



Sold!

How to maximize profitability in the competitive used truck space

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Used market looks for foothold as trucking responds to coronavirus



By Lucas Deal

Anyone who spends more than a few years moving used equipment understands the ebb and flow of the used truck market. When business is good it can feel as if supply will never overtake demand. Volumes rise and fall like the tide but prices remain buoyant, seemingly impervious to the undertow of market conditions.

Yet when business does change, it changes quickly. Equipment prices that held up against stiff competition for months can sink like a stone. Though this volatility pales in comparison with the wild order fluctuations experienced in the new truck space, its abrupt nature means used truck dealers are always aware of the next storm on the horizon.

Well, almost always. The used truck market was prepared for a potential downturn in 2020; it was not prepared

for COVID-19.

“We expected the first six months of 2020 to continue to be a challenge,” says KEA Advisors’ John Whitnell, who develops the company’s used market reports.

Whitnell says KEA Advisors’ research indicated domestic economic

“We’re not having anybody come around to kick tires. **People are coming in because they need a truck.**”

— Amy Shahan, Bayshore Ford

and trucking performance entering 2020 appeared strong enough to support used truck demand at historical and current pricing levels, but other used metrics such as high inventory concerns led the company to provide a measured prediction for the market entering the year.

The team was more bullish for the second half, noting at the time “lower supply and declining inventory levels should stabilize prices in the second half of the year. We might even see some lift in the second half of 2020.”

Looking back, Whitnell says the analysis was solid. The medium- and heavy-duty retail markets were performing “as expected” entering March, with auction sales helping stabilize inventory, year-over-year sales comparable and asking prices leveling out.

“[The first quarter] of 2020 was pretty good from the used truck market; our forecast was setting up as we thought it might,” he says.

That changed in March when the reality of the coronavirus pandemic abruptly upended life across North America. Businesses closed en masse; entire industries were permanently altered without warning. Trucking

market update

companies and most of their dealer partners were able to remain open as essential operations, but business plans across the industry were universally destroyed.

Three of every four used truck dealers responding to a *Trucks, Parts, Service (TPS)* reader survey on business conditions last month indicated their used truck sales revenues had decreased since COVID-19 overwhelmed North America. The fourth segment of dealers said their sales were even worse, having “decreased significantly.”

“We saw some checking in the market late last year before COVID hit, but we couldn’t have anticipated anything like this,” says Craig Kendall, specialty markets manager, The Pete Store and Used Truck Association (UTA) president. “We actually managed to have a pretty good March thanks to some panic buying as soon as [the pandemic] began, but business certainly checked up in April.”

The story was similar across the market.

In Delaware at Bayshore Ford, used truck sales pinged up and down in the early weeks of the pandemic before stabilizing with the freight market, says Amy Shahan, buyer/seller at the dealership and UTA vice president. Focused primarily on the medium-duty space, Bayshore’s clientele of mostly essential businesses aren’t buying quite as much as they would in a normal year but Shahan says demand hasn’t totally evaporated.

“We’re not having anybody come around to kick tires. People are coming in because they need a truck,” she says.

In California, Riverside Trucks & Equipment President Ron Nelthorpe says his business was anticipating a substantial uptick in used truck sales after an uneven 2019 and was on its way to that goal when coronavirus arrived. He cites California’s early

“This is the wrong time to be talking yourself into a recession. **Retail demand is still solid.**

People are buying trucks.”

— John Whitnell, KEA Advisors

enacting of shelter-in-place orders and strict emission regulations for heavy trucks as barriers to moving used trucks during the pandemic, even though some customers still want to buy.

“People are realizing now they can make a living with a \$50,000 truck but it’s dang tough to do so with a \$100,000 truck,” Nelthorpe says.

That sentiment has helped calm the retail used market, which KEA Advisors estimates was down about 10 percent year over year in March and April, Whitnell says.

“As pandemics go, I think we’re getting through this one in very good shape,” he says. “Demand is off a bit but not catastrophically so. Retail asking and retail take prices are holding for the time being.”

J.D. Power’s market data seems to confirm that assessment, says Senior Analyst and Product Manager for Commercial Vehicles Chris Visser. Though retail pricing slipped a bit in May as more trucks were sold, Visser says J.D. Power’s assessment of the retail market through April indicated pricing had fallen 12 percent from 2019.

Yet the relative health of the retail space hasn’t been without consequences.

When freight volume started falling in late March and April many used truck dealers chose to adjust their inventory practices, keeping only high-demand units for the retail market and offloading everything else into the auction/wholesale space. Visser says the strategy suppressed auction prices at more than double the rate of the retail market through

April before a slight bounce back in May.

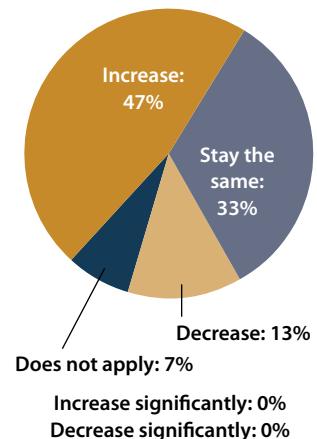
Whether that bounce back continues will be determined by the greater economy. Experts believe the second half of the year will be defined by replacement demand. If COVID-19 can be managed and businesses can reopen, Visser says, “I see at least some balancing against the supply and the demand for used trucks.”

Additionally, Nelthorpe’s assessment that new truck sales are likely to remain dormant into the fall is shared by many in the industry. Even

Dealers showing optimism

Trucks, Parts, Service dealer readers are hopeful the used truck market will trend upward in the months ahead.

What do you anticipate will happen to your used truck sales in the third quarter?



Source: *Trucks, Parts, Service* June 2020 reader survey

market update

carriers willing to place orders today are unlikely to see their new equipment until 2021, meaning used trucks will be necessary to keep freight moving.

Whitnell says proactive used truck dealers should be able to leverage this opportunity into a strong close to the year. He says dealers who manage their inventory well, price their trucks right and leverage the marketing resources that exist in the channel have the potential to rebound from earlier struggles.

Regarding inventory management in particular, research by Randall-Reilly, publisher of *TPS*, indicates dealers who are able to turn their used truck inventory in 64 days — more than a month



better than industry averages — see a more than 33 percent higher return on their equipment than competitors.

Says Whitnell, “This is the wrong

time to be talking yourself into a recession. Retail demand is still solid. People are buying trucks. Make sure you are on the deals.” ◀

Where is used truck demand?

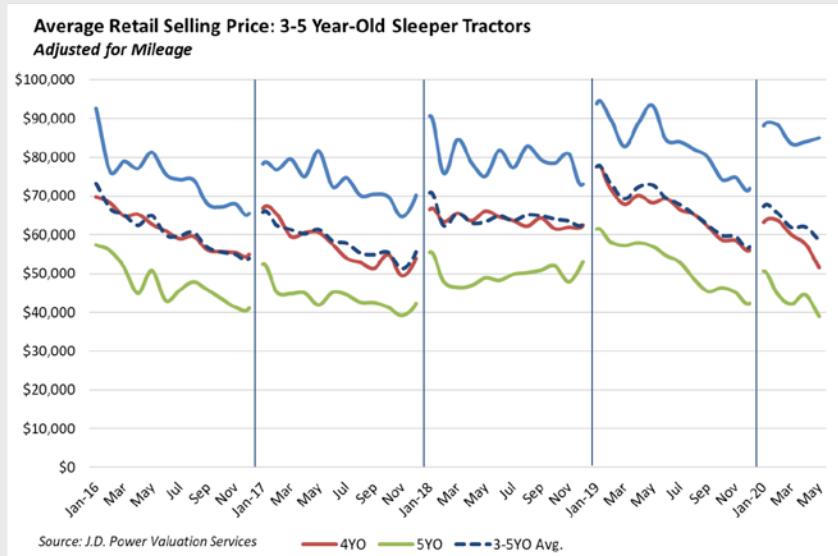
By Lucas Deal

With the retail and auction markets slowly recovering from the shock experienced by COVID-19, it's important for used truck dealers to understand market segments where demand is returning — and where it's not.

In the Class 8 market, Chris Visser, J.D. Power senior analyst and product manager, commercial vehicles, says daycabs and “long and tall” owner-operator trucks have held their value the best through the first half of 2020. Visser attributes this to volume, particularly the surplus of conventional late-model sleepers available and the smaller carriers likely relying on the used market to supplement their fleet right now.

Regarding large carriers, he notes, “I think those fleets still have plenty of parked trucks to use.”

High-volume sleepers also have poured into the wholesale and auction markets where they continue



to be tough to sell, says John Whitnell with KEA Advisors.

“There are a lot of alternatives to high-dollar, late-model, used linehaul tractors right now. Moving these pieces has been a challenge,” he says.

Whitnell adds the used Class 5-7 market has weakened after years of stability, with supply finally

trending higher after a period of lower production. “The demise of the DT466 engine now ensures that almost all used Class 5-7 equipment has the same drive-train,” he says. “This lack of product differentiation and higher supply will start to move used Class 5-7 prices lower in 2020. It will continue in 2021 and 2022.”



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Risky Business:

Not doing your homework on trade-in values can cost you

By Bill Grabarek & Lucas Deal

Determining the trade-in value of a used truck is a tricky proposition. Dealers do their best to incorporate exacting assessment procedures into what many consider an inexact science.

Further complicating the issue are market supply and demand dynamics that turn the inexact science into more of an art form. With new truck deliveries hitting all-time highs in 2019 and 60 to 70 percent of sales involving trade-ins, thousands upon thousands of trucks have entered the secondary market in the last year.

Within the market, evaluation of a used truck's value should begin the instant a dealer is presented with an acquisition opportunity. 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 potential price on their own.

KEA Advisors' John Whitnell says most dealers are good at determining value for trucks that share their nameplate. For other brands, it helps for dealers to have a network of contacts across the market "they can trust and that have a pretty good understanding of value that they

"The customer has to be willing to be realistic in the trade price if the market is down."

— Justin Candea, Young Truck Sales



When determining the trade-in value of a used truck, Rush Enterprises considers the specs, the timing of actual delivery of the traded truck, mileage and condition.

can lean on," Whitnell says.

In cases where dealers have access to potential trade-in units, that accessibility shouldn't be squandered. Taking time to send an associate out to do an appraisal or even visual inspection of trade-in equipment can stop a dealer from entering into a potentially disastrous deal. Even in cases

where the trade-in appears to be in good shape, dealers must be sure to identify any unique specifications or features that could have an impact on resale values down the line.

And used truck managers shouldn't be afraid to speak up when concerns arise. Whitnell advises used truck managers provide their assessment and valuation results to the new truck salesperson, dealer principal and fleet, ensuring each

party is aware of the parameters needed 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 everyone knows the situation and what needs to be done."

This is especially true when a used truck department is



In addition to inspecting the trade, Young Truck Sales checks similar models and suggested retail values to determine what the vehicle will actually sell for.

taking on inventory in an already saturated market. Used truck values fluctuate with industry factors and everyone involved in a trade situation should be aware of that.

“We try to give a very fair number because we still want to do as much as we can as far as deals go, but the customer has to be willing to be realistic in the trade price if the market is down,” says Justin Candea, sales director, Young Truck Sales.

Dealers also should be upfront with customers in cases where a trade-in agreement is being discussed months before a dealer will actually take ownership of used equipment. Dealers must consider depreciation, as well as wear and tear during the period between the negotiation and the transaction being finalized.

Rush Truck Center dealerships are instructed to consider specs, the time of actual delivery of a traded truck as well as mileage, condition and other factors, says Trey Golden, vice

president, used truck sales.

Experts also stress the importance of re-inspecting the truck when finally taking delivery. Once trade-in units arrive at Young Truck Sales, Candea says his team looks at overall condition of the units and runs computer diagnostics to check codes and determine when the last regen was run, “because a lot of the issues we run into are aftertreatment-related,” he says.

Issues that drive down the acquisition price and resale value of a unit should then be addressed immediately with the fleet. Dealers should not be expected to take a blanket loss on a truck that does not meet parameters agreed to in a trade agreement.

“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. ◀

Impact of engine spec on resale value

By Lucas Deal

Decisions made by a truck’s first owner also have an impact on how that asset is valued in the secondary market. Though the 15-liter engine and its larger displacement counterparts remain the dominant power source for long-haul carriers, some customer segments are beginning to adopt smaller engines.

For truck dealers, this shift in customer preference cannot go unnoticed. Success in the secondary market requires knowledge of one’s customer base and the equipment they are likely to prefer.

Dealers serving primarily an over-the-road customer base should shy away from smaller displacement

engines when possible. Though these engines provide weight advantages and can be more fuel efficient in certain applications, most conventional carriers still prefer the reliability and longevity of 15-liter engines. Conversely, a customer base filled with regional haulers and vocational applications will be more willing to accept a smaller engine, though it’s likely they still won’t pay a premium for it.

“Trade cycle is what it’s all about,” says Don Blake, Inland Kenworth new truck sales manager. “You have to think about what the demand will be for the truck [and engine] when it’s time to get rid of it.”



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retail pricing

Is the Price Right?

Getting it wrong can cost you

By Lucas Deal

Correctly setting a used truck's price for retail sale has never been easy. That's especially true today with COVID-19 wreaking havoc on freight volumes and altering vehicle supply and demand.

But for dealers whose business models are built on moving trucks quickly and profitably, correctly pricing retail trucks is imperative.

Assuming a truck was acquired for a proper value (see page 6), setting a retail used truck price often begins with a glance at the current marketplace.

KEA Advisor's Keith Ely says listing sites can offer a glimpse at how other dealers are valuing their equipment but they shouldn't be used exclusively because a truck's advertised price is rarely its final selling price. Better data sources are market reports, such as the one produced regularly by KEA Advisors, which combine actual sales data from dealers across the country to determine average selling prices, days on market and more.

When coupled with other market data, dealers should be able to devise a useful pricing range for a piece of equipment that can then be narrowed based on the condition of the unit,

likelihood of immediate customer interest and more. Regarding customer interest in particular, many dealers note a truck doesn't have to be priced, reconditioned and ready to move to be promoted to a possible customer.

"When we get our hands on a new truck, I always try to think about our customers and who could use it," says Ron Nelthorpe, president, Riverside Trucks & Equipment.

In cases where customers are immediately interested, price should be set accordingly. A truck sold "as-is" after two days

on your lot doesn't need to be marked up that much to be a money maker.

Used truck pricing also requires responding to rapid changes in demand. Customer activity can be monitored any number of ways, including incoming phone calls, on-site customer visits and Internet website activity. Ely says dealers should make their entire inventory available online and track page views and customer inquiries about each vehicle.

Ely's colleague at KEA Advisors John Whitnell adds, "You ought to know if you are having a valuation issue within 30 days."

Dedicating an employee to oversee

updates is a good way to keep inventory turning. "It's not as simple as putting your best salesperson in charge," adds Ely. "You need someone who is meticulous and will keep track of everything."

Whitnell also advises holding at least weekly meetings with management to address issues of inventory and turn rates. He says this facilitates quick reactions to changes and ideally minimizes sales lulls. Trucks that aren't generating any interest shouldn't be kept waiting for the perfect buyer, either.

"Where [dealers] can get in trouble is when we take a truck that should be wholesale or 'as is' and try to turn that into a retail sale," says Craig Kendall, specialty markets manager, The Pete Store.

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



The Pete Store uses multiple avenues to move used trucks, and retails equipment that is high in value and demand.

Positioning your inventory to move

By Lucas Deal



What does a customer see upon entering your property for the first time?

Dealers 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 prospects do not enter your building without noticing 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 "Selling for Success" seminars.

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

Another display option is to promote groups of sister trucks in one prominent position 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.

Trucks also should be regularly monitored once placed on a lot. Papp says if customers are regularly overlooking a truck, "nine times out of 10 there is a visual problem." Vehicles that sit for extended periods of time can be susceptible to issues, so it behooves dealers to reorganize regularly to provide customers new

visuals and to ensure every truck is still ready to move.

On that note, dealers also can provide customers additional peace of mind by providing documentation that shows a truck's background. Services such as RigDig Truck History Reports (sister company of *Trucks,*

Parts, Service) offer in-depth information about a truck's operating history.

"By meshing a variety of data sources ... RigDig helps dealers give truck buyers a level of confidence in making purchase decisions that's unprecedented," says Prescott Shibles, executive vice president and general manager, Equipment Division, Randall-Reilly.

Used truck warranties offer another reassuring sales tool when a customer shows interest.

"We can provide customers quite a bit of data indicating what breaks and

what they are likely to need to repair and maintain on a potential purchase," says Wade Bontrager, president and CEO, National Truck Protection Co. "If you wouldn't buy a new truck without a warranty, why wouldn't you want one for a used truck?"

Engaged sales associates also go a long way toward increasing lot movement. A salesperson that recites a truck's online listing isn't adding anything to a customer's experience or providing them anything they likely don't already know.

"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?"

Finally, it's important to know when to cut bait. Even with thorough restoration, good placement and a knowledgeable sales staff, not every used truck is destined for a quick sale. In those circumstances, dealers must be willing to explore alternatives, says Craig Kendall, specialty markets manager, The Pete Store.

"One old saying is 'The first loss is the best loss,'" he says. "When the market starts checking, you don't want to be stuck holding the bag. Sometimes it's best to wholesale, auction or as-is sell it and reinvest your money." ◀

"Envision yourself going to a store to buy a product and the sales associate knows nothing about it ... **Is this who you want to purchase from?"**

— George Papp, professional sales consultant

Why you should consider auctions

By Lucas Deal

When inventory numbers become unmanageable, dealers can turn to auction companies to relieve their used truck surplus. Though they generally net lower prices than retail markets, auction houses provide many features to sellers to maximize sales of their equipment.

Turnover time

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

A September 2019 survey by *Trucks, Parts, Service (TPS)* indicated 66 percent of used equipment sellers rely on auctions to move equipment due to the channel's "speed of disposal," while 68 percent also claimed auctions help move older equipment or units in less than optimal condition.

While COVID-19 has temporarily slowed the pace of on-site sales, auction houses still offer a variety of online sales opportunities to turn equipment quickly.

"Auctions provide the fastest, most efficient and cost effective method of selling equipment," says Stacy Tracy, president, Taylor & Martin Auctioneers, though he adds auction companies shouldn't be viewed by sellers only as a last resort. "Auctions typically result in higher than wholesale value and, depending on the item, can bring greater [value] than retail."

Sellers have options

Some auction companies feature an abundance of online selling tools to supplement conventional onsite sales. These additional channels can reach much farther than a dealer's internal sales team or website.

Ritchie Bros. Chief Marketing Officer Matt Ackley says his company

moves equipment through three sales channels: live auctions, weekly online auctions and its online e-marketplace. The company offers different features within each channel, such as unre-served sales with no price floor where all items are sold to the highest bidder, reserve auctions in which sellers set a minimum price and "buy now," "make offer" and other specialty pricing features through its e-marketplace.

Additionally, Ackley says Ritchie Bros.' online asset management platform enables sellers to track equipment, request inspections, schedule service events and initiate steps toward a potential sale with a single mouse click. Ackley says the platform is designed to make the equipment sales process as seamless and stress free as possible for the equipment seller.

Larger inventory attracts more customers

Using the same Internet resources used by savvy truck dealers, auction houses can draw the attention of huge groups of customers. With tens of thousands of trucks available for sale across the globe each day, auction houses run multifaceted marketing campaigns to target local and international buyers.

The global focus is helpful because it expands a truck's potential customer base, but it's the localized capabilities that are most essential. More than a third of equipment sellers polled by *TPS* said they choose their auction company first and foremost due to their geographic proximity. Dealers want a partner who knows their market and knows how to get their equipment in front of the right buyers, says Tracy.

Auction companies are tireless promoters as well, using social media and targeted marketing campaigns to



Auctions are a helpful resource for dealers when moving packages of trucks that would be difficult to sell through retail channels.

showcase available equipment for sale.

"At the end of the day, we are in the business of connecting buyers and sellers," Ackley says.

Expedited payments

Most used truck buyers are typically smaller fleets and owner-operators who sometimes 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 guarantees payment to sellers within 10 banking days from a sale, less commission and expenses incurred. The company also directly works with buyers to complete transactions, meaning once an auctioneer howls "Sold!" sellers can wait comfortably to be paid for their equipment.

Tracy says both sides value the process. "Buyers know everything will be sold at fair market value. Sellers know they won't have to deal with unsold equipment."

Ritchie Bros. also shoulders the responsibility of securing payment for equipment sold through its channels, Ackley says, and sellers receive payment within 21 days of a sale. The company's PurchaseFlex financing program also assists buyers in securing funding, which strengthens the customer base for sellers. ◀

The Final Frontier: How to enter and succeed in the export market

By Lucas Deal



Asia, Africa and Latin America are common destinations for Class 8 trucks exported from North America.

Geography has always played a part in used truck sales. Though dealers will tell you their first choice when moving trucks is to a customer across the street, sellers have always scoured the map for potential buyers.

While most used truck dealers are familiar with moving trucks across state lines, few have ever ventured beyond the U.S. border.

Selling trucks internationally isn't as straightforward as selling a truck across the street, but dealers who are willing to expand their prospective customer base to the global trucking community can uncover scores of nations where trucks are needed and customers are buying.

Understanding the global customer

Dealers with experience in the export market say most international customers fall into one of two categories: those who buy on price and those who buy on support.

Price-conscious export customers are similar to their American and Canadian counterparts in that they have a strict budget with a top-line price they will not exceed, and they are willing to consider multiple brands, engines, model years and trucks in a variety of conditions.

Brock Frederick, director of pricing and marketing for Navistar's used truck operation, says his team prioritizes promoting total purchase price when engaging with used truck customers across the globe. Though not every customer is focused on bottom-line price, dealers who present their inventory in that

manner can quickly identify customers who may be price centric and adjust their messaging appropriately.

Navistar's export operation can serve each group, Frederick says, as the company only sells used trucks in nations where it has dealer representation to provide comprehensive aftersales support.

"Unless you have parts and service [there] it's hard to provide that good customer experience we want our customers to have," he says.

Marketing to a global customer base

For used truck dealers who don't have partners internationally, promoting inventory overseas requires leveraging of domestic marketing tactics on a global scale.

Rich Zimmer, owner and president, Custom Trux & Equipment Sales, says most of the customers he's done business with outside of North America found his equipment online. Zimmer does most of his exporting from Canada into the United States. He says the same marketing tactics he uses to move trucks from Ontario into Michigan have enabled him to sell into Mexico, Costa Rica, Panama and all over the world.

"A lot of times [the customer] found us. They were shopping online and came across one of our trucks," he says.

Ryder also uses online marketplaces to highlight its used trucks but couples those efforts with a boots-on-the-ground strategy similar to what it does in North America, says Linda Williams, group director, international sales.

"We do in-country sales blitzes to the

markets we serve. We tell them we're salespeople for Ryder and tell them who Ryder is," she says. "We make that connection."

Managing a global sale

Moving a truck across any border requires paperwork. That's doubly true when selling around the world.

Zimmer says moving trucks into the U.S. was for a long time a fairly simple affair but in recent years the American government has added a provision to its importing rules that requires any vehicle coming into the states to be received by a registered importer and sit in a compound for 30 days before being shipped to a buyer. Zimmer says he still moves trucks into the U.S. but is straightforward with customers about the extended timeline.

Moving trucks to Africa, Asia and Latin America means dealing with dozens of similarly tricky border requirements. Williams says Ryder manages the shipping and paperwork for each nation where it sells trucks — North American equipment cannot be sold everywhere — to provide peace of mind for its international customers.

Navistar's process is similar, with the company delivering the truck to port and its dealer counterpart coordinating the shipment. No matter how a dealer chooses to proceed, experts say it's imperative when exporting to find a reputable partner.

"You don't want the truck to get there and be stuck in port," Frederick says. ◀



Armed with insights

By Bill Grabarek

In the truck sales business, a sales lead is only as strong as the data behind it. And in today's used market, with freight in flux and volumes yo-yoing accordingly, finding quality leads has never been more important.

To turn used inventory efficiently and profitably, more and more dealers are turning to data providers to deliver expertise and market analysis to identify quality, actionable leads.

One reason data providers are becoming so valuable in the used marketplace is their ability to uncover and evaluate large sets of potential used truck buyers. These providers often can devise extremely comprehensive data-heavy lead lists in a short period of time.

When trucks are already on the lot and time is of the essence, that speed matters.

"Capitalizing on opportunity is a big thing — finding who is in the market for used trucks and being able to connect with them quickly," says Adam Morrison, senior client success manager, trucking, Randall-Reilly, publisher of *Trucks, Parts, Service*.

Morrison says Randall-Reilly provides this service through its analytics and prospecting tool RigDig Business Intelligence. Using RigDig, Morrison says dealers can arm their sales teams

with expansive amounts of data at the click of a button — a valuable resource when cold calling a lead or reconnecting with a long-time buyer.

Data resources also offer dealers the ability to drilldown into specific data sets, which can be useful when assembling a sales or marketing strategy.

As a RigDig subscriber, The Pete Store uses the tool "to find customers, look at ownership and provide leads for our sales reps," says Craig Kendall, specialty markets manager. "We can sort and cut up the data in a variety of ways with RigDig to see what we want to look at for specific needs."

Kendall says The Pete Store also acquires customer engagement data from its own website, its listing site partners and Peterbilt that it uses to determine the best tactics for reaching customers. This information is valuable for uncovering where it makes sense to use targeted marketing, such as marketing its refuse trucks on *trashtrader.com*, Kendall says.

"No one source gets you to every buyer," he says.

No one source gets dealers the same data, either.

For example, the information The Pete Store receives from its website and listing partners is different than what it acquires through RigDig. Interpreting

data from multiple sources can be a challenge, though some industry solutions are beginning to provide such services.

Equipment Experts, the recently launched listing service from Randall-Reilly, will leverage the company's industry expertise and insights from its other existing data products to "help inform seller decisions around their inventory and sales strategies," says Anna Kifer, product manager. "Additionally, we will arm buyers with even more information about the equipment, resulting in a more seamless buying experience."

Customer data also connect dealers with prospects who they may not otherwise be aware of, like carriers operating in dealer's area of operation but domiciled elsewhere or new trucking operations that have not yet done business with the dealer.

With RigDig, Morrison says customers "have the ability to search everything from the smallest mom-and-pop owner-operator up to the largest fleets on the highway. We can search for them based on their equipment characteristics, behavioral characteristics, age of their equipment overall and inspection violations."

On that last point, RigDig can determine if fleets are being written up for infractions such as brake, tire and lighting violations, for example, which highlights fleets' pain points. Morrison

"No one source gets you to every buyer."

— Craig Kendall, The Pete Store

says this information can be a helpful opening salvo during a sales call.

“This allows dealers to step in and be the hero and resolve those problems for them,” he says.

RigDig can rule out customers, too, by sorting prospects based on their propensity for purchasing used versus new equipment. Morrison says many RigDig dealer clients value this tool, stating, “If they’ve purchased used equipment in the past, they’re more inclined to purchase used equipment in the future.”

And these resources have become even more valuable in the era of COVID-19, where sales teams are not able to perform standard prospecting strategies of pounding the pavement and shaking hands, Morrison says.

“We’ve found dealers taking a very hard pivot toward being strategic in using data to identify targets so their sales reps can be more selective in going after qualified leads,” he says. “They’re going into RigDig and not only finding clients and prospects they knew existed in their territory, but they’re finding all new opportunities because they’re leveraging a more data-oriented approach as opposed to the old-fashioned prospecting tactics.”

What’s more, dealers that are finding themselves less busy because of coronavirus are using the downtime to shore up staff training on RigDig data products so they’re ready when business begins to pick up.

“The dealers that are using RigDig right now even in the COVID situation are still managing to keep business moving and still reaching out to good, qualified prospects, keeping the wheels turning,” Morrison says. ◀

Research shows customer purchasing habits are changing

By Lucas Deal

Print periodicals have been the dominant marketing resource for moving used trucks and trailers for decades. But according to September 2019 surveys conducted by *Trucks, Parts, Service* sister publications *Commercial Carrier Journal* and *Overdrive*, print’s position on the cutting edge of the used equipment marketplace is rapidly approaching an end.

Like nearly every other industry on earth, used truck and trailer buyers are becoming increasingly reliant on the Internet to help them make their next equipment purchase. While that doesn’t mean used equipment sellers allocating all their marketing budget exclusively to legacy print products can’t still move inventory in that manner, it is unquestionably getting harder.

Today’s used truck buyer doesn’t want

to thumb through a gallery of trucks that were available 10 days ago in a print periodical if he can instead see what’s available this instant online. He also wants as much information as possible, not as much as could fit on a page.

For those dealers still hunting for the right marketing approach to move used assets, research indicates investing in one’s own website and sales team is likely the most direct way to reach customers and sell equipment faster.

According to more than 300 fleets operating at least six power units, on-site visits to dealerships (41 percent) and exhaustive research on dealer websites (40 percent) have exceeded print trade publications (37 percent) as the most popular methods used equipment buyers rely on to acquire information about their next truck or trailer purchase.

Where do customers shop?

Today’s used truck buyer utilizes a number of sources to evaluate their next equipment purchase.

When buying used trucks or tractors, where do you get information to help you choose the make and model?
(Select all that apply)

	Fleets operating 1-5 trucks	Fleets operating 6+ trucks
Trade magazines	49%	37%
Media websites	40%	28%
Manufacturer websites	22%	20%
Dealer websites	42%	40%
Visit dealership	41%	41%
Other	26%	25%

Source: CCJ and Overdrive September 2019 reader survey

shifting shopping trends



Conversely, among nearly 300 responders representing owner-operators and fleets of five trucks or fewer, the surveys discovered that while trade publications still maintain their marketing edge for single owner-operator purchases — 54 percent to 42 percent over dealer visits — dealer websites (42 percent) and on-site visits (41 percent) are becoming nearly as popular as those same print periodicals (45 percent) for two- to five-truck operations.

These statistics are even more illuminating when broken down on a per-year purchase basis. Among fleets operating six or more trucks purchasing between six and 100 used trucks per year, dealer websites and site visits are consistently more popular research methods than print publications. Also more popular among this purchasing cohort are OEM-licensed used truck websites and personal relationships with fellow buyers and wholesalers.

The surveys also discovered that while used equipment buyers are

becoming more accepting and reliant on Internet-based research, they also believe online tools aren't without their flaws.

From owner-operators to fleets purchasing more than 500 trucks per year, all were in agreement that inadequate equipment history/condition information on websites remains their biggest complaint when looking online for their next used purchase.

Online listing sites don't suffer from the inventory timeliness challenge faced by their print competitors, but in cases where they limit the amount of information a used equipment seller can submit or present with their listings, they do weaken that seller's ability to reach a potential customer.

So, what research method do small and large used truck customers always appreciate? Word of mouth, of course.

Owner-operators and large fleets, alike, responded in droves when asked about their other most preferred research tactics.

Today's used truck buyers are becoming increasingly reliant on the Internet to shop for their next purchase.

Said one owner-operator, "[I'll] check Facebook. Talk to operators of similar trucks and see how their trucks are performing." Another offered a similar sentiment. "The most useful information comes from other owner-operators," he said. "People who have actually ran the equipment and know it."

Fleet responders were equally candid, noting conversations with sellers (fleets and dealers, alike) are often more informative than any website listing or page in the newspaper. When a test drive isn't an option, a conversation can be the next best thing.

Said one fleet that purchases 10 to 24 used trucks per year, "We want to hear from drivers who operate the truck of interest." Added a second responder who purchases used trucks at a similar annual rate, "I go by what I know and by what other truck owners tell me." ◀

How to leverage social media to move used trucks



By Bill Grabarek

An online presence these days is practically a requirement for businesses and it's no different for dealers selling used heavy-duty trucks and trailers.

A company website might not be enough. Dealers say social media sites can be used to promote the dealership, build or strengthen rapport with current and prospective customers, draw them to the dealer's website and, of course, sell used heavy equipment.

The most powerful social media tool available for moving equipment is Facebook, which has much stronger engagement than other social platforms like Twitter and LinkedIn, says Melissa Moss, senior director of digital marketing, Randall-Reilly, publisher of *Trucks, Parts, Service*.

"We see a higher engagement rate with Facebook in terms of click through rates and lead form submissions. I think a lot of people underestimate Facebook with the demographic we often target in heavy equipment sales, but with more than 2 billion active Facebook users in the world, it's just a place you cannot afford to not be present," Moss says.

She says Facebook campaigns offer several different calls to action, such as getting prospective buyers to click on the

ad to go to a dealer's page where they can learn more about what is available, fill out a form or call a dealer. Another option is a form that populates in the Facebook platform, enabling prospects to say they are interested in a certain truck and then the message goes straight to a dealer in real time, Moss says.

Additionally, working with a third-party to develop a Facebook marketing campaign can provide dealers access to a much wider range of customers on the platform.

"We have proprietary data that provides our dealers with a targeted audience that no one else has. We can essentially zero in on people who have purchased [certain] types of vehicles in the past," says Moss. After determining the correct audience, "we can target them exclusively [and] put a dealer's inventory in front of potential buyers in their Facebook news feed."

But dealers also can leverage Facebook independently. Young Truck Sales has been placing advertisements on Facebook for more than five years, running a Truck of the Week ad to get potential customers to click on the post and then go to the dealer's site to view the rest of its inventory, says Justin Candea, sales director, Young Truck Sales.

"With the way the Internet is these days, ads are always

Leveraging social platforms

in your face. We're just trying to remain relevant in all of that noise," he says.

Other platforms have marketing value as well. Moss is particularly fond of YouTube, "which is a really great branding technique."

A dealer with videos — 15 to 30 seconds long is best, Moss says — can opt for a campaign that can target prospective customers "pretty granularly."

As part of the campaign, when a YouTube user searches for videos about a Freightliner Cascadia, for example, the user might see an ad for a specific dealer that has that particular truck in stock.

Moss adds there is a direct correlation between running a video campaign and an increase in branded search. "So, if you see a video and you're interested in the product, you then go to Google Search and type in the company name. That's a great direct correlation we've made between running a campaign on YouTube and an increase in branded search for the client," she says.

Some people will contend Facebook usage has gone down and Instagram has gone up; however, Moss points out Instagram is owned by Facebook and "any time we build a campaign in Facebook, it automatically translates over to Instagram. If we're getting more engagement with Instagram, we can shift more budget over toward that platform," she says.



Palmer Trucks employs a social media strategy focusing on building the brand through meaningful connections with customers.

"There are a lot of different social platforms. We've tried a lot of them and Facebook and YouTube are the two we see the best results with," Moss adds.

As for how to produce a video, Craig Kendall, specialty markets manager, The Pete Store, says his company has had recent success with "walkaround" videos of its inventory. The videos include the interior and exterior of the truck, under the hood and while the vehicle is in motion. The Pete Store uses a smartphone with a device to steady the phone to shoot the videos and uses an outside company to edit them.

"[We] grab their attention and show them what they need to see," Kendall says.

And once a dealer develops a video aesthetic, it helps to keep it consistent. At TruckMarket, which has posted nearly a thousand videos in six years, Marketing Director Doug Phelan says, "Every video we put up is of a nice, clean, low mileage truck. [Each has] a good intro, a call to action and is consistent. And by consistent, I mean ... [viewers] know what to expect. Our videos are laid out similarly. We walk around the same parts of a truck."

Finally, it's important to remember social media isn't just about closing sales. A good online presence also should help to create and nurture customer relationships.

"Palmer Trucks employs a social media strategy that focuses on building the brand through meaningful connections. Occasionally, we do use social platforms to retail commercial trucks as part of a well-rounded content outlay," says Marketing Manager Cameron Nichols. "When using platforms such as social media, it is essential to keep the customer's viewpoint as the focus, rather than the organization's viewpoint." ◀

What platforms do you use to market used trucks?

Facebook: 55%

Google: 40%

Craigslist: 39%

LinkedIn: 29%

None of the above: 29%

YouTube: 10%

According to a *Trucks, Parts, Service* survey, Facebook was the platform used most to market used inventory, based on respondents in the trucking industry. Nearly 30 percent of respondents reported not using any of the services listed.

Source: *Trucks, Parts, Service* September 2019 reader survey

Do you sell used equipment on marketplaces?

If you do, you've probably been forced to buy print just to get your equipment listed online.
You've been charged for setting up and using data feeds.
And you've probably paid more than once for the SAME lead.



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Getting the most out of used truck marketplaces

By Bill Grabarek

While used truck listing sites have been around for years, the offerings and opportunities for dealers to maximize their investment in these marketplaces continues to evolve.

The newest entrant, Equipment Experts, launched in July by *Trucks, Parts, Service (TPS)* publisher Randall-Reilly with the goal of “increasing buyer confidence by giving them the information they need to make wise purchase decisions,” says Anna Kifer, senior product manager.

As part of development, Randall-Reilly conducted extensive research through *TPS’s* sister publications *Commercial Carrier Journal* and *Overdrive* to find out the major obstacles used truck buyers face. The biggest problem? “Inadequate equipment history/condition



Search by Industry



The goal of Equipment Experts is to increase buyer confidence by giving them the information they need to make wise purchase decisions.

information,” cited by 57 percent of fleet respondents. The survey also asked the most important considerations fleets weigh when evaluating available inventory online. Fifty-three percent said,

“equipment maintenance history” and 46 percent cited “detailed specs.” (See page 14 for more survey findings.)

To address those pain points, Equipment Experts provides access to RigDig truck history reports, expert and owner-generated equipment reviews, comparison tools, detailed specs and equipment monitoring.

The intent is by the time consumers

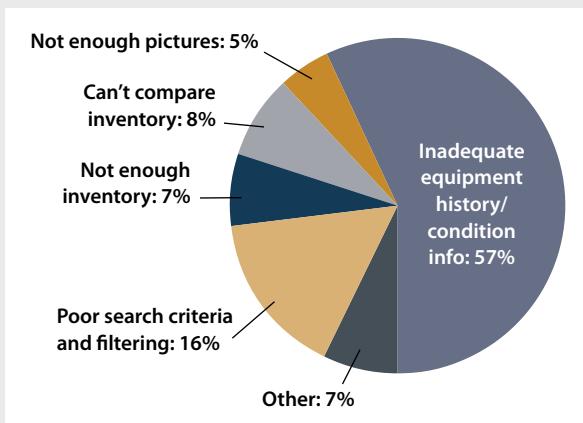
reach out to sellers, Equipment Experts has provided them with the tools they need to feel more confident in making their purchasing decision and to make it more quickly, Kifer says.

Another marketplace option, Commercial Truck Trader, has worked well for Palmer Trucks, according to Marketing Manager Cameron Nichols. Previously, the company did a lot of print advertising and its online presence was a bare bones inventory listing.

But with Commercial Truck Trader, Palmer can “show the major specifications our customers are looking for along with a really rich media gallery. On top of that we use some of the promotional features for listings we feel our customers are in the market for at certain times.”

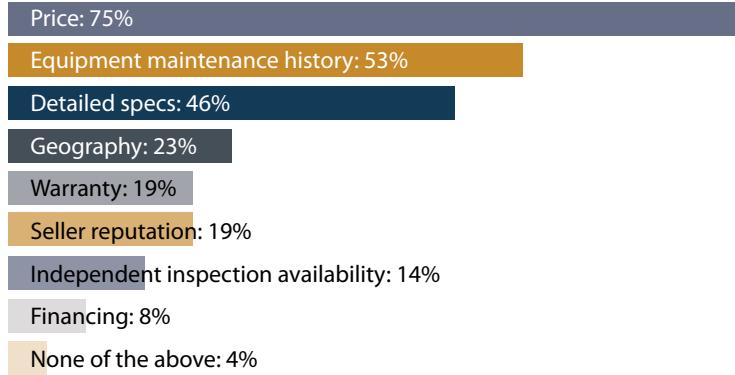
Another well-established used listing site, Truck Paper, is the primary resource used by Utility/Keystone Trailer Sales to sell used equipment, says Bill Zeamer, vice president, sales. “We have a special 800 number that tracks the

What is your greatest challenge with the used equipment websites you use today?



Source: C/CJ and Overdrive September 2019 reader survey

Which of the following are the most important considerations when evaluating available inventory online?
(Select up to three.)



Source: CCJ and Overdrive September 2019 reader survey

calls we get from Truck Paper advertisements and a special email account to track leads,” he says.

Zeamer says Utility/Keystone gets approximately 35 percent of its leads from Truck Paper. The remainder come from a combination of the dealer’s website, Commercial Truck Trader, My Little Salesman and *Truck N Trailer Magazine*.

Each used marketplace offers a different pricing model to dealer clients. For instance, the cost to post used vehicles on Commercial Truck Trader involves “a number of different packages and solutions and our team works with the dealer to find the best one that fits their volume of inventory and their market,” says Vice President Amanda Ayala.

Utility/Keystone pays Truck Paper based on the size of the ads it runs. For example, roughly \$230 per week for a quarter-page ad, \$400 per week for a half-page and \$735 per week for a full-page ad. In addition, the dealer pays to be listed in certain regions of the country.

Equipment Experts takes a different pricing approach, offering dealers a performance-based structure, Kifer says. “We strive to build a partnership with our dealer clients and our pricing model was built on that foundation,” she says. “Our pricing model places the

responsibility on us to earn what dealers will be paying us for. We believe the transparency created throughout our entire solution will raise the bar for what sellers and buyers expect in the industry, and we are excited to lead that charge.”

One of the biggest benefits of using these marketplaces is they bring in more interested buyers than individual dealers would be able to entice to their own sites.

Commercial Truck Trader, for instance, has more than 1 million unique monthly visitors, according to Ayala. More than 47 percent of visitors are looking to buy a truck or trailer within the next 30 days, she says, adding, “These are in-market buyers.”

Equipment Experts takes a proactive approach to bringing potential buyers to dealers’ listings, Kifer says. “We don’t just wait for buyers to find your listing,” she says. “We target verified buyers using digital tactics powered by our proprietary audience and data intelligence.” Equipment Experts also leverages the large trucking audiences built by its sister media sites, *CCJ* and *Overdrive*.

In cases where a customer browses but doesn’t buy, online listing sites also can maintain contact with a prospect for a dealer and continue feeding them information.

“If consumers come to Commercial

Truck Trader and look at a particular truck from a dealership, we ‘cookie’ those users and when they go to Facebook or Instagram, we’re able to find them and populate their feed with an ad to draw their attention back to the truck, and bring them to that unit on Commercial Truck Trader,” Ayala says. (See page 16 for more on using social media to drive used truck sales.)

And that ability to continue marketing a truck, even passively, is something that shouldn’t be overlooked. Dealers who can remain top of mind with potential customers are far more likely to eventually earn a sale.

No matter which marketplace a dealer chooses, Nichols recommends dealers put a lot of thought into how they list their trucks online.

“When we’re looking at the inventory, often we have to think of the digital space as a showroom. If customers were to see a truck in person, what would they want to look at, what questions would they have. We use that mindset when filling out the listings and provide the detail they would want if they were at the dealership,” he says.

“However you choose to market your trucks, always keep in mind your overall strategy and keep the needs and behaviors of the customers in mind. It should always be about them,” says Nichols. ◀

Capitalizing on customer inquiries

By Lucas Deal & Bill Grabarek

For sales associates in the field, capitalizing on customer interest requires the skills to navigate an in-person meeting or cold call.

In normal circumstances, most sales calls are in-person meetings between a sales associate and customer with whom one has a relationship.

In these cases, salespeople should do their homework in advance to know a customer's needs and the extent of his buying qualifications, says Jim Ehrensperger, sales manager, Arrow Truck Sales. Be prepared with photos, financing options and other information about specific trucks.

"You have to do your research and know what types of equipment they need," Ehrensperger says. His research often includes 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."

Sales staff also should be working to strengthen the relationship during a meeting. That will help sell the

customer on not just the truck but also you and your dealership's complete offering — and could result in a long-time business partner, says George Papp, sales consultant and trainer for the Used Truck Association's "Selling for Success" seminars.

In-person cold calls, by contrast, should be viewed as fact-finding missions not selling opportunities. They provide a chance to introduce yourself to a prospective customer and get information about the business and its truck needs. A cold call can become a selling opportunity, but only when a customer takes it in that direction, Papp says.

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

"Cold calling makes things happen," Papp says.

Used truck sellers also must know how to receive cold calls and engage prospective customers who call out of the blue.

Training salespeople to properly navigate phone inquiries begins before the phone rings. Salespeople should walk a used lot every morning, taking notes on the condition and specs of each truck, so



they have a comprehensive description of every truck available.

Customers shopping online have more information available to them today than ever before. That means salespeople should expect more detailed questions during calls.

Papp says most customer calls start with questions about a specific truck or truck financing. Salespeople should have a call outline or script prepared.

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

Responses should direct a salesperson to a specific call path, built with transitions to address the customer's most pressing need or concern. Once a customer enters a specific call path, the only way for a salesperson to know what comes next is to listen, Papp says.

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. ◀



How to get credit-challenged customers financed

By Bill Grabarek

The COVID-19 pandemic hit the economy hard and left many in the market for used trucks strapped for cash and with possibly dinged up credit scores. Despite these challenges, dealers are willing and able to help customers obtain financing to get the heavy equipment they need.

Vanessa Ciervo, chief operating officer, H.K. Truck Center, says many banks are offering “great deals and even delayed payments” for qualifying customers.

“H.K. Truck Center works with multiple finance companies and we always try and take the time to really understand customers’ financial situation to get them what they need and what will work best for them. We also offer extended warranties that can be financed in,” Ciervo says.

“The biggest challenges currently are customers’ creditworthiness which, again, is why we work with multiple finance companies to try and get them approved quickly and easily. Cash flow also is a big issue customers are facing so financing your used truck purchase is becoming more important now than ever,” she says.

Korey Neal, president, K. Neal Truck and Bus Center, says finding the right used truck is a key business move and finding a smart way to finance it is just as important.

K. Neal Truck and Bus Center recognizes many customers, especially in this tumultuous economic climate, are

faced with challenges related to down payment and poor credit scores. “Our customers are struggling to come up with the capital to start or expand their businesses,” Neal says.

The K. Neal Truck and Bus Center sales and finance team is trained to educate customers on all options to find solutions specific to each customer’s needs, including which medium- and heavy-duty commercial trucks best fit their business needs, state and federally mandated safety and compliance regulations and alternative financing and payment options, Neal says.

Through this economic downturn there are still plenty of opportunities, he says.

“Our priority is to remove any obstacles by making the sales and financing process as seamless as possible. In order to play our part and aid in the recovery of the [Washington,] D.C. metropolitan [area], the K. Neal Truck and Bus Center finance team is finding creative ways to encourage entrepreneurship and growth in the region,” he says.

For example, it is a priority for the dealer to nurture relationships with the industry’s top lenders for the most competitive rates and products.

“Our finance [team] helps build customer financing solutions to fit

each unique situation, whether it be low down payments, start up, credit issues, interest rates or term options. We also provide in-house financing, as necessary, with the ultimate goal of 100 percent credit approval, Neal says.

Managing interest rate expectations is important for buyers, says Ciervo.

“There’s definitely some sticker shock when it comes to what banks are offering” compared with 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.”

Ciervo adds, “The good thing is the reduced cost of a used truck plus a shorter term loan will continue to save you money on your purchase. Plus you also typically qualify

for lower insurance rates, saving you money in the long run.”

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.

“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. ◀

“We work with multiple finance companies to try and get them approved quickly and easily.”

— Vanessa Ciervo, H.K. Truck Center