

PACKARD MOTOR CAR COMPANY

DETROIT, MICHIGAN

July 27, 1932

To PACKARD DISTRIBUTERS AND DEALERS
(Attention of the General Manager)

Subject MERCHANDISING SERVICE

TO BE NOTED AND INITIALED BY	

Gentlemen:

Mr. R. B. Parker, president of Packard, Incorporated, Philadelphia, recently sent throughout his organization a letter on service merchandising which is so much to the point that we believe it deserves the closest consideration and application on the part of every Packard organization in the field. With the exception of a few omissions dealing specifically with the Philadelphia organization we give you Mr. Parker's letter just as it was written -- and it is more than well worth reading.

"In this day and age when the necessity for a renewed efficiency and vigor and initiative and constructive effort has been imposed upon industry - the possibility of a more constructive merchandising of what our service departments have to offer impresses itself upon me as an undeveloped opportunity.

"Ever since the day, many years ago, when we changed the name of "order-takers" to "Service Salesmen," we have vaguely felt the necessity - or perhaps better, the desirability - of selling service.

"It has never been our intent or desire to sell any Packard owner any repair or adjustment that he did not need. We have never wanted to build up service volume by "loading" a repair order with unnecessary work - but rather have we wanted to keep maintenance costs down, as one of the surest means of securing the customer's repeat order for a car.

"And when I speak of "selling" service, I do not mean so much the selling of some repairs to any one customer, but of selling all Packard owners on the advantages to them of having us service their cars in such repairs as are necessary.

"It is our objective to build a car which will require a minimum expense of maintenance, but for such repair and maintenance as becomes necessary we want the patronage.

"What we have done through the past toward "selling" our service to owners has been little more than passive. We have assumed that a man who bought a car of Packard would just naturally have it serviced by Packard. We have then felt that if the work done was well done and the price charged was fair, the owner would just naturally continue to patronize us. We have done little or nothing toward "selling" him all the many reasons why his interests are best served at our hands. We just hope he will keep coming, but if he does not, we

do little about it - (maybe a perfunctory follow-up letter or 'phone call) - even if we in fact know that he has stopped coming until several months have passed.

"Today, as never before, have we got to earn and merit what we get. There are various reasons why a man does not get service of the dealer who sold him his car.

"An analysis made by the Curtis Publishing Company recently, in which 4840 owners of various makes of cars all over the country were interviewed, showed that 46% of them did not get service of the dealer from whom the car was bought.

"I think in the higher priced cars a much larger per cent do patronize the dealer who sold the car. "Inconvenience," the principal reason, is not entirely a good reason, because a man will put himself to some little inconvenience if what he gets is worth going for.

"Just how many Packard owners go somewhere else for service, I don't know. We should know - and why. If we lose patronage for any of the various reasons we should know why, and proceed to correct the cause.

"While our selling job is made easier for some reasons - notably because the average man does naturally feel that the man who sold him his car, and wants to sell him another some day, can be expected to give him better and more interested service than anyone else - it is made more difficult for some other reasons - notably because he rather naturally thinks "the price must be high" - and second, because he feels that he can get a more personal attention in a smaller place.

"We know that by comparison, when equal specifications of any given job are considered, our prices are not high. If by fair competitive comparison, the price of anything we sell is high, we should reduce it, or if the customer just thinks it is, we should sell him on why it is fair. If we charge \$2.00 for washing a car while other around about charge \$1.00, we should either charge \$1.00 and do the kind of job they do or else we should impress upon the customer the fact that when we say "wash the car" - we also add so much time for polishing the nickle, cleaning out the interior, polishing the windows and all that extra work that makes a \$2.00 a low price as compared with the \$1.00 job.

"Without going further into all the many thoughts and suggestions and possibilities that might be discussed under the subject of "Merchandising Service" - I believe that it presents a very real opportunity, not only for increasing our volume of service but of more solidly cementing to us our patronage.

"This is not a day when we can sit and hope. We must earn what we get and we must "go forth," so to speak, and present our case. We want to be sure to hold every customer we've got and we want to attract a lot more that now think they are getting "something for nothing" somewhere else. Before we get through we want to know every Packard owner who is not now getting service of Packard - (of us or of our dealers) - and earn his patronage.

"We want to inject a "merchandising instinct" into our Service Department. It must come to realize that "service" whether it be parts or repairs or personal attention - is merchandise, and like any merchandise, must be sold.

"Mr. Culver and I have discussed at much length of late how we may best get under way in developing this merchandising ability. We realize that it is not a "side-line" job, but a function upon which some one man must concentrate his thought and attention. We have concluded that Bob Thomas has evidenced that sort of initiative and merchandising instinct and aggressiveness in the handling of our accessories, which if applied to our general service activities, might well be expected to bring us an encouraging result.

" I imagine that what I have said may sound very critical - as if we had done nothing in the past along the lines of this "merchandising" idea. Not at all - I think we have conducted ourselves about as most of the better Service Departments have in this respect. I just don't think that any Service Department of a large distributorship has done itself justice in convincing its patronage of the "value" of what it has to offer. And further, imbued with the feeling of necessity of selling its merchandise as any other merchant must do, the value of that merchandise would, as a natural consequence, become improved."

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Have you anyone contacting your owners regularly?

Do you know how many are not coming to you for Lubrication, Repairs, Parts or Accessories, and why?

Is anyone in your organization doing a personal service selling job to your owners who are not coming in regularly or for all their work?

Do you fully appreciate what service means in carrying your overhead?

Labor sales	-	50 to 60% gross profit
Parts	-	25 to 30% gross profit
Accessories	-	30 to 35% gross profit

Do you know that service sales (labor, parts and accessories) by 56 Packard distributors and branches amounted to: -

	1929	1930	1931
Parts	\$ 5,658,477.81	\$ 4,586,980.49	\$ 4,127,327.00
Accessories . .	5,716,189.55	4,280,180.57	3,364,894.00
Labor	<u>7,646,331.22</u>	<u>6,455,935.49</u>	<u>5,187,022.00</u>
Total	\$19,020,998.58	\$15,323,096.55	\$12,679,243.00

Yours very truly,

PACKARD MOTOR CAR COMPANY

JFP:PA
(1000)
Dealers' GL-490

J. F. Page
General Service Manager