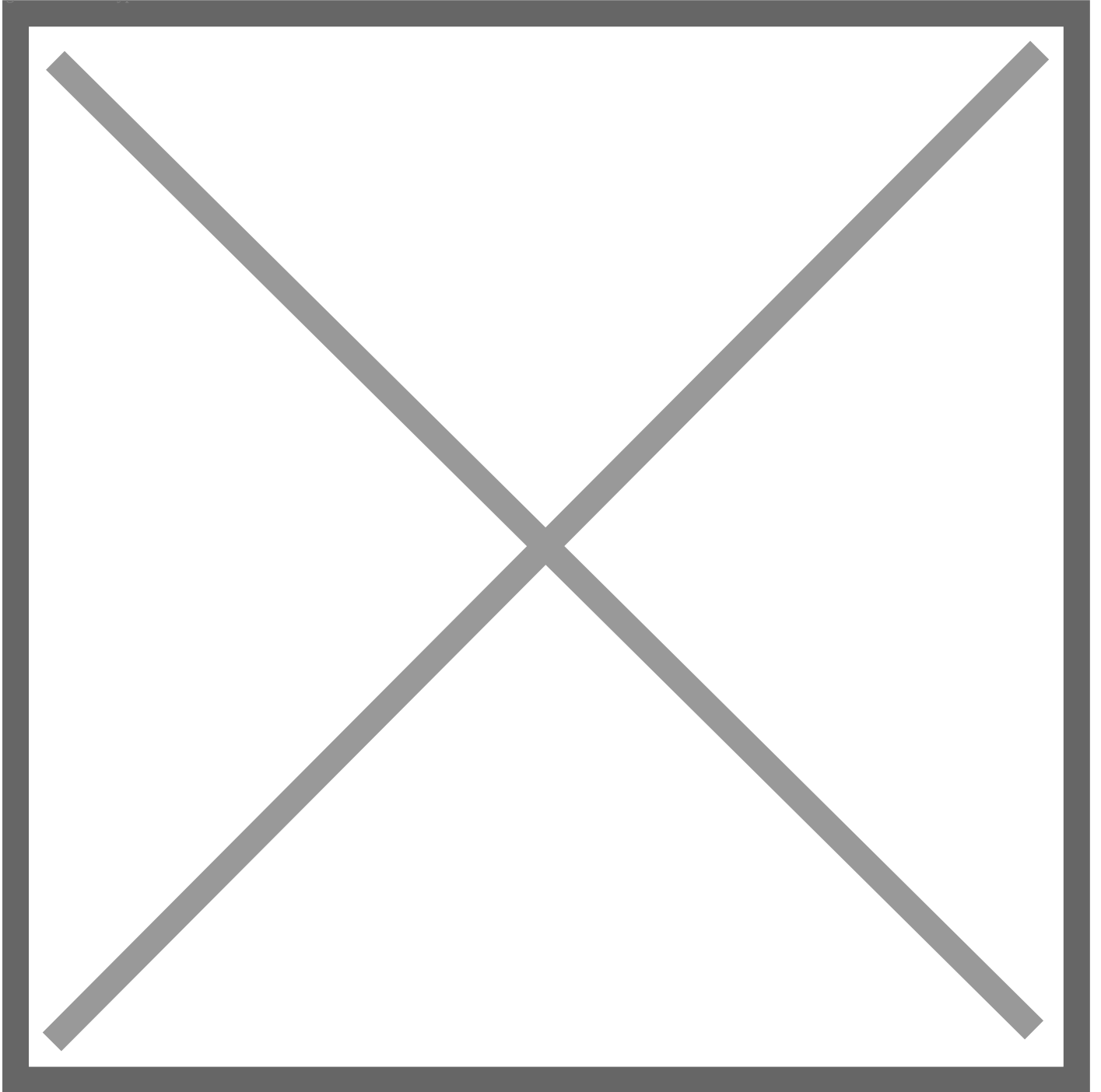


Toyota Is Expanding Its Certified Used Business. Here's Why.

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Toyota Motor North America is a new-car company. So why should it care about the sales of used cars?

Because, when you delve into the details, you soon discover that those two sectors of the retail automotive business are inextricably linked—to the benefit of Toyota, its dealers, and their customers.

That's why Toyota has long supported and promoted a robust certified used program. And it's why Toyota recently expanded that program to include vehicles up to 10 model years old with between 60,000-125,000 miles on their odometers.

Silver Certified goes beyond the existing Gold Certified eligibility parameters of up to six model years and 85,000 miles. The move could help boost Toyota Certified's current sales of more than 370,000 vehicles per year.

"That's a lot," said Ron Cooney, Toyota Certified Used Vehicles (TCUV) sales operations manager. "Based on Motor Intelligence's analysis, if Toyota Certified was a new vehicle brand, it would be ranked 13 th out of the 48 makes in the market.

"But it's also small when you step back and look at the bigger picture. According to figures compiled by Edmunds, some 6 million used Toyotas are sold every year. Yet our year-end financial statement shows that our dealers only sold 790,540 in 2023. So, there is a tremendous opportunity for growth here."

In some ways, Toyota's stellar reputation for quality, durability and reliability works against it on this front. Customers know that virtually any well-maintained Toyota is a good bet when buying used, whether it's being sold by an independent dealer or private party. But now, with Silver Certified, there even more reason purchase a used Toyota from a Toyota dealer.

Why? Three words: peace of mind. A Silver Certified Toyota comes with:

- A limited powertrain warranty for 12 months/12,000 miles
- 24-hour roadside assistance for 12 months/12,000 miles
- A 136-point minimum quality assurance inspection
- A free CARFAX® Vehicle History Report
- The option of including a trade-in to facilitate the transaction
- The option of financing the deal through Toyota Financial Services
- Trouble-free handling of the transaction, including DMV paperwork

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Further, the powertrain warranty and roadside assistance are transferable to the next owner at no cost if the vehicle is resold before the 12 month/12,000 mile expiration, thus boosting its resale value. And the warranty is honored at over 1,400 Toyota dealers in the continental U.S. and Canada.

"We're not the first automaker to certify its older vehicles, but we studied what our competitors were offering and made sure we got it right," Cooney said. "Some of them limit the warranty to three months. Others only offer it on some vehicles. Some don't include CARFAX. It can get very confusing for the customer. We made sure our vehicles were covered for a full year, which is a big selling point to customers who aren't used to getting any kind of warranty on an older/higher-mileage vehicle unless they pay extra for it."

Cooney said Toyota's dealers are supportive of this new level of certification. Because of it, they are more likely to take in an older Toyota in trade. That matters when you consider that most new-car sales involve some sort of trade-in vehicle. Also, based on initial feedback from dealers, Cooney said they are selling Silver Certified

Toyotas faster than non-certified used vehicles—contributing to their bottom line.

“I can see used Toyotas sitting in a dealer’s inventory for 30 or 60 days,” Cooney said. “Then we launched Silver Certified. And the dealers who have taken advantage of this program have sold those cars more quickly.”

Meanwhile, if these customers do need repairs under warranty, they are much more likely to bring their vehicles back to their Toyota dealers. That generates even higher brand loyalty.

The net effect is that the TCUV program helps boost vehicle resale values (a key metric when it comes to Toyota’s leasing business) and—perhaps most importantly—owner retention.

“We want to sell each of our vehicles at least four times: new, Gold Certified, Silver Certified and used,” Cooney said. “We want to keep that car, and the customer, in our family for as long as possible. Ultimately, that’s what this is all about.”