

# DIGITAL DEALER 27

## CONFERENCE & EXPO

**Gambling on “Gut-Instincts” is Gutting your Gross!**

Dive Into Data-Driven Decision-Making for 2020 and Beyond



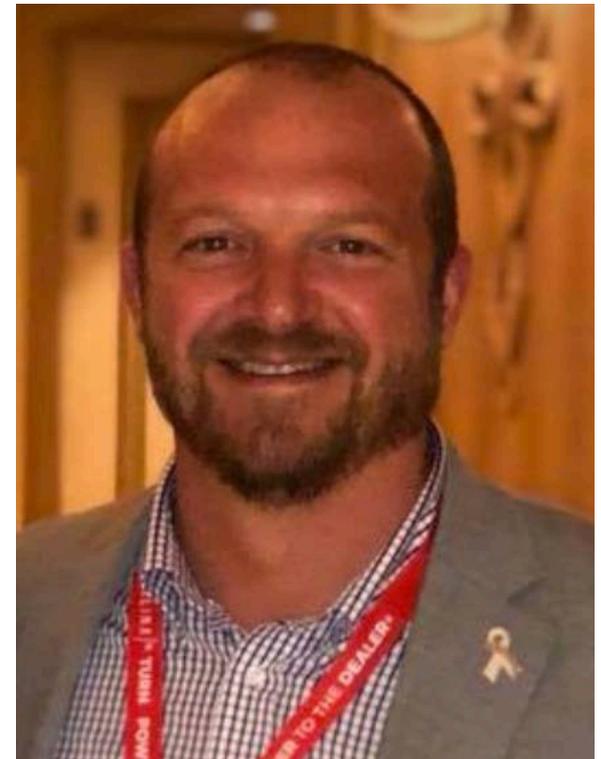
# The Players



Jonathan Banks  
VP Vehicle Valuations and  
Analytics  
J.D. POWER



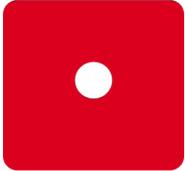
Chad Bockius  
President and CMO  
CarStory



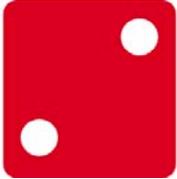
Ryan Leslie  
VP of Sales  
CarStory



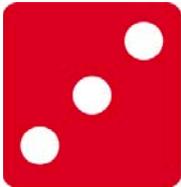
# The House Rules



John and Chad will introduce each topic with relevant data followed by discussion.



This isn't designed to be a presentation; this is a discussion.



We want your questions! Raise your hand and I'll come to you.

DEALER

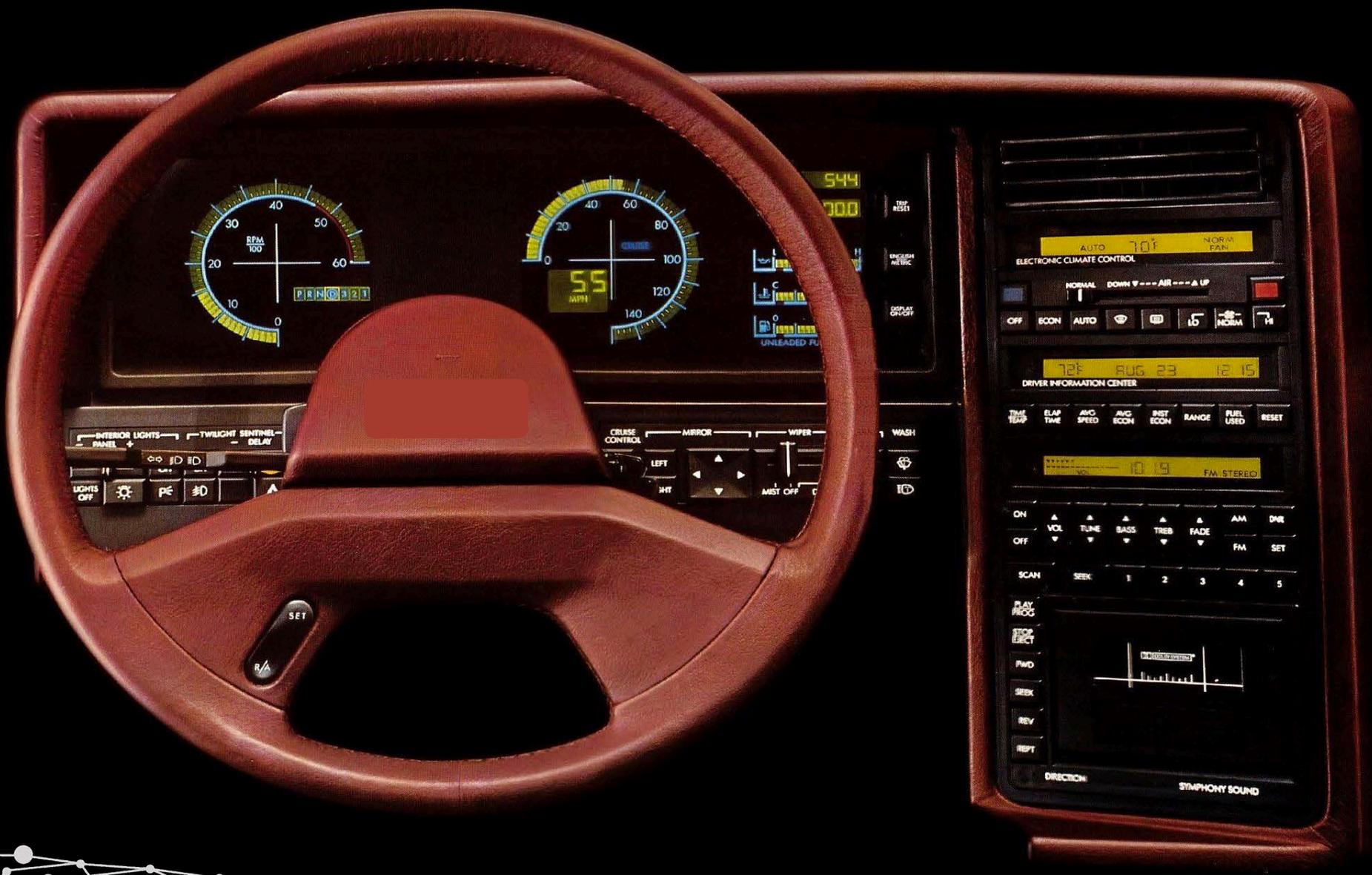
RESERVED

KILL

LITTLE  
BLIND

BIG  
BLIND

MISSED  
BLIND



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# 1987 Cadillac Allante





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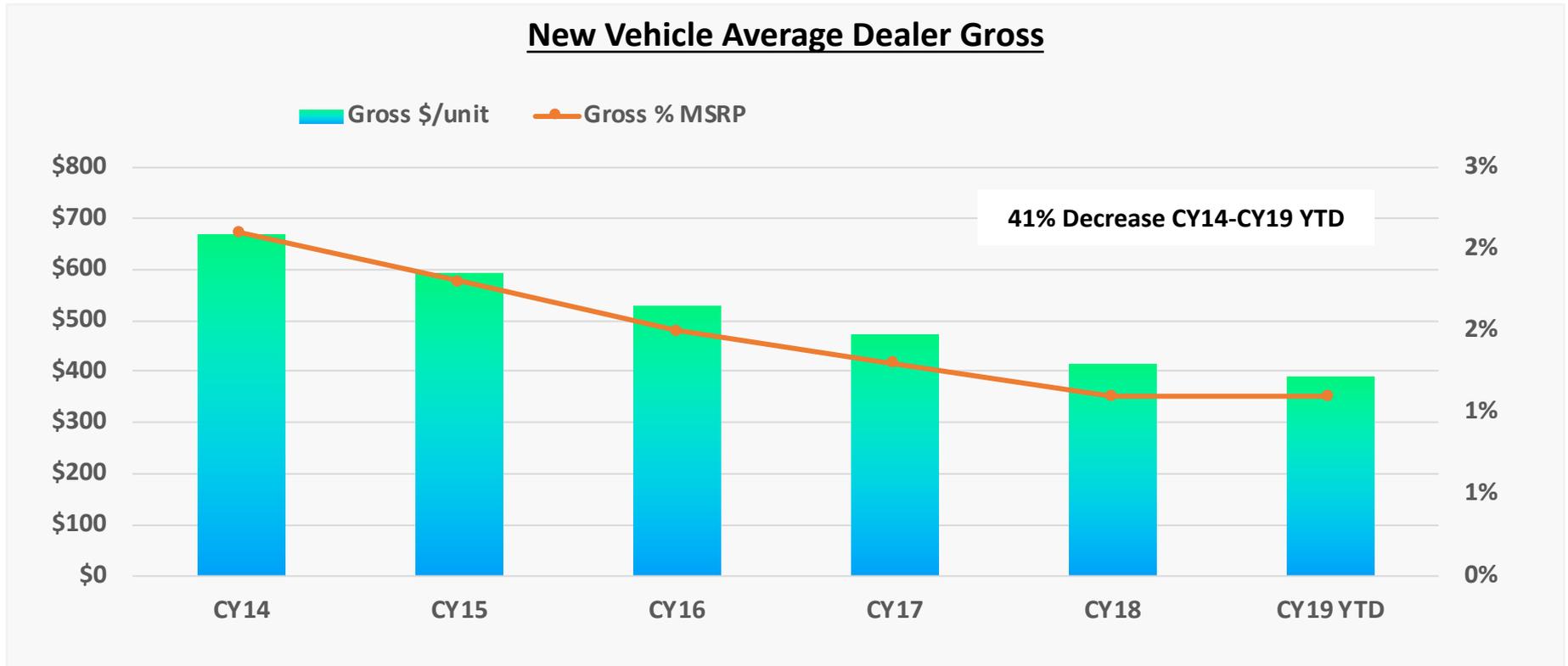


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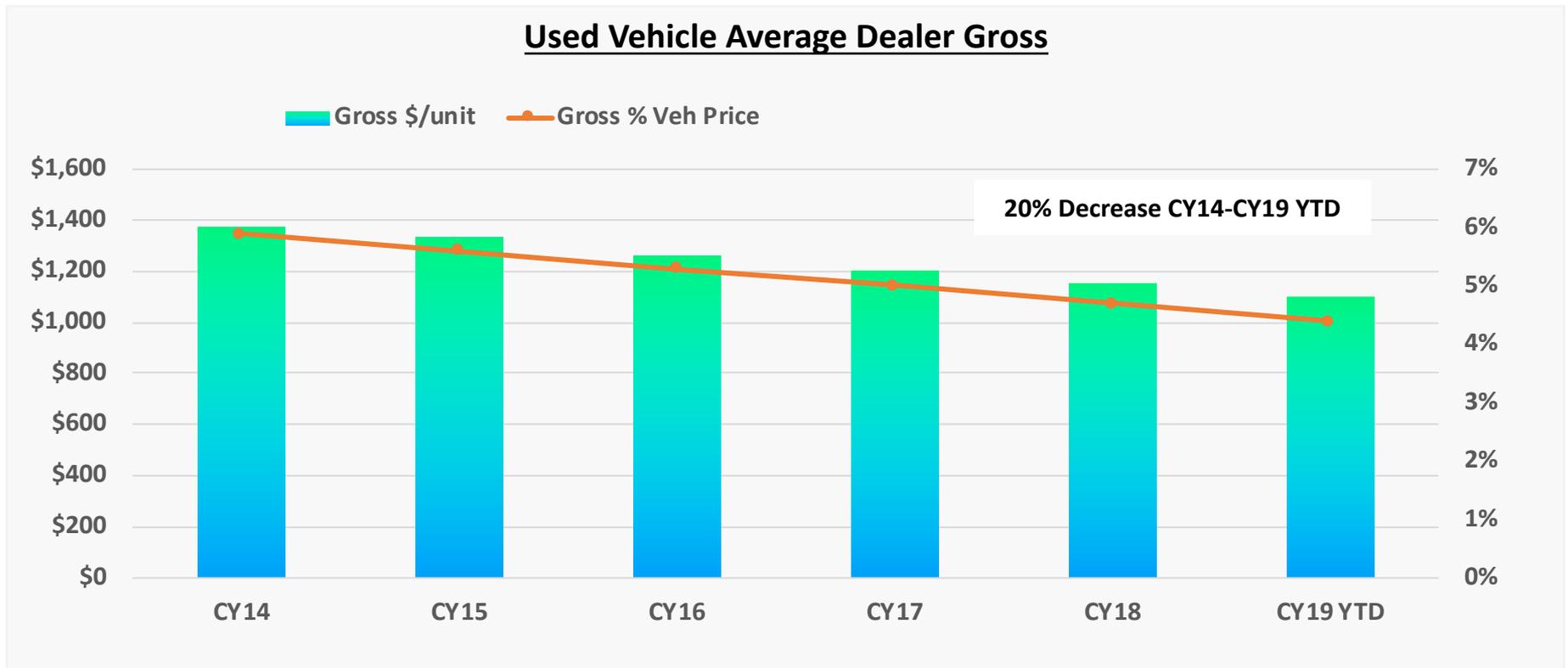


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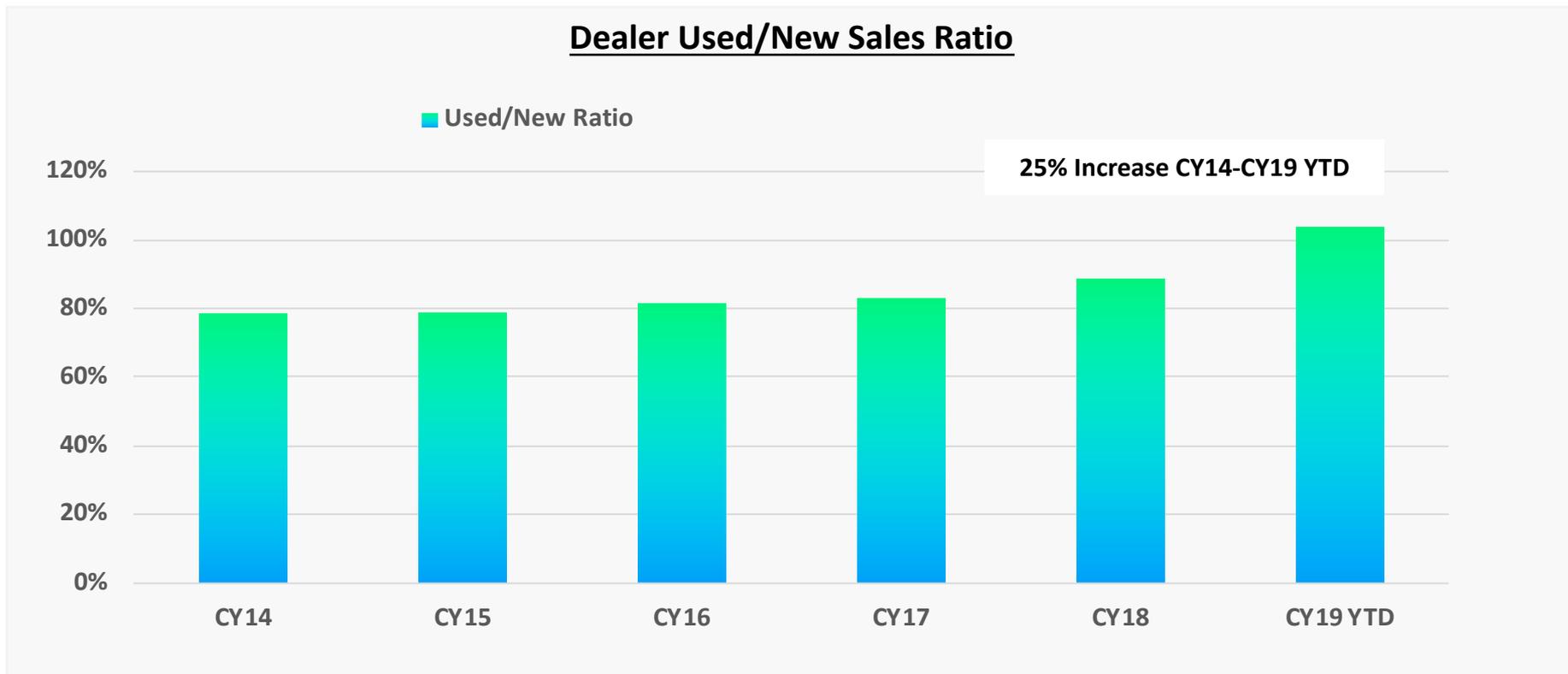
# New vehicle dealer gross has declined significantly



# Used vehicle dealer gross has declined slower and remains higher than new

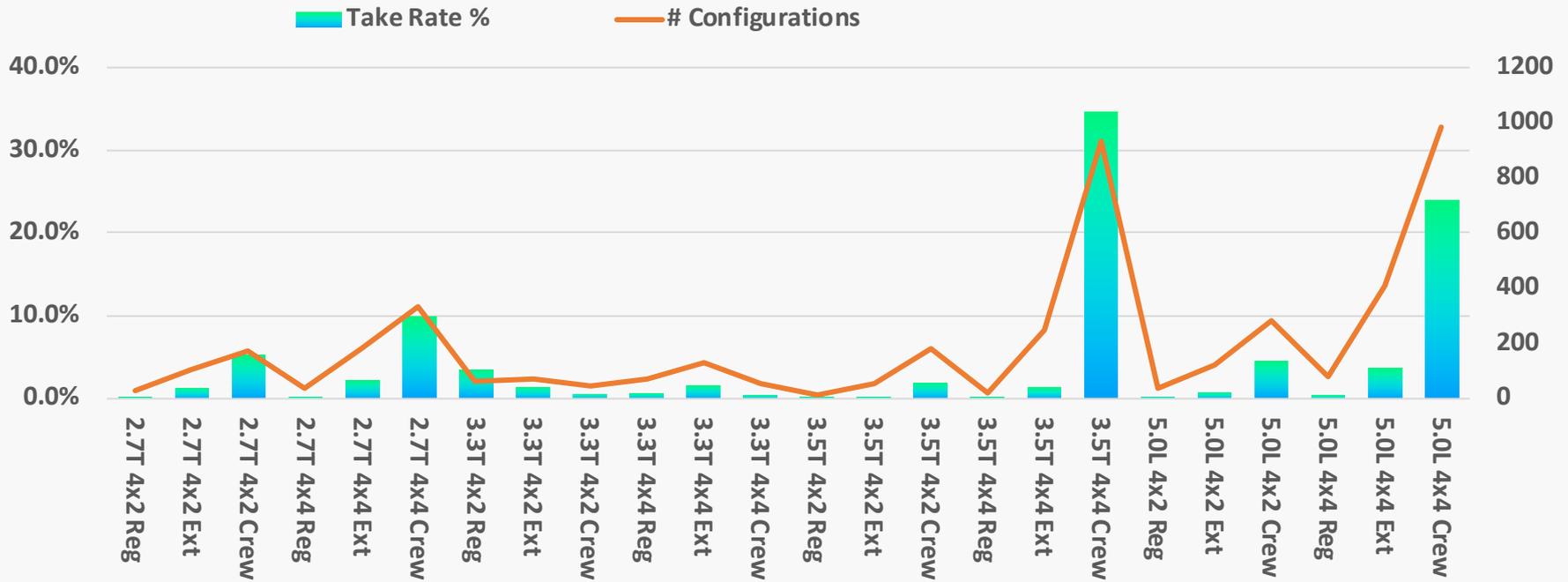


# Dealers continue to shift mix from new to used



# High build complexity is a key challenge for dealers and customers

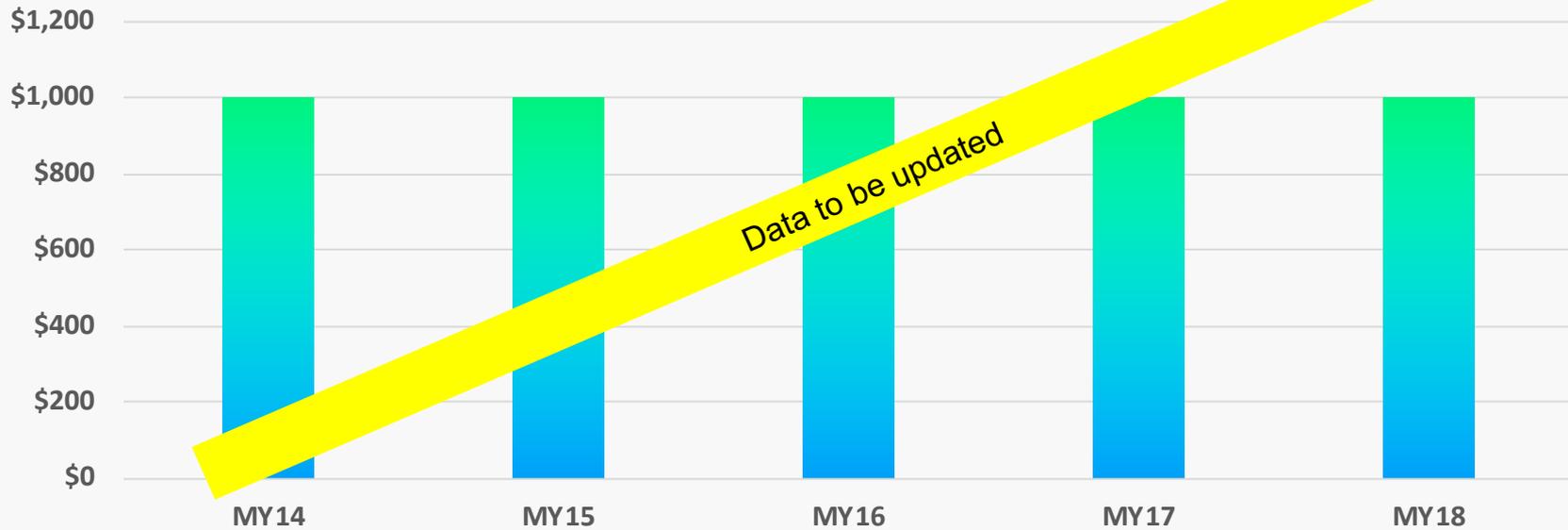
**MY18 F150 High-Level Take Rates and Number of Configurations**



# OEMs are building more content into vehicles to ensure competitiveness

Midsize Car – Avg Feature Content Value <sup>(1)</sup>

■ Feature Value \$



value

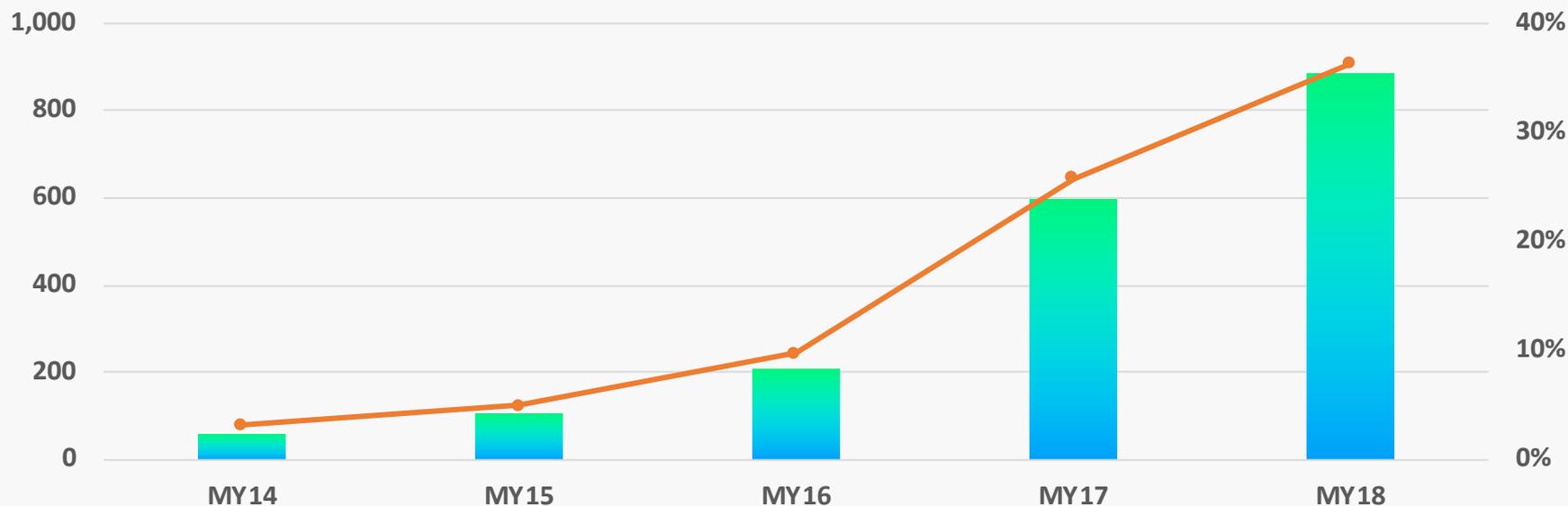
New Vehicle Sales: Case Studies

Used Vehicle Sales: Case Studies

# Blind spot adoption is quickly increasing in the compact SUV segment

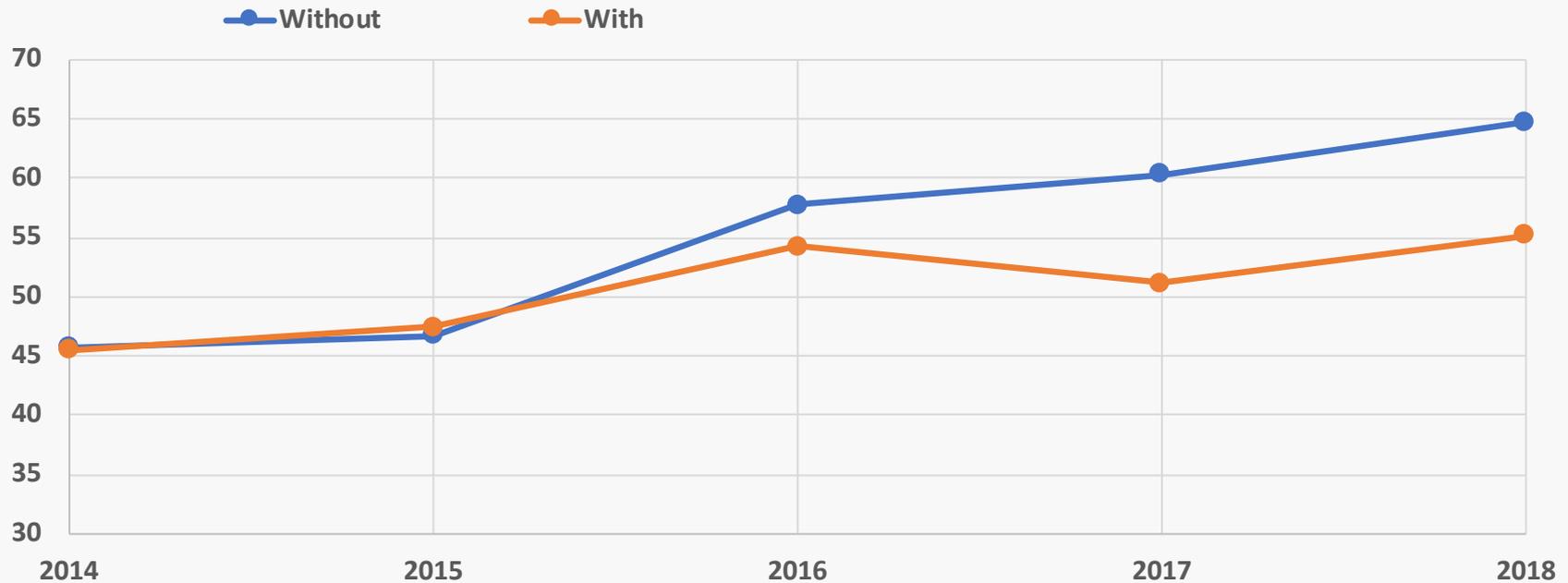
Compact SUV Segment – Blind Spot Adoption

Vol (k)      Share%



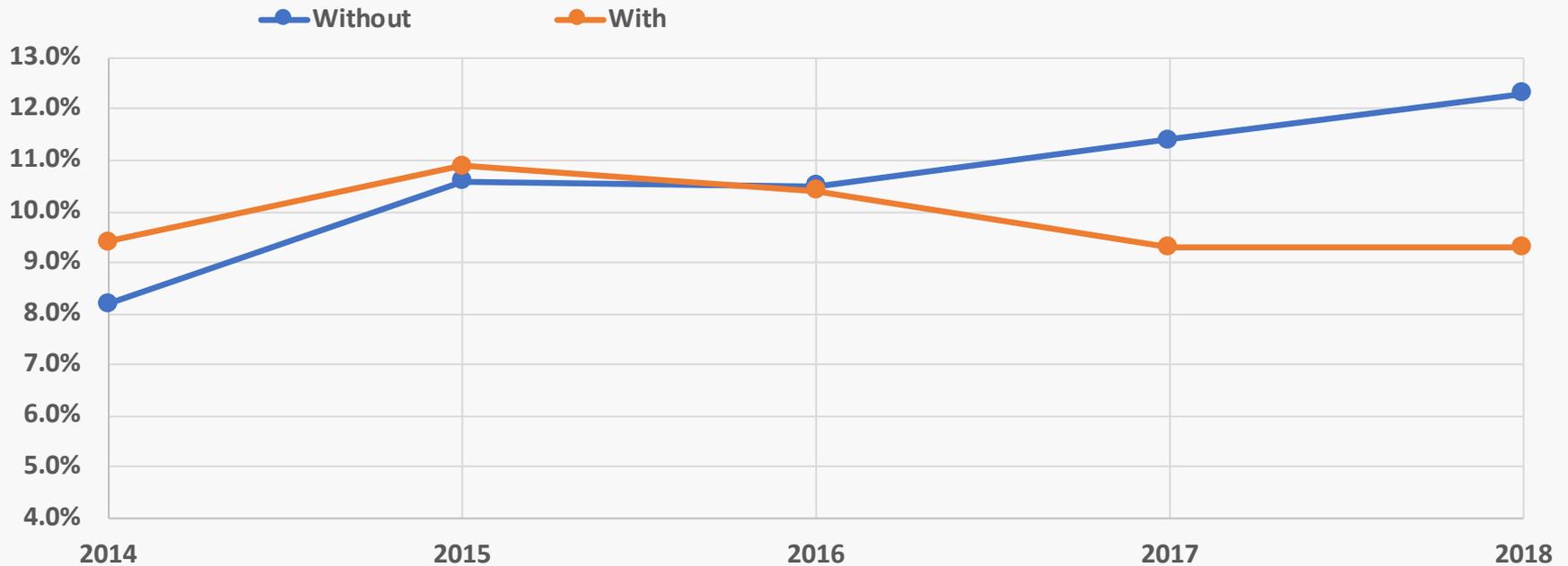
# Compact SUVs equipped with blind spot sell quicker on average

Compact SUV – Days-to-Turn with/without Blind Spot by MY



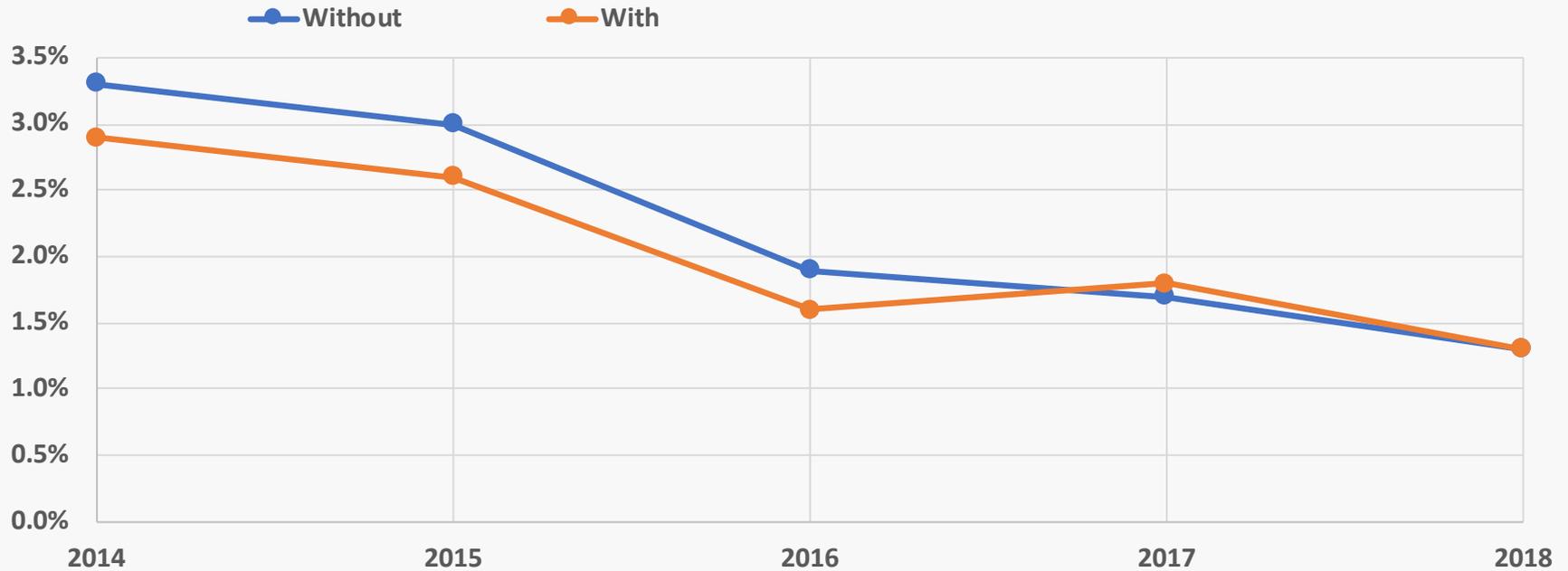
# Incentive spend is lower on Compact SUVs with blind spot

Compact SUV – Incentive / MSRP% with/without Blind Spot by MY

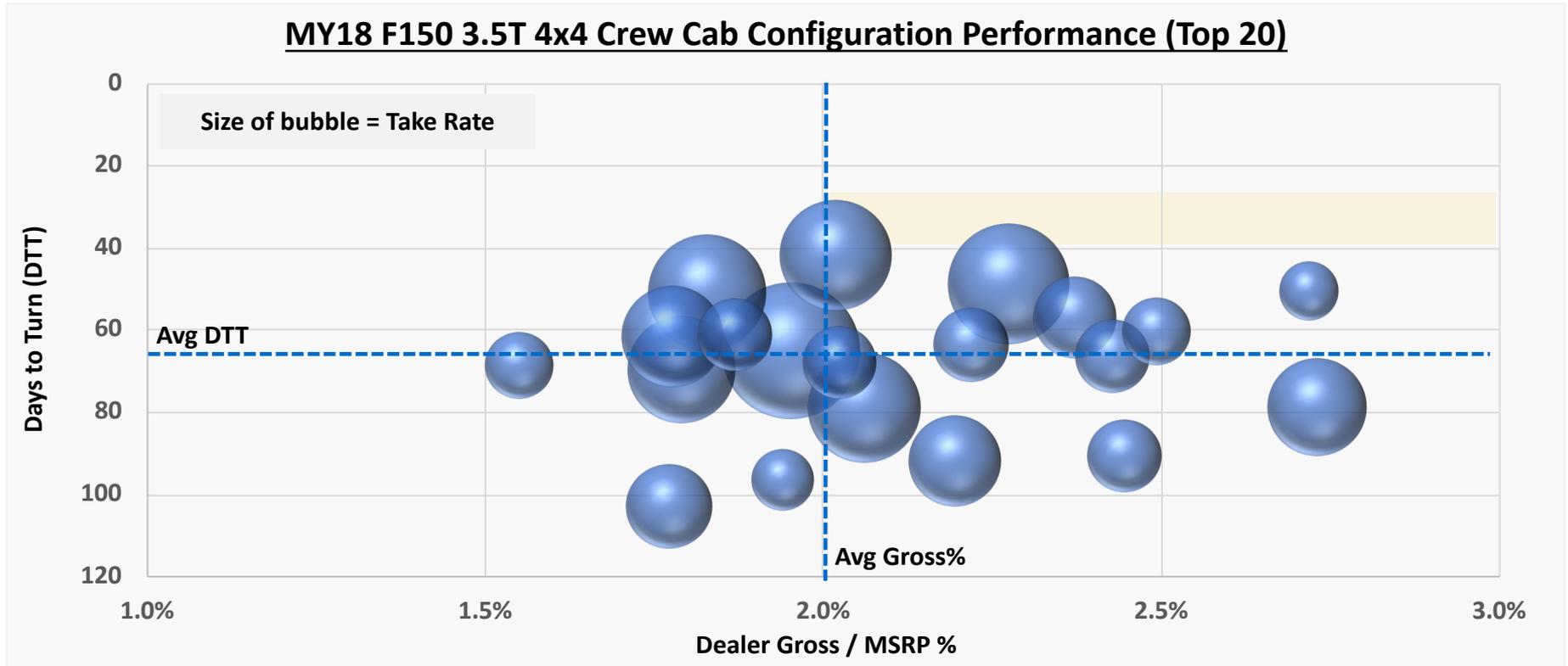


# Dealers that were early adopters of blind spot benefitted from higher margins

Compact SUV – Veh Gross / MSRP% with/without Blind Spot by MY



# Large improvements in gross and DTT possible with configuration optimization



New Vehicle Sales: Case Studies

Used Vehicle Sales: Case Studies

# Discussion



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# VIN Data and Averages

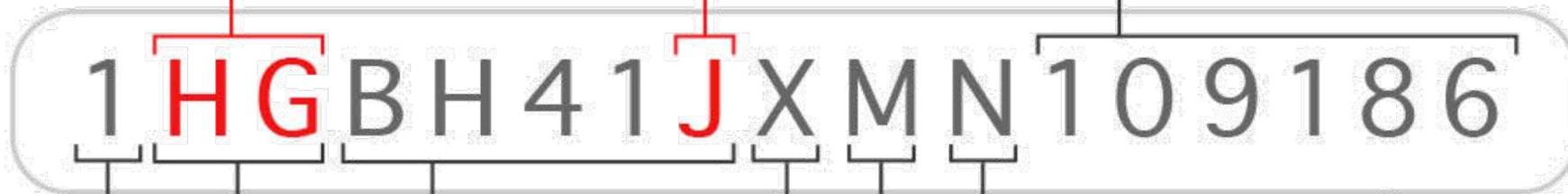




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Flexible fuel vehicles can be identified by the 2nd, 3rd and 8th digits of the VIN

Last 6 characters:  
Serial number of the vehicle



2nd and 3rd characters:  
The Manufacturer

1st character:  
Where the vehicle  
was built

4th and 8th characters:  
Portrait of the vehicle-  
brand, engine size and type

9th character:  
Security code  
that identifies the  
VIN as being  
authorized by the  
manufacturer

10th character:  
Model year  
of the car

11th character:  
Indicates which  
plant assembled  
the vehicle



# Typical VIN Data

Garbage In



Garbage Out

## Input Errors

“Fat Finger”  
Missing Information  
“Power Booking”  
Inconsistency

## Output Errors

Price, Mileage, New/Used/Damaged  
Trim, Transmission, Bed Length  
Feature/Options, Book Value  
Sale Date(s), Location and Seller



Poor Decisions

Inaccurate Analytics

Bad User Experience

# VINspect™ Audit

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**4,697**

Vehicles Analyzed

**35%**

Error Rate

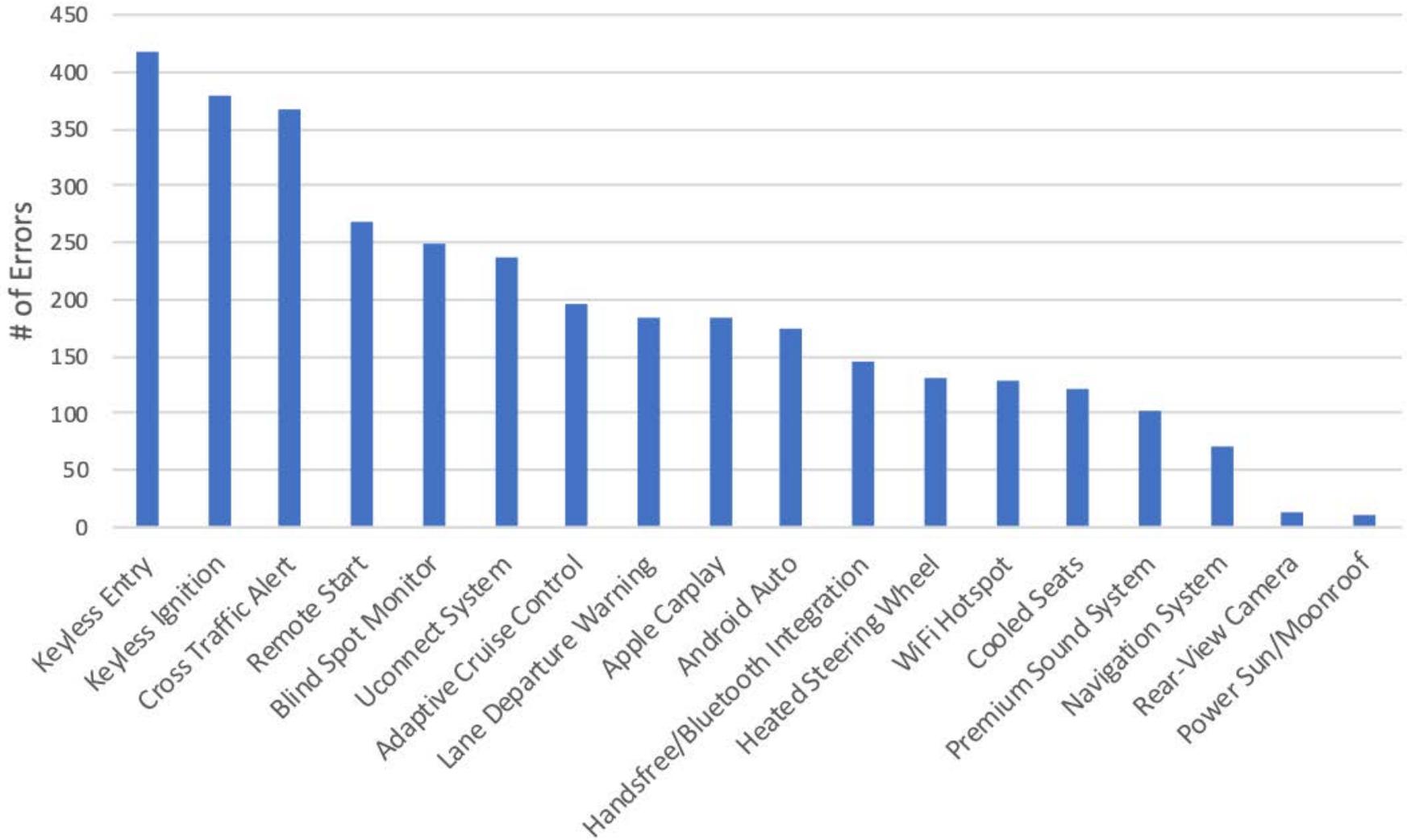
**5,609**

Total Errors

**3.4**

Errors/Vehicle

## Sample Feature Error Counts



# Case Study: Trim Error Analysis

**33.1 million listings analyzed**

**2004-2018 model years**

**No trim information is available in VIN decode**

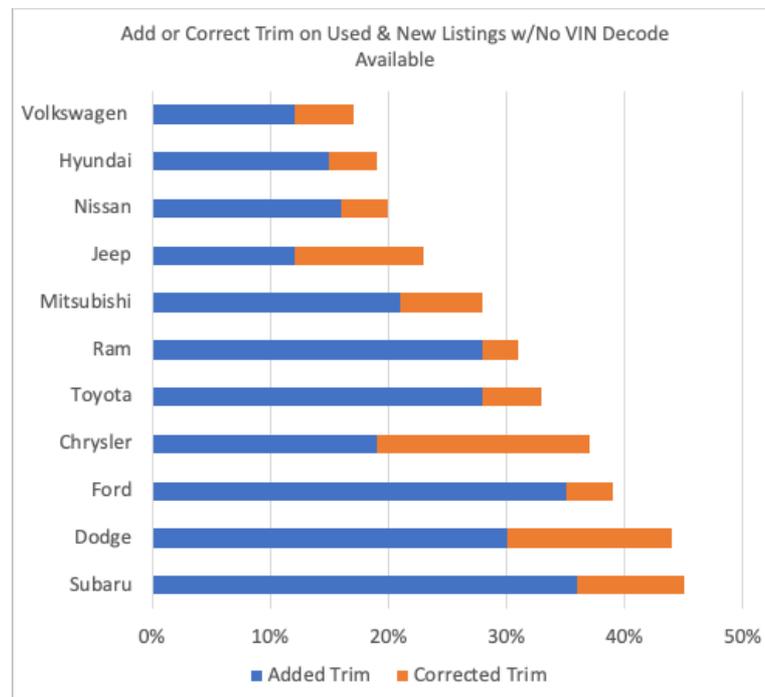
**Matched against VINs with window stickers**

**24 %**

Trim was **MISSING** and added  
7.9 million vehicles

**6 %**

Trim was **INCORRECT** and corrected  
1.9 million vehicles



# TRD or not TRD, that is the question...

2017 Tacoma

SR5

Private Party Range  
**\$27,297 - \$29,542**  
Private Party Value  
**\$28,420**



Important info & definitions

Track this car's values

Condition: Very Good

Valid for ZIP Code 63038 through 03/18/2019



2017 Tacoma

TRD Pro

Private Party Range  
**\$36,491 - \$39,490**  
Private Party Value  
**\$37,991**



Important info & definitions

Track this car's values

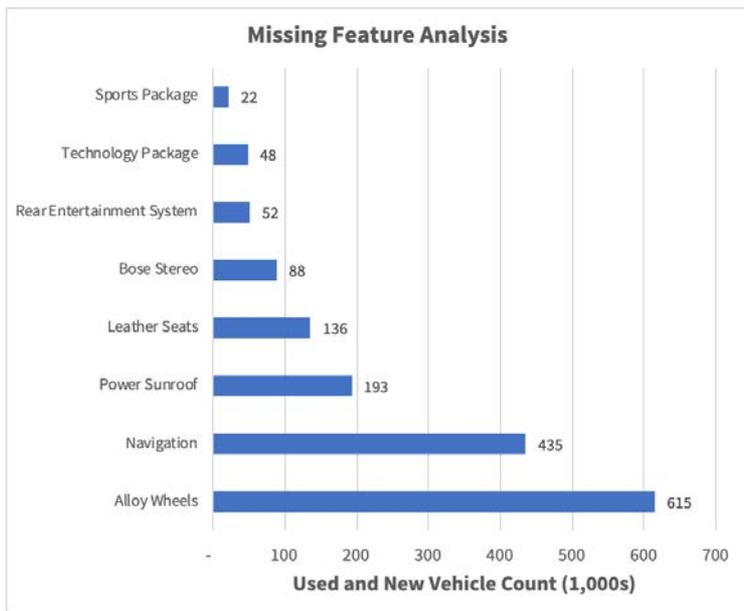
Condition: Very Good

Valid for ZIP Code 63038 through 03/18/2019

**\$10k DELTA**

# Case Study: Feature Error Analysis

Vehicle descriptions are inaccurate and incomplete



3.8M current listings analyzed (2.6M new, 1.2M used)

## Business Impact

**Consumers - Poor shopping experience**

**Lenders - Lost loan opportunities**

**Dealers - Fewer leads, lost sales, lost profits**

**Data Science - Inaccurate analytics and decisions**

# AI Solution: Layered VIN Specific Data

Artificial Intelligence holds the key to automotive data quality

**200M**

VINs

**2.0B**

Photos

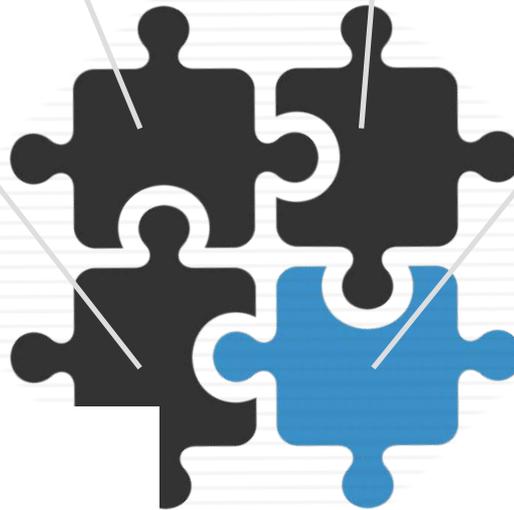
**100M**

Window Stickers

**2.6B**

Listing Edits

AI-Powered Algorithmic Process Utilizing Big Data, Computer Vision, and Probability Matrixes outperforms



# Can You Afford Bad Data?

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86%

of consumers are **unlikely to buy** after an experience with inaccurate product information

# Learning from Multi-Channel Leaders

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*“Focus on the good things that happen when you have good data*

- *It saves money*
- *It saves time*
- *It save your reputation”*

Andy Nash, Lead Product Owner, Target

# The Ripple Effect of Poor Data Quality

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- Appraisal estimates and market analytics are incorrect
- Ongoing pricing decisions are flawed
- Loss of traffic from customers seeking out specific vehicles
- Vehicles take longer to sell driving increased costs & lost gross
- Syndication of the data to third party sources is incomplete, impacting customer engagement, lead generation and close rates
- Negative customer satisfaction and a loss of trust
- Book values are incorrect for loan origination possibly leading to lost sales opportunities

# Problem 3: Beware of Averages



# Not your “average” case study - MDS

May 22<sup>nd</sup> 2018

2017 Nissan Altima S

Market Day Supply – 36

(MDS= Current comps / average daily retail sales rate of comps over the last 45 days)

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## The Study

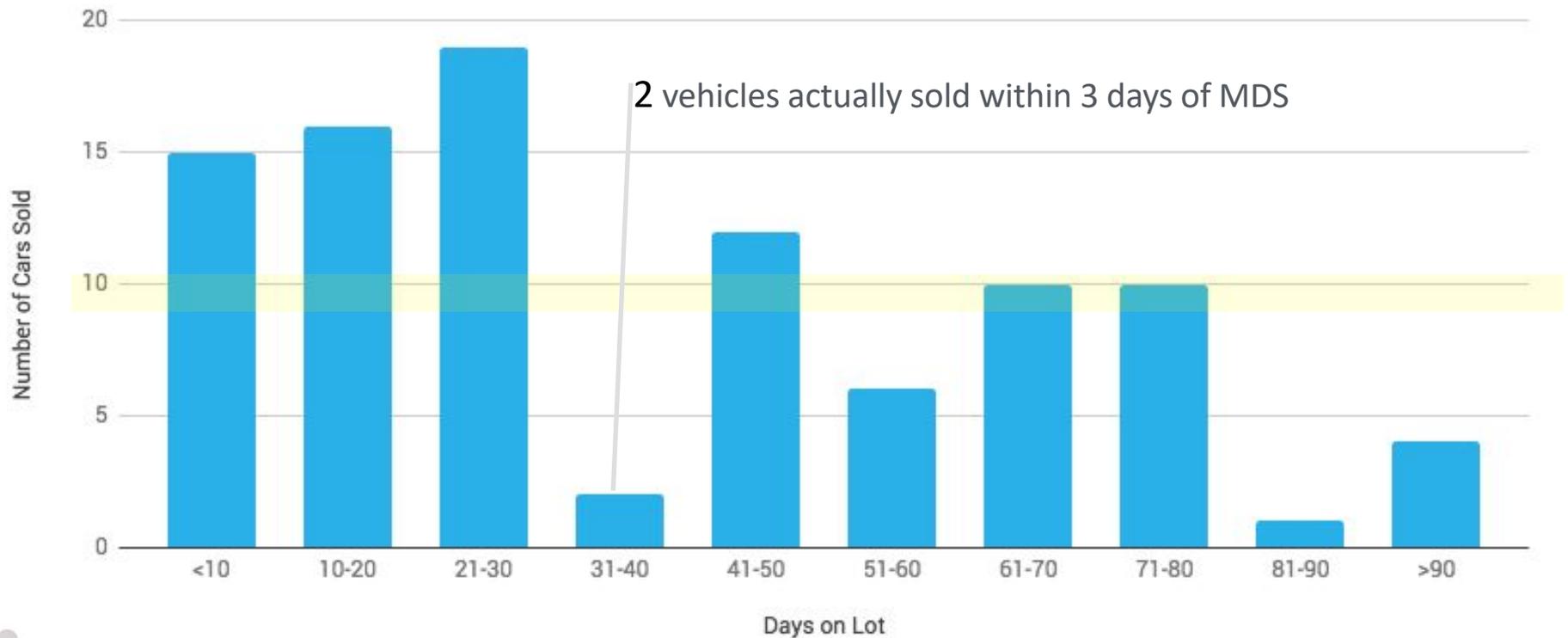
Monitored 96 2017 Altima S through to sale

Average days on lot was 39

MDS was off by 3 days



# Not your “average” case study - MDS



# Not your “average” case study - MDS

## The Study

Monitored 231 2017 Nissan Sentra S  
Market Day Supply – 35

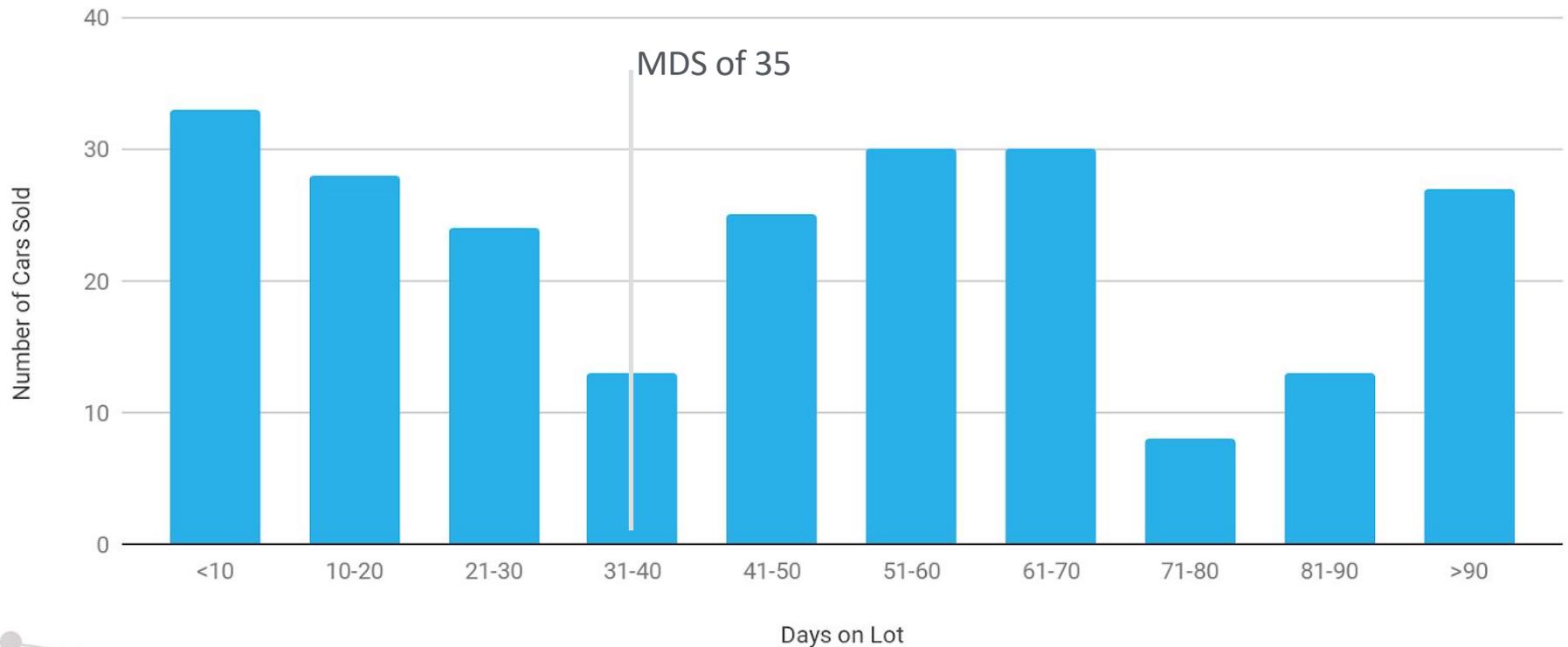
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## The Results

90 units sold faster than MDS  
138 sold slower than MDS  
3 of the 231 sold on MDS



# Not your “average” case study - MDS



# Discussion



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# Tools



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# Discussion



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# Review



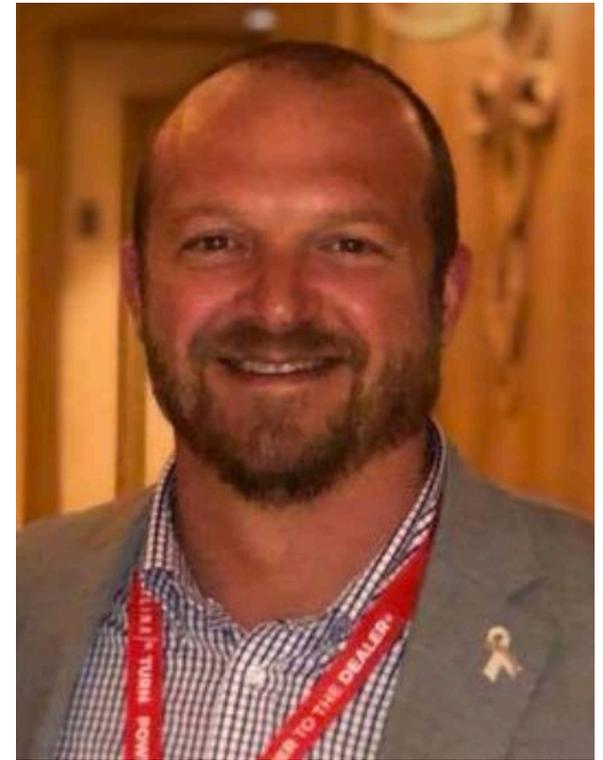
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