



# COMMERCIAL PLAYBOOK

**WORK TRUCK SOLUTIONS**

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MOBILITY BY THE NUMBERS:  
**MACRO AND MICRO DATA  
THAT IDENTIFIES DEALER  
OPPORTUNITY**



Although retail profits grew significantly in 2021, many dealers are searching for new/future revenue opportunities, along with additional inventory types to sell. Local and regional business customers are a natural way to aid with continued growth.



Regularly updated as the market evolves

Commercial/fleet sales are a big boost to any dealership's bottom line, in many different ways. Not only do vehicles used for business generate significant profits, especially the ones with additional upfits to fit specific business needs, but the service needs for these vehicles drive higher margins, and more regular business. Plus, there's the benefit of the additional personal vehicles these business buyers,

their families and their employees ultimately purchase and service. Selling to businesses is a profit multiplier for any dealership, in both sales and service, plus it can provide a pathway to expansion into EVs, autonomous vehicles and other mobility solutions. However, without a strategy for your specific market, the odds of maximizing these commercial vehicle opportunities are slim at best.



**Certain types of upfitted trucks generate \$15,000-\$20,000 in profit.**

And DATA is the only proper foundation for a solid strategy. Data not only shows historical performance, proving what's worked and not worked, it allows you to develop a realistic baseline, and tactics for growth. Just as importantly, stats and metrics, when coupled with industry specific experience and national and regional market data, offer up insight into current and future opportunities.

As the only company that collects the data that offers national visibility into commercial vehicles, especially those customized after the chassis or van is manufactured by an OEM, Work Truck Solutions® has a unique insight into industry growth, business trends and evolving opportunities, all of which affect a dealer's profitable sales of these vehicles.



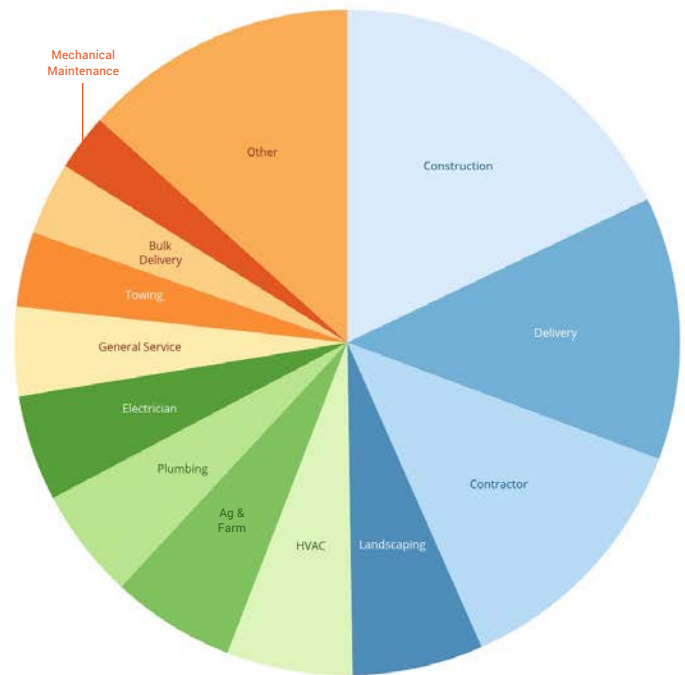
Commercial demand is at an all time high and that demand is expected to continue at an elevated level for quite awhile.

**Even though commercial vehicle (CV) inventory numbers in 2021 mirrored the overall automotive industry vehicle production slowdown, total commercial vehicle sales for the year were up more than 11% compared to 2020.**

In addition to CV sales growth in 2021, there were also interesting shifts in market focus, with market demand for certain types of custom upfitted vehicles clearly increasing, measured in overall proportion of customer requests for them.

## Vehicle Demand By Vocation in 2021

Construction	18%
Delivery	13%
Contractor	13%
Landscaping	6%
HVAC	6%
Agriculture and Farm	6%
Plumbing	5%
Electrician	5%
General Service	4%
Towing	4%
Bulk Delivery	4%
Mechanical Maintenance	3%
Other	13%



Not surprisingly, the top commercial vehicle by market demand in 2021 was the service body, which is used across the board by the largest number of different vocations. Coming in at #3 on the list was dry freight, which, due to increases in delivery demand in 2021, was up 275%. Along the same lines, refrigerated vehicles also saw a big jump, increasing over 200% compared to 2020.



Because of 2021's falling inventory levels, dry freight vehicles' strongest year-over-year performance was primarily driven by used inventory. Correspondingly, their average days to turn has been falling.

The takeaway here is that as buyer demand increases and inventory dips, turn time improves. However, if you don't have new vehicles to supply your commercial customers, serving their needs with used vehicles becomes increasingly important.



**Actively seek out inventory sources, including used, so you can meet demand and be the dealer of choice.**



**Stock/be able to acquire "backfill" final-mile delivery vehicles, and market your dealership's ability to do so. This will demonstrate that you're a forward-thinking partner for their business.**

Continued demand for vans last year was challenged by significantly reduced inventory, and Work Truck Solutions® witnessed the resulting increase in demand for pickups, flatbeds and passenger wagons that filled in as final-mile needs continued to scale. Used vans averaged \$40,000 compared to \$33,000 in the prior year, showing a significant jump. Demand for vans overall should remain escalated in 2022, and likely beyond.

Each dealer's market offers unique opportunities; like the gold rush, the first to find and stake a claim will profit the most. The outlook for 'secure transport' vehicles - clearly a very certain use case and in specific states - is bright, following growth in this segment of 283% in 2021.

As the cannabis industry continues to evolve and grow, with more and more states legalizing use, even without federal legalization, there's dealer opportunity. While some might see this as a small niche industry, multiple research firms predict growth of \$5 billion in sales in 2022 alone. Those dealers who are prepared, plan, and market appropriately, can make hay in this area.



**Commercial customers are frequently at least two or three times as loyal as retail customers.**




With new focus during the pandemic, mobile maintenance services have seen a boom in the last two years. This type of mobile maintenance includes services provided to car owners at their residence, and also to company fleets out in the field, offering everything from oil changes and tune ups, to tire changes and fueling, to brake jobs and no-starts.

The one thing all of these mobile services have in common? The vehicles needed to provide these services are very specialized, which means the ability for these growing mobile service providers to locate and purchase these vehicles is critical to their success. As a result, a commercial department who can show that they can help plan out vehicle acquisition will become the dealership of choice, enabling them to not only get this business today, but also long-term going forward.



# Despite overall inventory shortages,

new cab chassis and cutaway van on lot inventory remained fairly stable in the second half of 2021 as demand for both grew. Furthermore, days to turn, for both bare and upfitted chassis, trended downward for 2021, as would be expected with strong demand and lower than usual stocking levels.

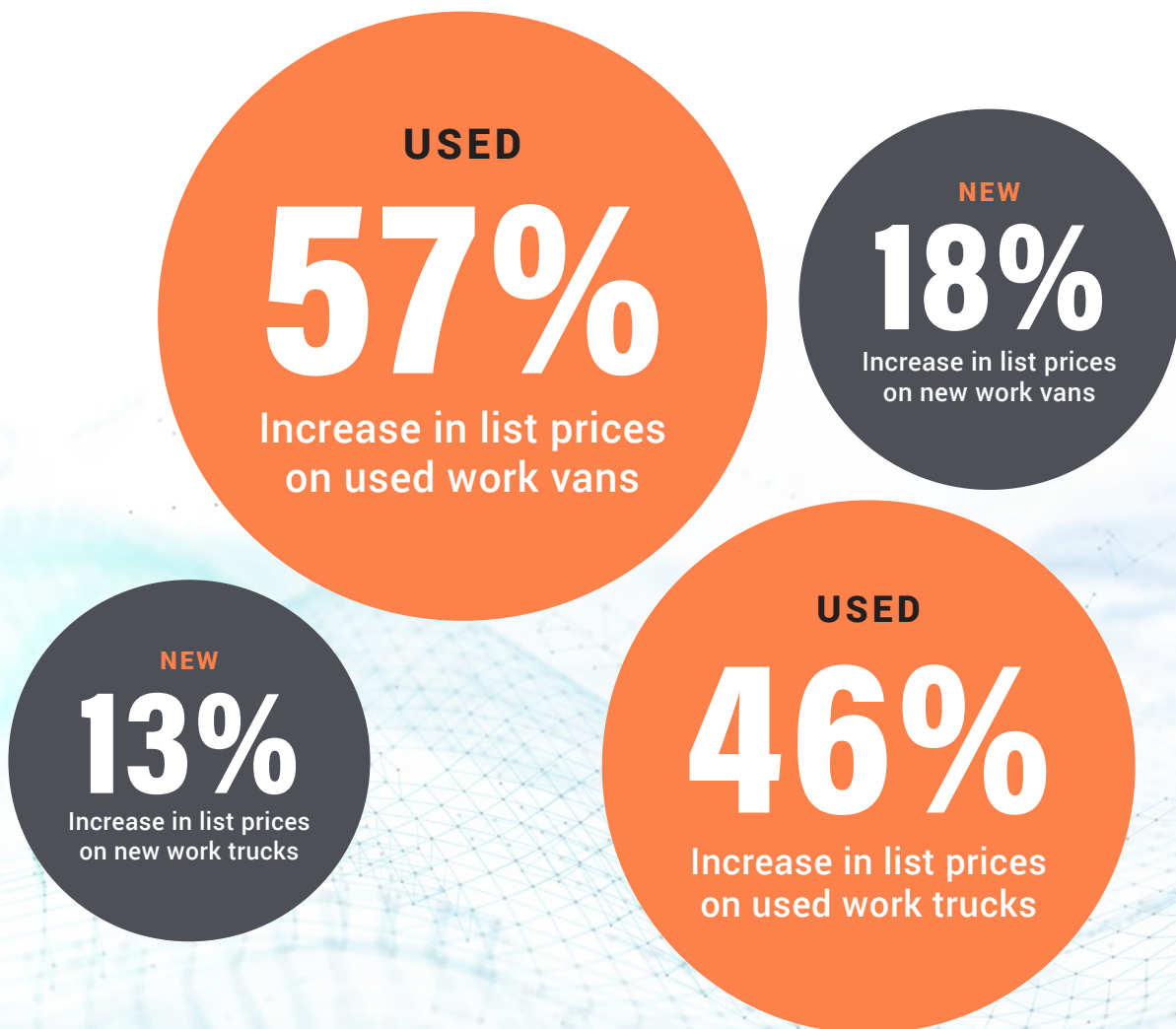


Dealerships should seek out partnerships with upfitters in an effort to take more control of what is built out on bare chassis for business customers in their specific market, thereby increasing their commercial sales opportunities.



# As Work Truck Solutions predicted at the close of 2020,

dealers' list prices for new work trucks in 2021 increased over 13%, and new work van prices were up over 18%. When examining used prices, used work truck prices jumped 46% over this same time frame, while used work vans saw an even bigger bump, up 57%. These numbers clearly illustrate the results of increasing demand coupled with lower supply.





When analyzing 2021 results, the data showed that dealers using Work Truck Solutions turned their inventory at a much faster rate than those not on the platform - 50% faster. The ability to turn inventory, and orders, at a faster rate equates to retaining more commercial business through this low inventory period. Furthermore, it also means that those same dealers will have a better chance of gaining future allocation based on their sales numbers.

Given the better turn rate, greater demand, and potential for allocation advantages, dealers are now able to use specific market data to strategize on pricing, understanding that a short-sighted approach in a B2B environment certainly has risks. Dealers are using data to review upfit markups and how to develop the right order process.

Implementing data-based strategies such as the ones in this report will help you earn and keep more than your fair share of commercial sales and service. Or, if you elect to stand pat without managing the uniqueness of this demand, you may die by the supply - not a situation any dealer would want.

Be on the lookout for future Commercial Playbook chapters that will help you Maximize Opportunities and take your dealership to the next level.

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