "You never want a customer to fall in love with a truck and then try to figure out if they can afford it."

Managing interest rate expectations is another key step, adds Vanessa Ciervo, finance and accounting manager at H.K. Truck Center.

"There's definitely some sticker shock when it comes to what banks are offering" compared to lower rates found in new vehicle markets, she says. "I think some customers don't realize that when you're dealing with commercial trucks there is a new rate and a used rate, and with the used trucks the rates are higher."

She adds, "There's also cases where a customer is watching TV and sees a car dealer is offering zero percent financing for 60 months and asks, 'Why can't I do that?'"

Arrow Trucks Sales is one of a few dealers that has its own in-house financing division. Clough says Arrow's familiarity with the used truck market allows it to understand market turbulence better than external lenders, enabling the business to avoid excessive changes in financing rates during trying times.

He says Arrow's rate changes are driven more by the cost of funds to borrow, not changes in the business environment.

"I think a lot of lenders tighten up [rates], as well as availability of credit, when the horse already is out of the barn, so to speak. In reality, their risk



It's become difficult for dealers to maintain normal margins with certain used trucks that were acquired months prior, when prices were stronger.

now is probably less than it was a year ago when they were aggressively trying to lend money," he says.

In cases where a customer needs a truck now but still feels a better rate is available, Ciervo provides loans with no pre-payment penalties to encourage a sign-and-shop strategy. "If you think you can get a better rate from your local banker down the line, you can accept ours and then pay it off when you get another one," she says.

Finding the right lender is equally important, as some financiers are more comfortable with specific customer types.

"I have a few lenders who just want vocational business. I have others who are better with trailers than they are with trucks," says Bibler. He cites duty cycle and cash flow as reasons for the selectiveness. "They know what freight pays."

Lenders also heavily factor age and

mileage when presenting loan repayment options, with newer, lower mileage tractors typically garnering longer terms. Clough says Arrow likes to focus on total cost of ownership.

"Customers shouldn't only be thinking about their monthly payment. They also need to think about their revenue and how much money they are going to need in order to maintain the truck and pay for all of their operating expenses," he says. "If they cut corners by delaying maintenance, eventually the truck won't be able to work for them, and then what do they really have?"

There are tricks for financing larger purchases, too. Bibler says he's had success splitting the lending sources in



To best fit their customers' financial situations, proactive dealers should be able to provide customers with options that take into account down payment, interest rates and the choice of a loan vs. a lease agreement.

multi-truck deals.

"It reduces the risk to the creditor and helps the customer if they're in a growth period for a year," he says. "You don't want to go to a creditor for a 10-truck deal and have them say they are full."

Get the recognition your dealership deserves

Nominations are now open for the 5th annual Successful Dealer Award, which recognizes a dealership or dealership group for exceptional sales and service performance and excellence in community and civic engagement. The award will be presented during the Great American Trucking Show in Dallas in August. If your dealership is selected as the 2017 recipient, it will join ranks with these distinguished businesses:

2013 TEC Equipment, Portland, Ore.

2014 Truck Centers, Inc., Troy, Ill.

2015 Freightliner of St. Cloud, St. Cloud, Minn.

2016 River States Truck and Trailer, LaCrosse, Wis.

**DEADLINE FOR
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