

One price dealership

Business



'One price' is also referred to as the 'no haggle' or 'no negotiation' dealership. Such technique of doing deals has been increasingly adopted by many dealers in the recent past and they are intended to attract customers who often dislike the strategy of negotiating while buying cars, hence the dealer promises all buyers the use of same price for any given vehicle.

This 'one price' dealership involves marking of prices on the right car; hence serving to minimizing the haggle that customer goes through in asking for even demanding for the prices of the cars (Bhote, 1996). A good example of the company that has adopted the 'one price' dealership and proved successful is the Lithia Motors Inc. All of its dealers are 'no haggle' and therefore everyone pays same price and usually there is no price concession. The price on the sticker is always the price of that specific car and there is no compromise on that, if a customer insists on price negotiation then Lithia Motors Inc is the wrong place to find oneself in. The 'one price' dealership is a simple way of doing business as it attracts both customers either educated or not as both end up paying same price for the specific car or category of cars hence if a customer hates negotiating and prefers getting price quotes then the 'no haggle' dealership is always the best choice for them (Foumier, & Dobscha, 1998). If CJ Honda adopts the one price dealership then it will be able to derive the benefit of getting customers who are against the idea of doing negotiations while buying cars but might lose customers who would like to bargain for the price of the car unless other strategies are applied.

For many years, many motor industry gurus have pontificated about issues concerning customers disliking the process of auto retailing. The current vision of the world involves the increasing wish that people to buy cars in

similar ways as they buy other goods i. e. paying the price tag on the car rather than haggling with the sales attendant on the price of the car. Such idealized world of consumers allows them to gravitate towards the best service offered by the dealers hence eventually eliminating ineffective dealers in the industry (Bhote, 1996).

Such idealized consumer worlds is not reflected in the real world as even Lithia Motors Inc having being remained true to 'one-price' retailing its sells have not been so high and being able to attain just over 300, 000 unit a year and were even forced to bend the rules and offer some subverted leases especially after the original models got stale. So before CJ Honda walks down the road of adopting the 'one price' dealership it must be very cautious in its implementation and evaluation stages as such marketing strategy is still not well understood though it's a hopeful strategy for increasing its market share (Foumier, & Dobscha, 1998). In addition to that retail price that a consumer pays in 'one price' dealership is a function of other several factors that often varies from one place to another hence affecting the business transactions in a short duration of time. This is attributed to the fact that, when the advertisement kicks in, dealers start realizing that in order to sell their entire allocations; they didn't have to discount the model. Thus, such factors make the market clearing price of any kind of vehicles to be fluid hence change as the supply and demand varies at the local, regional and international levels. This makes prices to vary, thus, some consumers at times wait until the year end of the model in order to buy a car or resort to paying premiums in order to be the first ones to own a new model of a specific car.

Political factors that will affect the opportunity include the degree at which the government intervenes in the economy, the type, make and age of cars that the government wants to be provided in its market, as well as the subsidies provided. The political factors might also affect the education of the workforce, their health and infrastructure quality in the country. Economic factors that will affect the opportunity include: interest rates; which when higher, might reduce the profits due to higher costs. Inflation is another factor; this affects that wage demand from employees as well as raising costs. Higher national income is a factor that might boost the demand of cars. On the other hand, change in social trends might affect the demand of some cars.

Aged population on its side increases costs if the firm will be committed in pay pensions. Technological factors that will affect the opportunity will as affect the business. This is because, new technologies comes with new products as well as new production processes. This might include online shopping. Technology can either reduce costs, lead to quality improvement as well as leading to innovation. Such like benefits in one way or the other, proves benefits the customer and the organization as a whole.

Therefore companies should start making serious decisions about changing their ways of selling and embrace the transparent selling process which has been shown to be the best way for a company increase its overall profits, at same time limiting liability as well as keeping its customers coming back for more become very loyal (Beenhakker, 2001). In order to embrace change, a company should do away with the old less performing techniques, and this is attainable mainly by carrying out intensive training of its sales staff on new <https://assignbuster.com/one-price-dealership/>

ways of fulfilling their obligations effectively; hence, the need for investment to level its staff on same page is very critical. This enable them to handle any customer from any income level and guide them appropriately to convincing them make the correct decisions concerning the deals. Training always makes a staff confident, secure and optimistic in delivering their sales obligations thus helping the company to transit safely into the new innovations as each staff member learns new techniques , new expectations (Bhote, 19966). Moreover the ‘ one price’ dealership is a feasible venture as proved by the AutoNation that demonstrated in 1996 that carrying out ‘ one price’ on pre-owned vehicles is both feasible and profitable as well. Just like Lithia Motors Inc as soon as it opened its doors to new techniques it realized its show room being completely packed with customers.

The implementation of transparent selling policies make showroom open business environments as customers escape the hustle of being dragged from one office to another to acquire cars. Many customers don’t like being played especially regarding on the spending of their money, hence the issues of transparency is a catchy technique as the company is able to derive profits while earning the trust of its customers and loyalty as every customer is offered a 100% of their time. (Beenhakker, 2001). The opportunities that come with adopting the ‘ one price’ dealership is the increased customer satisfaction level as buyers get the appreciate attention when they are being served by the company’s sales staff. This is attributed to the fact that the model reduces the amount of resources wasted in negotiating deals when selling using the old model hence deals are finalized as quickly as possible with utmost attention.

Such kind of customer care help in increasing customer's loyalty as a satisfied customer tends to come back for a more of the satisfying buying experience (Beenhakker, 2001). Moreover such kind of a marketing strategy help promote the company's image through word of mouth or through recommendations to friends in the increasing participation in the social network; the free advertisement that the company receives reduces money used for advertisement as well as creating the company's image which ash serve to increase the market share of the motor company. Its market segment will be made up of people who are much sick of dealing with the scams that many car dealers are offering to their customers. This means that, it is market comprising of people who have at one time bought or associated with those who once bought cars. That is way they know or hear about the scam.

As an effect, this market has educated individuals, who have money to buy cars but have no time to waste in haggling. Car markets are divided into different segments. There are many cars to suit different individuals. They are all designed in a manner that they match tastes and needs of many. The market of this industry is segmented depending on the family size or couriers sizes. Another segment is based on the income.

In other words, cars might be meant for either single or married couple as well as that for families. Customers buying large vehicles are either having low income or have families. Some cars might be meant foe either young generations while others for older generations. There are also these cars that are meant for business people, and these that are meant for these in white collar job. In conclusion, the list is endless.

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