

Inventory+ Group Trade

Case Study

Becoming a used-car factory with Inventory+.

Heading into 2018, the management team for a large dealer group along the Eastern seaboard wanted to reduce its reliance on the wholesale channel when it came to aging units. Behind a key feature equipped on DealerSocket's Inventory+ tool, the 20-store group transformed its pre-owned operations into a "Used-Car Factory" that has:

- Generated more than \$3 million in additional earned revenue through August 2019
- Averaged more than \$2,000 in front-end gross on units not sent to auction
- Reduced the percentage of vehicles sent to auction to nearly 3%
- Allowed individual locations to better adhere to a 60-day turn policy

The driver of the group's factory model is Inventory+'s Group Trade. The feature allowed the group to harness the unique selling power and each location's market characteristics to move aging units at a profit. There were other benefits as well, such as reconditioning transparency. Buy lists are automatically updated as vehicles are posted, and there is no cost when trading within the group.

Group Trade Benefits

- ✓ "Best Seller" or "Profit Maker" alerts
- ✓ Reduced auction fees
- ✓ Lower transport expenses
- ✓ Decreased reconditioning costs
- ✓ Shorter time to market



Group Trade's most significant impact is increased front-end gross, as units get a second chance to retail at a higher profit at another location. Utilizing proprietary algorithms and transactional data, Group Trade also helps groups understand how to maximize the value of their entire inventory across all stores by:

- Finding hidden gems and turning more profit makers
- Moving vehicles to lots where they will yield the highest profit
- Minimizing wholesaling of vehicles

To maximize the value of Inventory+, DealerSocket worked closely with the group's leadership team to develop the following to drive the operation's new factory model approach:

- Buying at scale to increase buying power
- Building an internal framework with agreements and internal arbitration to ensure quick resolution of issues
- Providing increased transparency to the stores throughout the vehicle lifecycle

Inventory+ and the factory model fostered a new, data-driven approach to the group's pre-owned operations. Transparency became critical, both in terms of vehicle conditions, reporting, and the needs of each location. Most of all, the factory approach improved communication and unified the organization. This led the group to enact various timing plateaus to minimize disruptions, excessive trades, and to lower the "price" of trades over time.

Overcoming Challenges

- ! Lack of communication between stores
- ! Minimal transparency regarding vehicle availability
- ! Adversarial relationships
- ! "Gut-feel" decision-making process