Reynolds
&Reynolds™

The biggest threat to your
used vehicle department?

DATA THAT
CAN'T KEEP UP

Data That
Can't Keep Up

In the used vehicle space, every second counts.

You need to make decisions quickly at auction. You need to inspect trade-ins and decide on an offer that will benefit you without slowing down the sales process. You need to appraise and price vehicles with the most up-to-date information possible in a market that can change quickly.

But when you're acquiring, appraising, and pricing used vehicles, it feels like you're always behind. The main issue? The data you're getting to make these decisions is often outdated, time-consuming to sift through, and tough to analyze. Sometimes the tools you have available aren't even giving you enough data to make decisions in the first place.

Whether you're searching for inventory or trying to find market insight, you're forced to spend considerable time combing through different sources of information, refining search parameters, sorting often unreliable data, and struggling to format reports just to get the information you need.

These problems affect the entire used vehicle process from acquisition to appraisal to merchandising and can manifest in many ways. Let's take a deep dive into how this data (or lack thereof) could be dragging down your used vehicle department.

Acquisition

It's no secret, quality used vehicles have been tough to come by over the last few years. Sourcing from auctions alone just won't cut it anymore and neither will browsing the same few third-party websites over and over. You need to cast a wider net and make the most out of all your acquisition opportunities—auctions, third-party sites, and private seller listings.
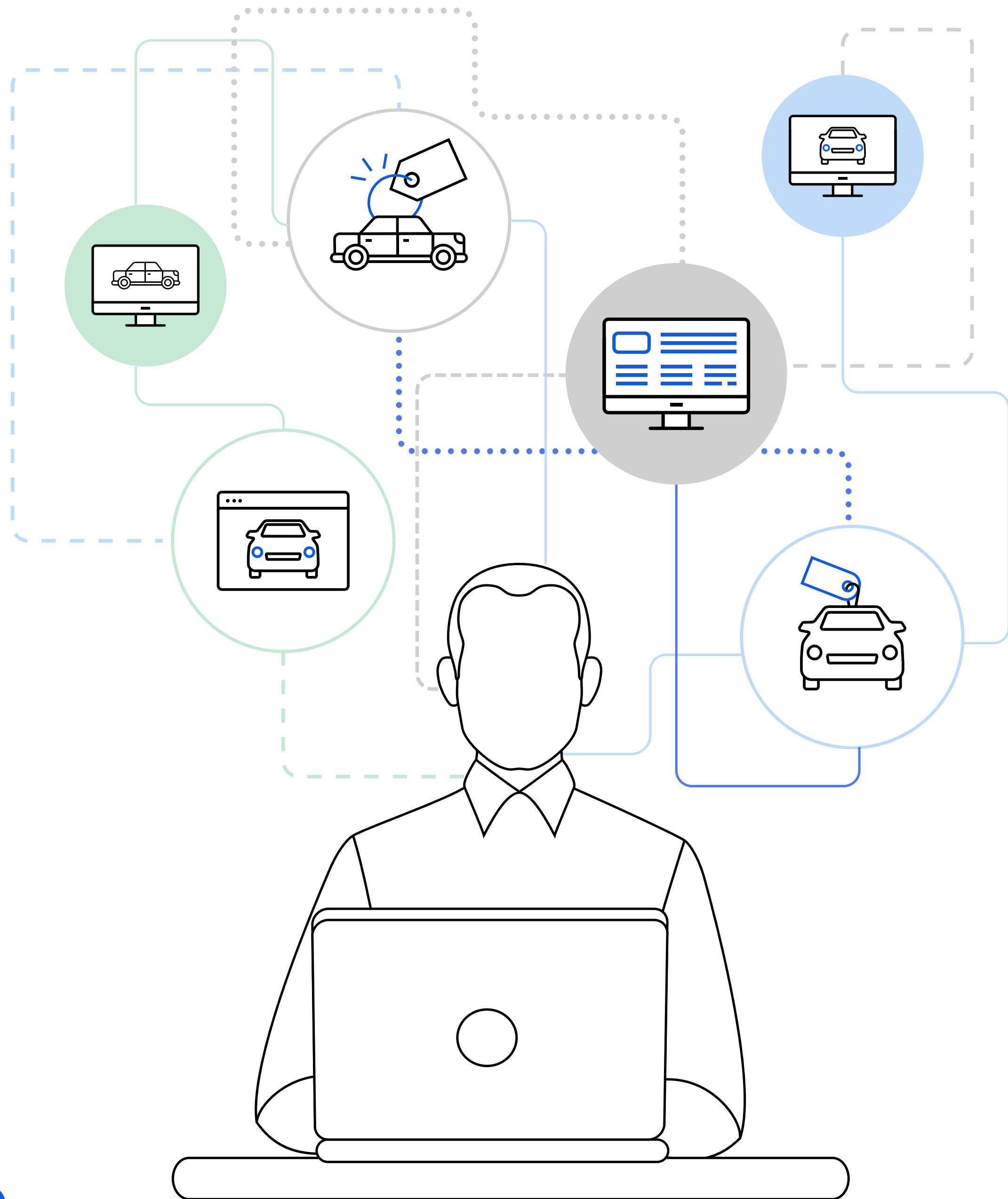
Unfortunately, you're only getting vehicles from auctions and a few third-party websites pulled into your tools, limiting your options. This leaves you with the time-consuming task of searching individual sources for the vehicles you need. On top of that, you have to move back and forth between these sites and your appraisal tool to make a decision on each vehicle, adding more time to the process.

This means fewer vehicles reviewed—and ultimately acquired each day—making it difficult for you to get the cars you need and compete in your market.

Appraisal

When it comes to appraisals, one of the main challenges you face is the unknown — finding unexpected problems with a vehicle after you've already acquired it or accepted it as a trade-in.

During the evaluation process, you do a thorough inspection, but who knows if the check engine light was just reset at the parts store on the way to your dealership? And when you're pricing out repairs, how close are they to the actual amount you'll need to approve after the vehicle goes to recon?

Lack of visibility into the vehicle's potential issues and no transparency with recon before buying the car can lead to unexpected expenses that you didn't account for in your appraisal and eat into your profit.

The vehicle inspection isn't the only piece of the appraisal process that can cause frustration. Comparable sets often pull in vehicles from marketplace sites that have already been sold. The used vehicle market can fluctuate dramatically, so these comps can be substantially inaccurate causing you to pay too much for a used vehicle or not offer enough and miss out.

Additionally, finding good comps can often feel like trial and error. How much time do you spend sifting through comps because there are outliers that don't match the vehicle you're trying to appraise? Are you continuously tweaking search parameters like radius to find more comparable vehicles when your initial search doesn't yield enough accurate results?

Not only does this time add up, but once the appraisal process is complete, you have to spend even more time making sure everyone is up-to-speed on the status of the vehicle so you can kick start the reconditioning process. This often means rekeying vehicle details into your DMS and reconditioning tool, or relaying reconditioning information to your service department in person.

It can feel like you are constantly being slowed down because you have to spend time fine tuning and rekeying data. And then your profit slips because you didn't have access to up-to-date information to accurately appraise used vehicles.
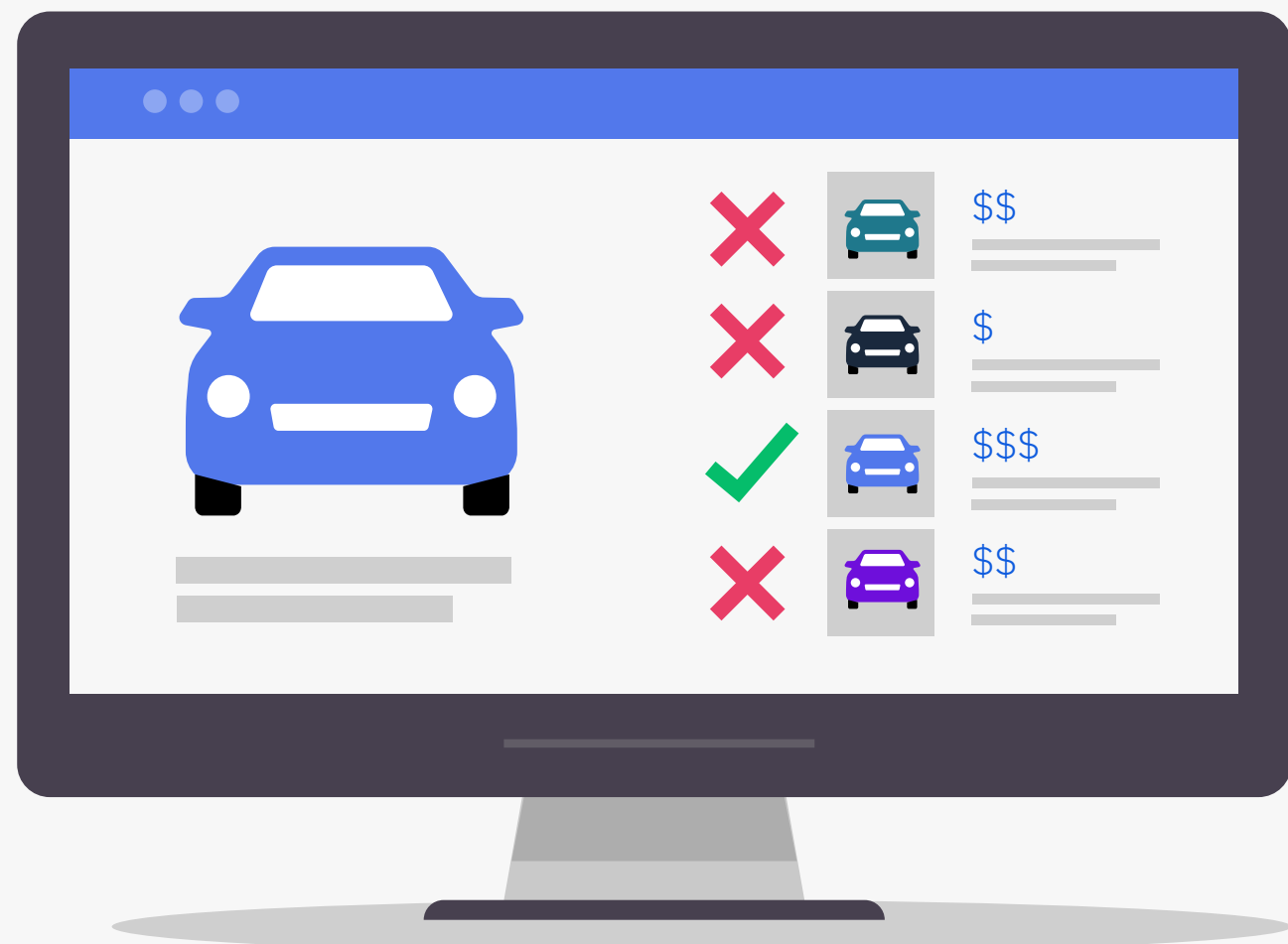
Merchandising

Like the appraisal process, pricing vehicles requires you to rely on market data to make decisions. Outdated comps pulled from marketplace sites not only negatively affect appraisals, they also affect pricing. Determining pricing from vehicles that have already been sold can cause you to undervalue vehicles and miss out on profit or overvalue them, leaving them sitting on your lot eating up holding cost. At around $40 per vehicle per day, this can add up quickly.

The other challenge when it comes to market data is that it can be difficult to analyze or customize to your dealership. Your store has different goals and a different strategy for your used vehicle department than pretty much everyone else around you. You may prioritize getting the most profit out of each vehicle, while others may care more about moving vehicles quickly. However, if the data you're getting is designed to move inventory quickly, you may not reach your profit goals. Alternatively, you'll have to adjust pricing data manually each time to meet your needs. Suppose your goals change? Is your pricing solution flexible enough to allow you to pivot? All too often, the answer is no.

Data That Moves as Fast as the Used Car Market

In the used vehicle space where you need to make decisions quickly and the market can turn on a dime, you can't afford to sacrifice speed or accuracy.

You need:

> One central hub where you can search for available inventory.

> Insight into each vehicle's mechanical condition.

> Precise reconditioning costs that factor into appraisals.

> Up-to-date competitive sets pulled directly from dealer websites.

> Flexible data that you can easily adjust depending on your dealerships' goals.

When you're using data that moves as fast as the used car market to inform your decisions, you can acquire quality vehicles, appraise and price them accurately, and meet your department's short and long-term goals—and you can do it all *faster*. And speed in the used car market equals more money for each vehicle sold.

It's time for a change.

Learn more about improving your used vehicle data at
reyrey.com/data-driven-decisions

Reynolds &Reynolds™