

FORMULA FOR SUCCESS

Ocean Honda Port Richey doubles sales by emphasizing top-notch customer service and strong loyalty to HFS

For years Ocean Honda had been underperforming, despite a prime location in the Tampa suburb of Port Richey, Fla. Rather than be wary of its lackluster sales compared with other dealers in the district, Jeff Cappel saw an opportunity.

"To me, Ocean Honda had untapped potential for incredible sales growth," he explains.

Cappo has a sharp eye for diamonds in the rough. When he bought Ocean Honda in fall 2011, he'd already transformed several similarly faltering Honda dealerships across the U.S. into success stories.

As usual, his instincts were spot-on.

Cappo implemented the same strategies that had proven successful in his other dealerships to transform Ocean Honda. He takes a four-pronged approach that combines strong leadership, direct connection with every customer who enters the showroom, increased marketing, and exclusive use of Honda Financial Services (HFS) products. To stay abreast of new HFS tools and brand developments, he and his team relied on American Honda Finance Corporation dealer relations manager David Grantham.

"Everything Ocean Honda does focuses on what's best for the customer," says Grantham. "They've realized that this is what's best for them as a dealership in the long term too."

Within months, Cappo had retrained staff and doubled sales figures, selling between 140 and 180 Hondas a month.

Two years later, sales are just as strong and the dealership's Customer Satisfaction Index score consistently ranks in the top 25 percent. Recently Ocean Honda garnered another seal of approval—its first Council of Excellence award.

LEADERSHIP SOLUTION

Cappo's first step was to take a hands-on management approach. He rented an apartment in nearby Tampa and

spent every day on the showroom floor for the next nine months.

"Whenever I buy a dealership, I run it myself," says Cappo, who has more than 30 years of experience in the auto business, including 14 as a salesman. "I build the team from the ground up, and I train every member of my staff.

"I greet every customer at the door and I teach my team to do the same," he adds. "I teach my salespeople to be attentive to people who stop in just to look around, because today's lookers are tomorrow's buyers. I don't want anyone who's just there to work a shift; I want people who really care about the customer."

Cappo's next strategy was to move his two sales managers and General Manager Mike Yusko out of glass-walled second-floor offices overlooking the showroom. Eschewing cubicles, he gave them open-air desks next to the receptionist on the main floor.

The goal? To ensure that they would see and be seen by every customer who came through the doors, creating a warm, personalized atmosphere for potential buyers. He tasked key members of the management team to greet visitors, answer their questions and interact with them every day.

If the team spotted anyone who seemed confused, disgruntled or in need of assistance, they could correct the problem immediately.

ADDING THE FINAL PIECES

Cappo's third tactic was to dramatically increase television and direct mail advertising to the local population of snowbirds and year-rounders in Port Richey.



Above: Jeff Cappel's multi-prong approach has been a proven winner in Port Richey and at his other dealerships. Far left: General Manager Mike Yusko, with Cappel, has taken on a more customer-facing role. Left: AHFC DRM David Grantham (left) and Yusko have collaborated to stay current on HFS products.

and sold you a VSC where you could take your car anywhere to have it fixed. It's just common sense. Plus, it's better for the customer."

This dovetailed well with the enhanced dealership setup, notes Yusko, who served as Ocean Honda's comptroller for seven years before Cappo purchased the business. "I'm in the commercials, so it's great for customers to walk in and see a friendly face they recognize right away," Yusko says.

The fourth tool was to offer financing exclusively through HFS and promote Honda products only. These include Honda Care GAP coverage, Honda Care Vehicle Service Contracts (VSCs) and Honda Leadership Leasing. Today Cappo owns 11 Honda dealerships, and all his floorplans are with HFS.

He explains his rationale this way: "If I sell you a Honda, have you finance through Honda and sell you a Honda Care VSC, you're a lot more apt to come back and buy another Honda than if I had you finance through a bank

How, exactly, do customers benefit? "Our strong relationship with HFS allows us to obtain financing terms that are very favorable to the customer," says Yusko. "The incremental car sales we get based on our relationship with HFS more than offsets any advantages we might obtain from taking a different approach."

What's more, HFS continually markets to Ocean Honda's database, says Yusko. "If we went with another lender, our customers could be marketed to on behalf of other carmakers that have relationships with that lender."

Another plus for car buyers: Returning to Ocean Honda for service under a Honda Care contract is convenient, and predisposes drivers to buy another Honda.

Loyalty, Cappo concludes, lets everybody win: HFS, the dealership and the customers.

FACTORS THAT GET RESULTS

Over three decades in the auto business, Jeff Cappel has learned what works. Here are strategies he uses at all his dealerships:

1. Keep your lot full. The cars in Cappel's lots are "gun-barrel straight" and spotless. He keeps five core products—the Accord, Civic, CR-V, Odyssey and Pilot—in the front of the lot with the keys in the ignition so customers can test-drive them quickly and easily.

2. Stay in the know. "Today you're not buying a car, you're buying an automotive system," Cappel says. Everyone on the sales staff needs to be knowledgeable and articulate about the latest vehicle features, whether it's text messaging capabilities or access to Pandora Internet radio. "You need continual product training," he says. "Fortunately, Honda's got very sophisticated webinars and websites."

3. Go the extra mile. "Put yourself in the customers' shoes," he says. "If there's a line at parts and service at 7 a.m. and the guys are having coffee because they're supposed to start at 7:30, I have them open early. Customers appreciate it when you go out of your way to meet their needs."

4. Treat every customer as a friend. Greet them all with a smile, introduce yourself and let them do most of the talking while you listen attentively. All team members should wear easy-to-read nametags with pictures of their smiling faces.

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Jeff Cappel
Owner Ocean Honda Port Richey