



# **Accessories: The Forgotten Profit Center Report**



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### The Personalization of America

Thirty years ago if you heard a song on the radio that you liked, you went out and bought that artist's album. Soon after that, if you liked a song, you bought that artist's cassette tape. Ten years ago, if you liked a particular song you went out and bought that artist's CD. Today, if you hear a song that you like you go to your computer and you download that one song. You then transfer the song to your IPOD so you can listen to it along with several hundred other songs that you downloaded. While you are listening to your IPOD you walk into a Starbucks and order a cup of coffee. However, it may take a while to order because you can get a cup of coffee at Starbucks in about 1 million different ways. While at Starbucks the person next to you comments on your Polo shirt and the unusual color of the polo horse. You tell him how you went online and bought the shirt and chose the color of the polo horse at Polo.com. Once your coffee is ready you sit down and start to address and put stamps on several thank you letters from your son's first birthday party. However, these are not ordinary stamps. You went to stamps.com and were able to put a picture of your son from his party on the stamps. Personalization is here to stay.

Consumers spend a tremendous amount of money to personalize everything in their lives. Accessories for the IPOD are a \$1 billion per year business. IPOD owners think nothing of purchasing \$300 Coach leather cases for them. If consumers are spending this kind of money on IPODs, can you imagine what they will spend on their cars?

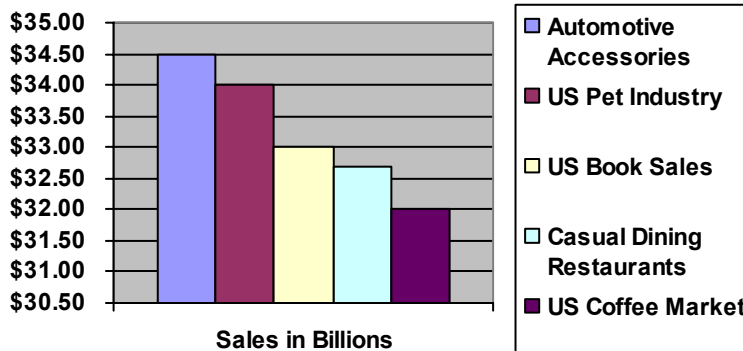


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### The Automotive Accessory Market

In 2005, \$34 BILLION dollars was spent on accessories. That is more than the Family Dining Industry (McDonald's, Denny's, IHOP, etc), US Book Sales, the US pet industry or the US coffee market in 2005 (see graph on next page). Any way you look at it a lot of money is being spent on accessories in the US. According to SEMA (Specialty Equipment Market Association), 70% of Small Car customers spend over \$1000 on accessories for their car. 40% (up from 31% in 2003) will spend over \$3000 on accessories for their car. What is driving this trend is Generation Y. Those individuals born between 1977 and 1995 like to accessorize their wheels. Gen Y represents a market influx of over 70 million consumers (about the same size as the Baby Boomer Generation). By 2020 almost half the vehicles purchased in the US will be by Gen Yers. However, it is not just small car buyers who are accessorizing their vehicles. A recent study by Foresight Research found that 73% of pickup truck buyers spent an average of \$1,461 on accessories. With a market this big you would think New Car Dealers would be standing in line to get their fair share. Yet, new car dealers only have 10% of this market. That's pathetic. Not one accessory can be sold until a vehicle is sold. **Remember, it's not if a customer is going to buy any accessories, it's where.**



### Why Aren't New Car Dealers Selling Accessories

Why don't new car dealers sell more accessories? They give all kinds of excuses. They don't want the liability of selling non-OEM products. They say that if something happens the new car warranty will be voided, or the aftermarket accessory doesn't have its own warranty. This makes them liable for the problem and that is not something they want to be involved with. They also mention that they can't competitively price their products due to their cost structure. They mention that "Joe's Tuner Shop" can sell accessories for much cheaper. Dealers state that they can't install many of the aftermarket accessories. Their techs are not trained to do this work, they say. They have many excuses to not want to sell accessories. In some cases it is not excuses but dealership processes that prevent accessories from being sold. If these processes were changed these excuses would go away. There are plenty of reasons New Car Dealers are not in the accessory business. However, the one reason they should sell accessories, MONEY.



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### Benefits of Selling Accessories

According to Automotive News, 25% of New Car Dealers are losing money. Those dealers that make money have profit margins of less than 20%. In the New Car Department dealers are seeing their gross profits shrink more and more each year. They continue to rely on F & I income to make money. Meanwhile, charge backs in the F & I department have continued to rise. Gross profit margins on accessories range from 35% to 50%. If a dealership sold 100 vehicles a month and averaged \$1000 in accessory sales per unit sold (see previous paragraphs) they would increase their gross profit by approximately \$35,000 per month. And by the way, none of this can be charged back. In addition, customers who accessorize their vehicle are happier with their dealership experience and have higher CSI scores. Dealers need to get their slice of this business.

### How to Get Your Share of the \$34 Billion Accessory Market

If you are interested in finding out how you can get started in the Automotive Accessory business then you need to read my recently completed e-book :

**Automotive Accessories – The Forgotten Profit Center**  
**A New Car Dealers Guide to succeeding in the Accessory Business**

To receive a copy of this ground breaking e-book all you have to do is subscribe to Wright Auto Pro at [www.wrightautopro.com](http://www.wrightautopro.com). Wright Auto Pro is a cost effective way to give your sales



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consultants, service advisors and managers the skills and tools to sell more products, make more gross profit with increased customer satisfaction. A subscription to Wright Auto Pro is only \$375 per month and can be cancelled at any time. However, I think you will find that \$375 is a small amount to pay because unlike other web based training sites, Wright Auto Pro's system consists of more than just videos of a trainer speaking to an audience. On [wrightautopro.com](http://wrightautopro.com) you will find a News & Articles section which provides updated automotive related articles and commentary, a Forum where consultants, advisors and managers can chat with one another, Lists of Best Practices, and our exclusive sales consultant, service advisor and manager training videos available 24 hours a day, 365 days per year.

These training videos are unique to the automotive industry. Each sales consultant and service advisor, as well as all managers, who subscribe will be assigned their own unique userid and password. This will allow them to access Wright Auto Pro from any computer, anytime. The Wright Auto Pro training program consists of a Sales Module, a Service Module and a Manager's Module. Each module contains training videos which last about 25 minutes each. These videos are NOT just a tape of a trainer doing training; they are designed specifically for this website. These training videos will contain lecture as well as actual role plays. Wright Auto Pro is the only training company that doesn't just tell you how to do something we actually show you how through role plays with customers.

For each training video sales consultants, service advisors and managers will be able to download Workbooks that they can use to follow along as they watch the video. In addition, managers can



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download Leader's Guides for each of the sales consultant and service advisor training videos. Managers can use these Leader's Guides at their weekly meetings to reinforce the skill that was taught in the training video segment.

Therefore, by subscribing to Wright Auto Pro not only will you receive the e-book, *Accessories: The Forgotten Profit Center*, but you will also be giving your sales consultants, service advisors and managers the training to make more money. I look forward to assisting you in achieving your personal, financial and professional goals.