

## How to Sell More Parts in a Down Economy

In this article we offer some "best practices" and an action plan using a business management system to get your parts sales up when the economy is down. The plan is based on an article written by John Walker (President and CEO of After Market Service Consulting Co, Inc.)

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Creative parts merchandising, up-selling, advertising, promotions, etc., are all effective ways to increase parts sales, but according to John Walker, the sure-fire way to increase your parts sales quickly is to focus on selling your service to those customers who purchased equipment from you. Sounds simple, but it makes sense.

Making sure that customers who own your products are using your service department, guarantees that your parts are the ones being used on that particular service job!

To get an idea of how much your dealership is losing in service revenue, determine a ratio of parts dollars to service dollars on any work order. For example, \$10,000 in parts sales to a competitor has potentially caused you to lose an opportunity for another \$20,000 in service.

So why are your customers not using your service? John refers to a variety of reasons listed in a market study by MacKay & Company (a specialized market research and consulting firm) that states 90% of an equipment dealers' service business is lost through a lack of service marketing by the equipment dealer.

- The dealership had not solicited the customer's service business.
- Customers control the care of their equipment because they really do not trust the equipment dealer to take optimum care of their investment
- The customer thinks they can do the job faster and keep their machine downtime to a minimum
- Customers think it costs less to perform their own service or to have an independent perform the service. (MacKay's customer surveys)

According to John, recent industry-specific cost of doing business studies clearly indicate that the service department's contribution to total dealership sales is fairly low!

Yet the typical equipment dealership's Service Department offers the dealer a possible steady cash flow, with the largest possible gross margins of any profit center within the dealership, along with the opportunity to capture a greater share of parts sales in your territory.

To achieve this goal, John urges equipment dealers to initiate a "blitz program" that involves your Service, Parts and Sales Managers and all technicians, counter and sales personnel, Product Support Sales Representatives etc. to focus on increasing service sales. Follow this link to see

John's ACTION PLAN using a business management system to pinpoint areas of opportunity.

You may believe the economy is down and out, but no matter how pessimistic you are, while customers are not necessarily buying new equipment, they are repairing the equipment they have to keep their operation functioning." John Walker AMSCONCO