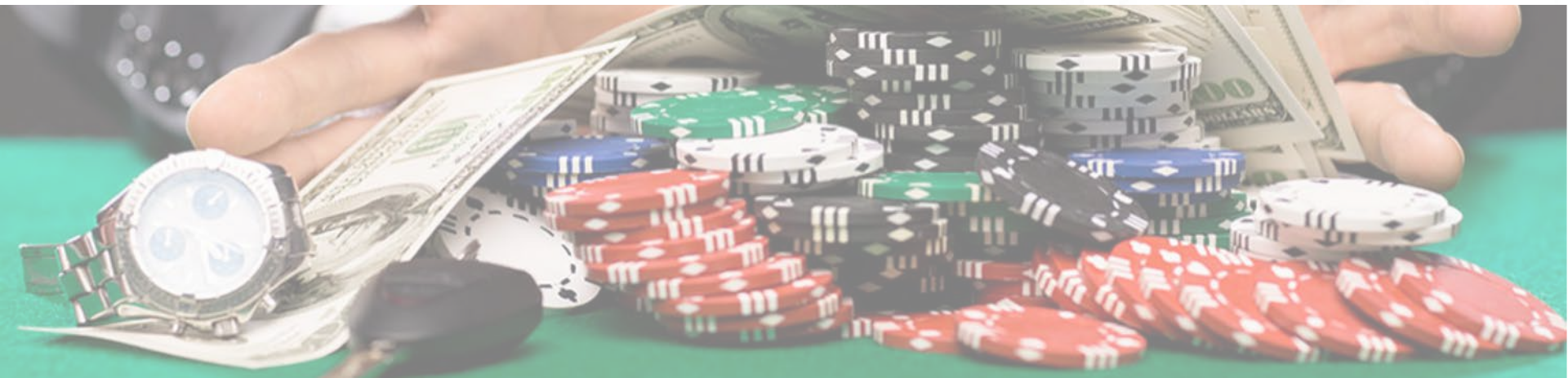


DIGITAL DEALER 27

CONFERENCE & EXPO

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

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



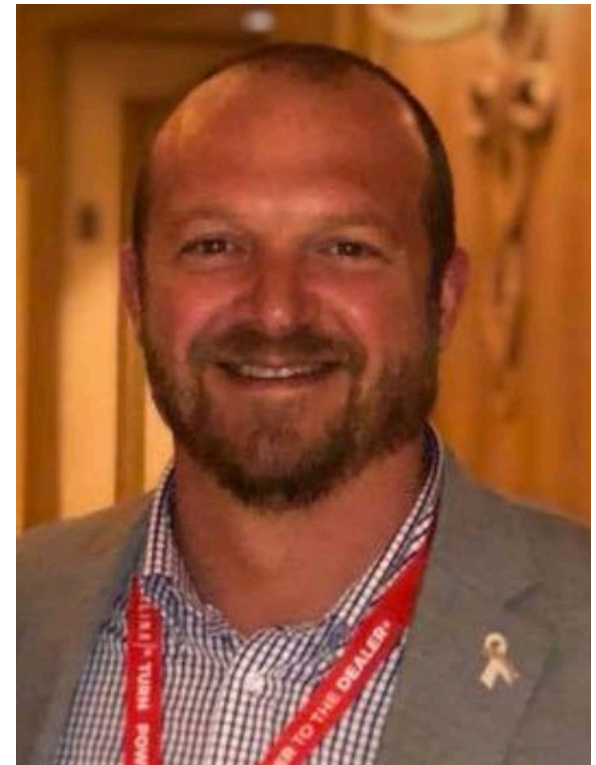
The Players



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



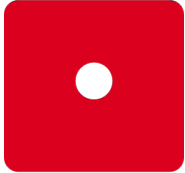
Chad Bockius
President and CMO
CarStory



Ryan Leslie
VP of Sales
CarStory



The House Rules



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

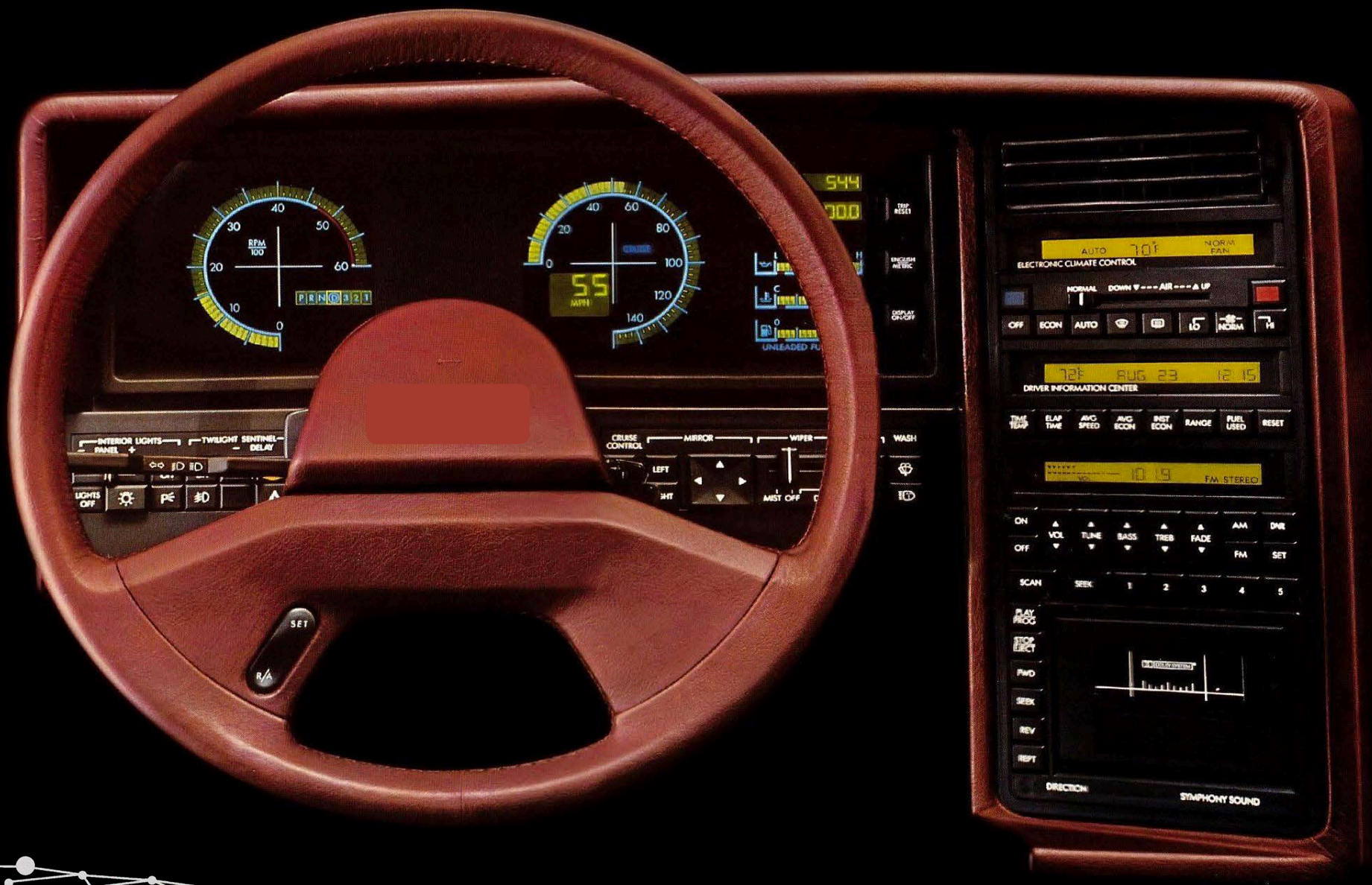


This isn't designed to be a presentation; this is a discussion.



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



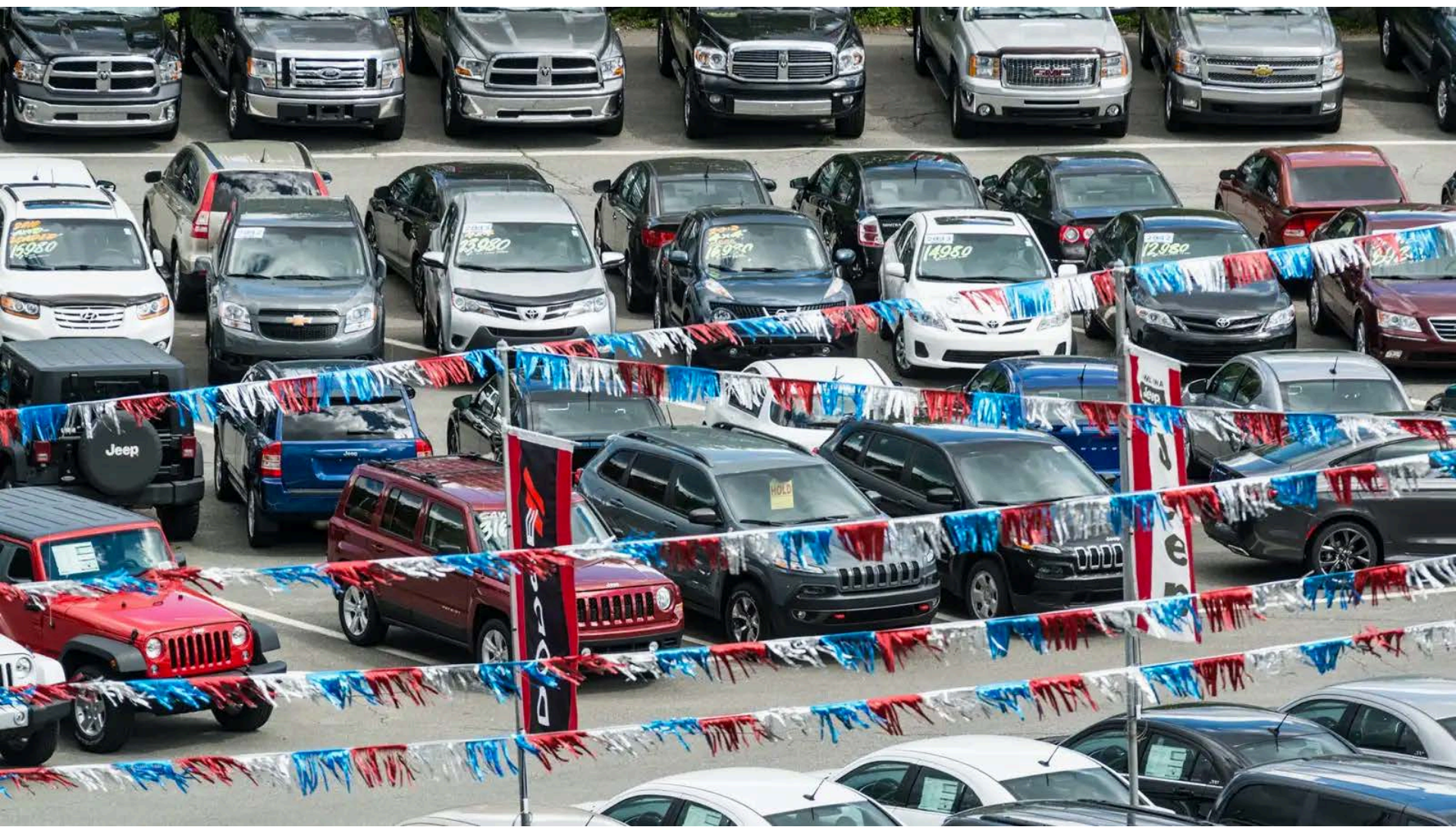


**DIGITAL
DEALER** 27
CONFERENCE & EXPO

1987 Cadillac Allante



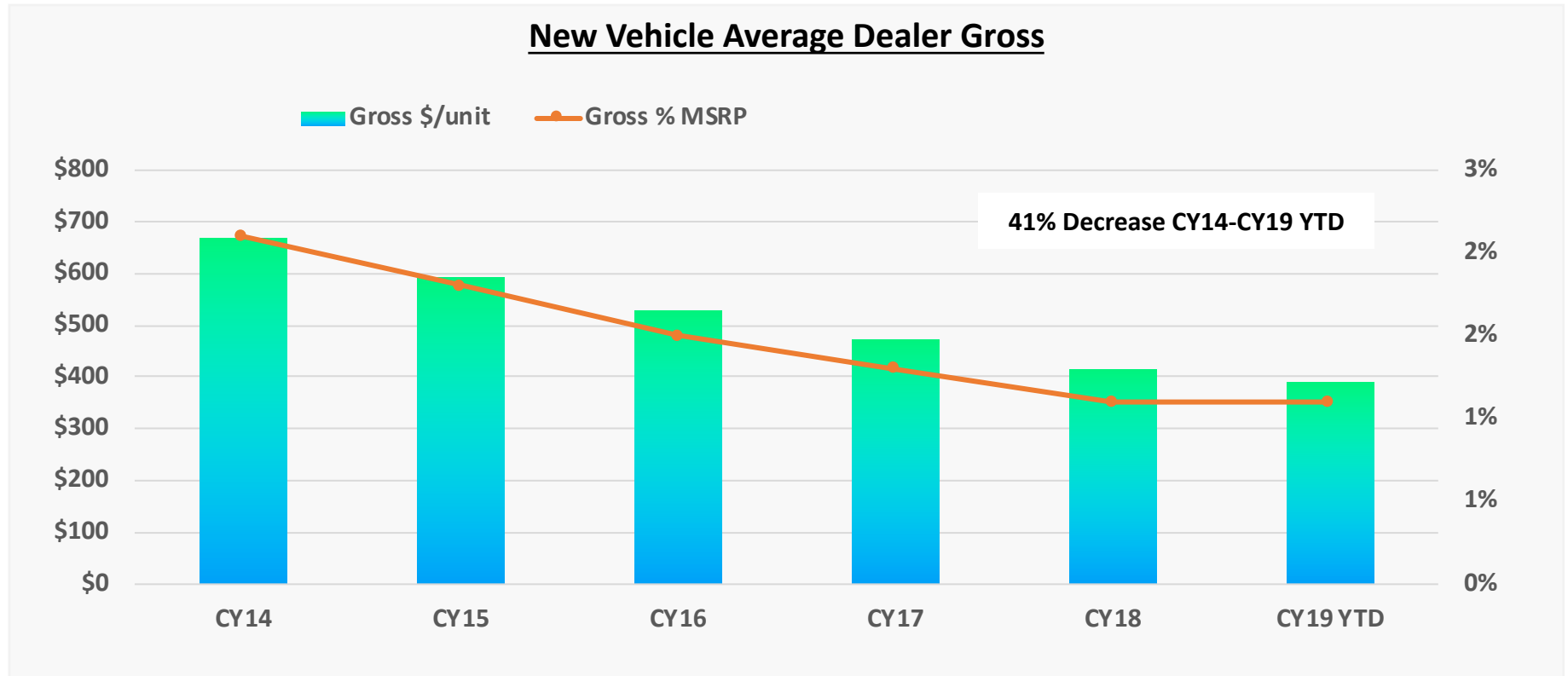




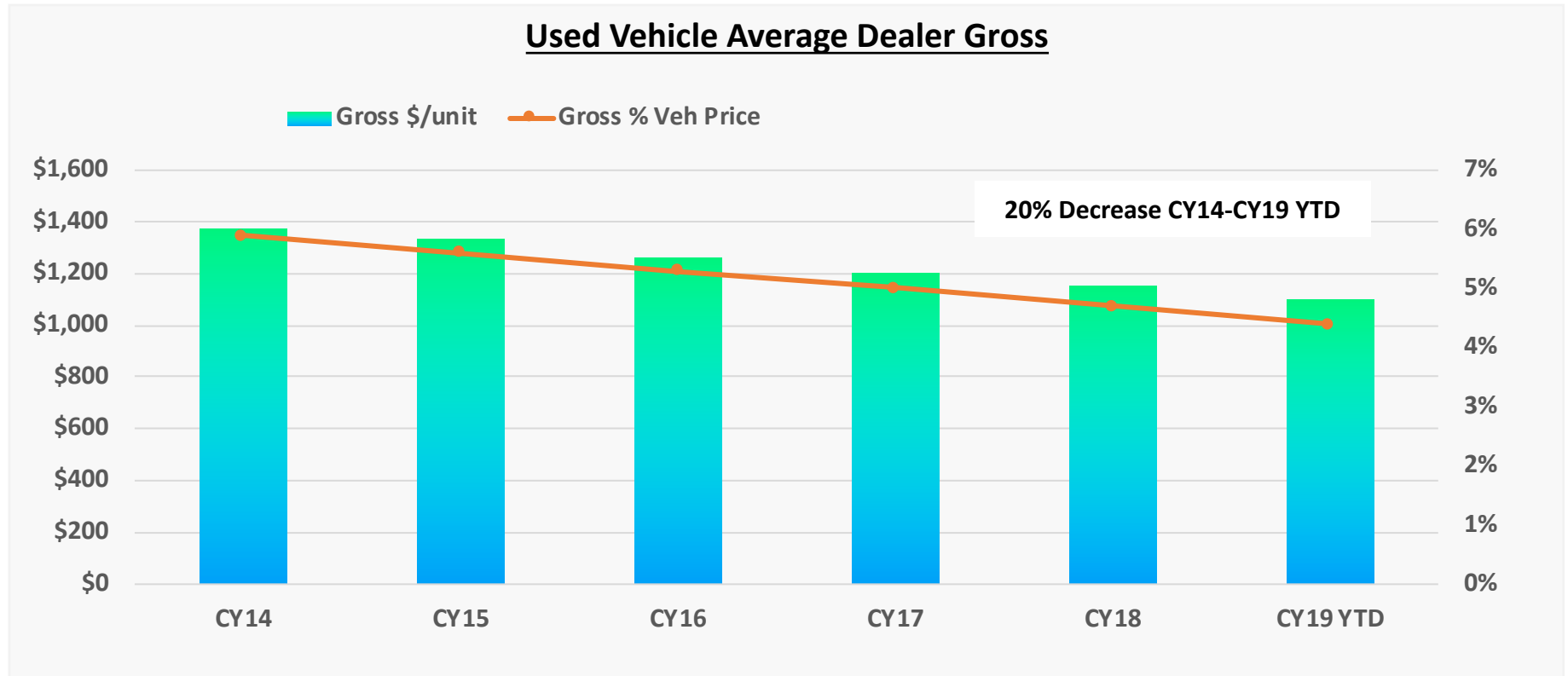
**DIGITAL
DEALER** 27
CONFERENCE & EXPO



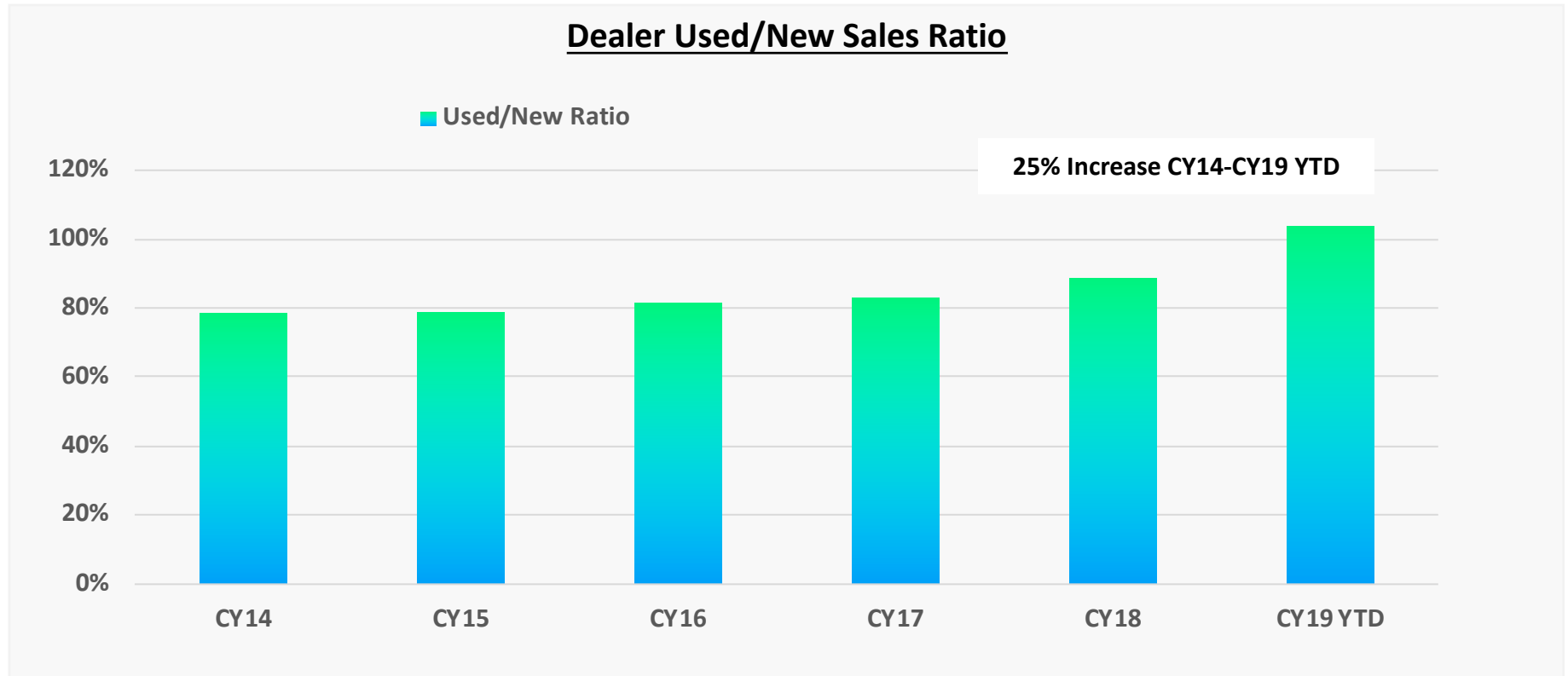
New vehicle dealer gross has declined significantly



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

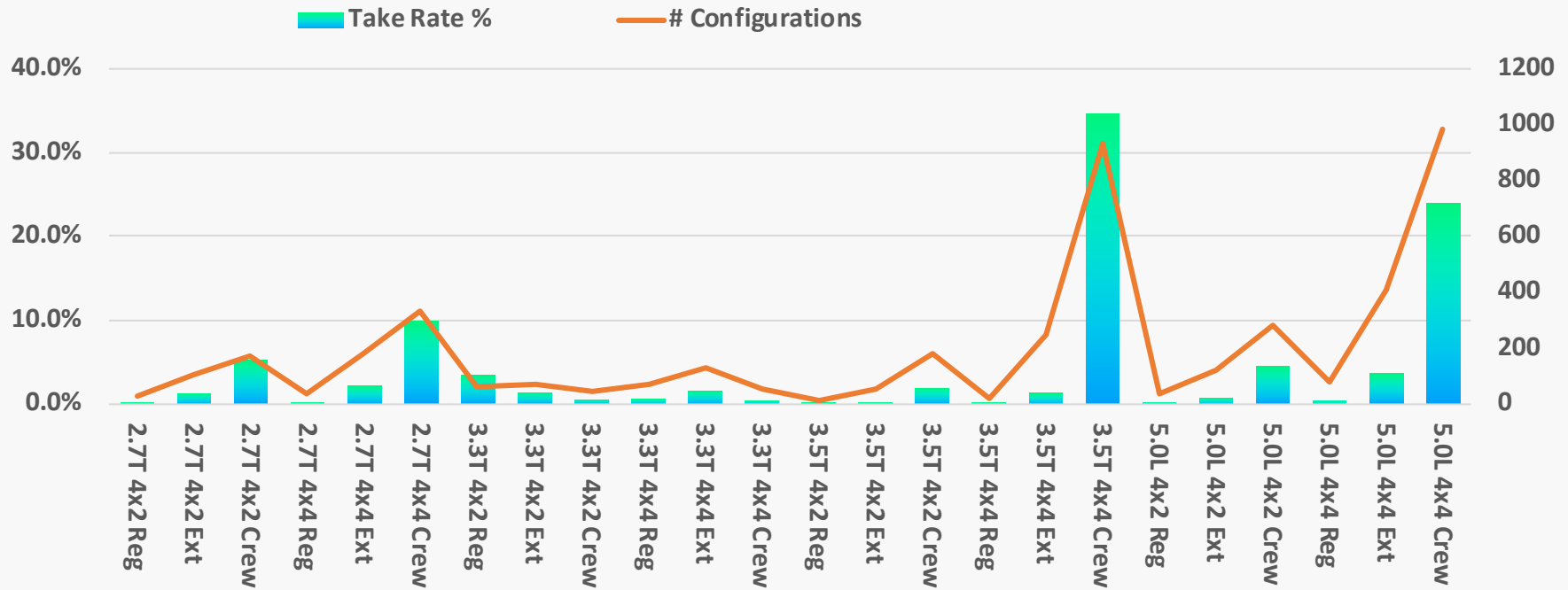


Dealers continue to shift mix from new to used



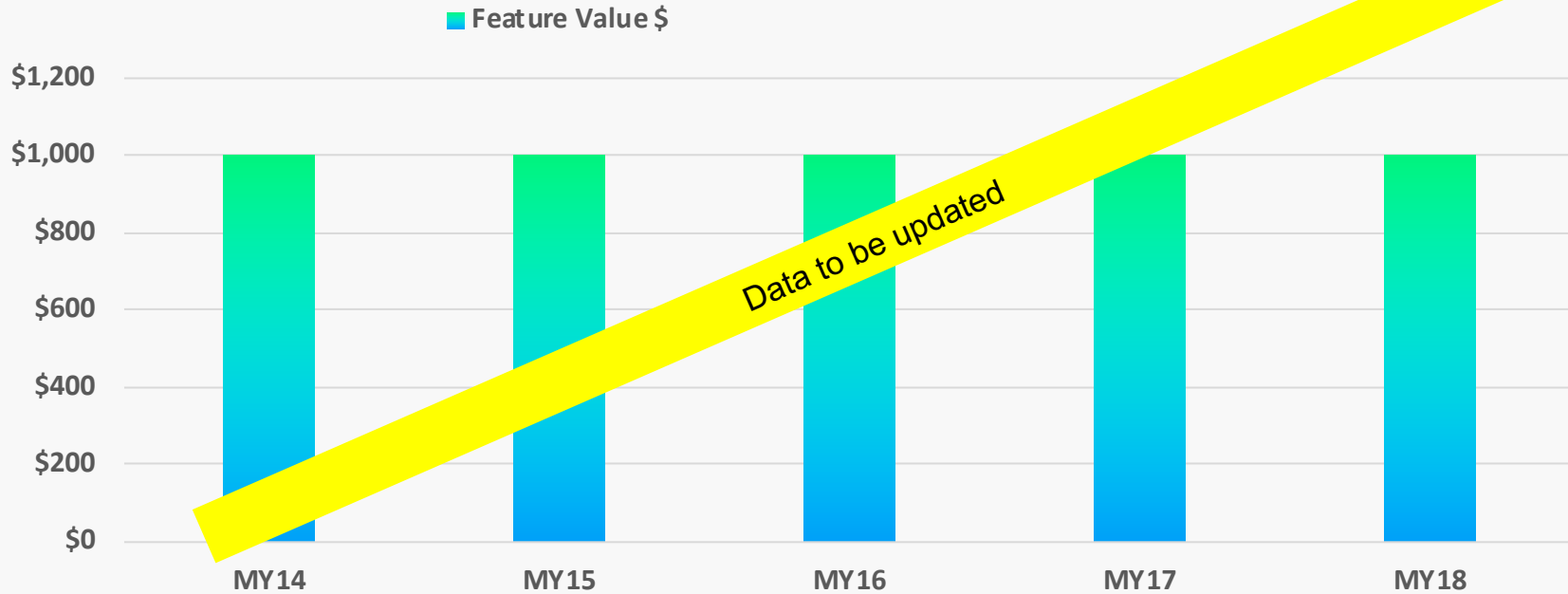
High build complexity is a key challenge for dealers and customers

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 ⁽¹⁾



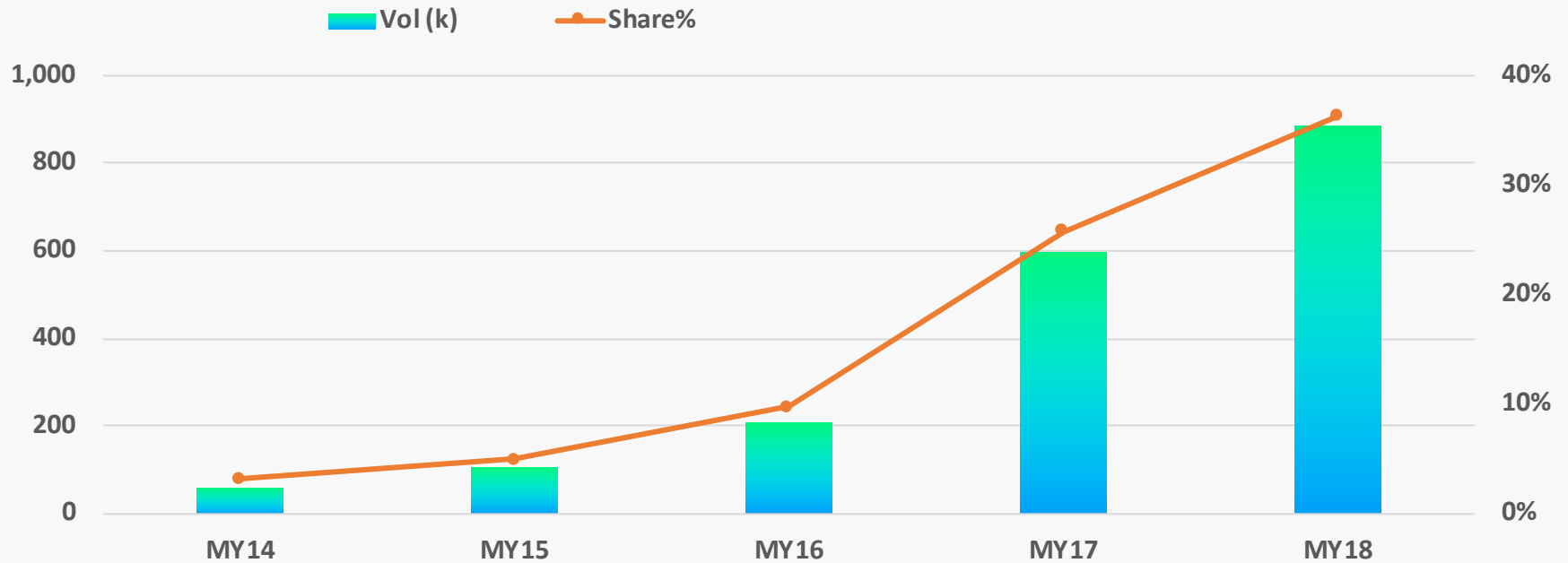
value

New Vehicle Sales: Case Studies

Used Vehicle Sales: Case Studies

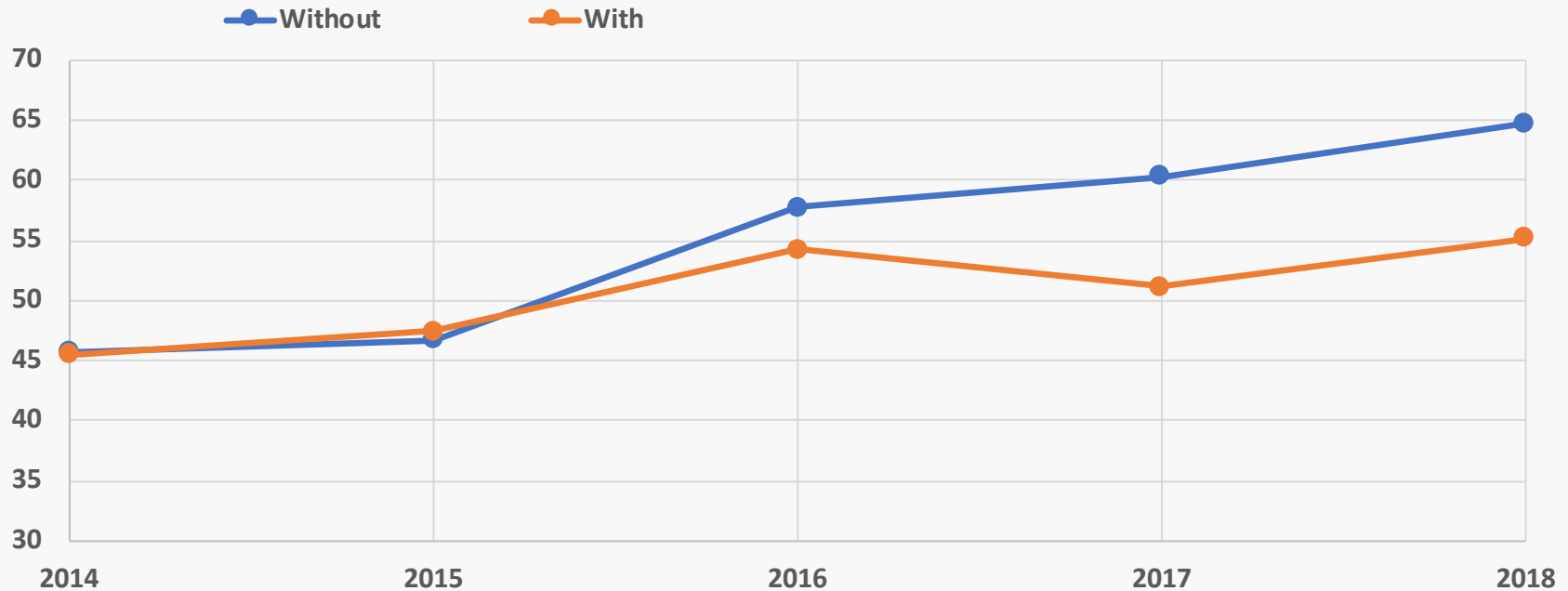
Blind spot adoption is quickly increasing in the compact SUV segment

Compact SUV Segment – Blind Spot Adoption



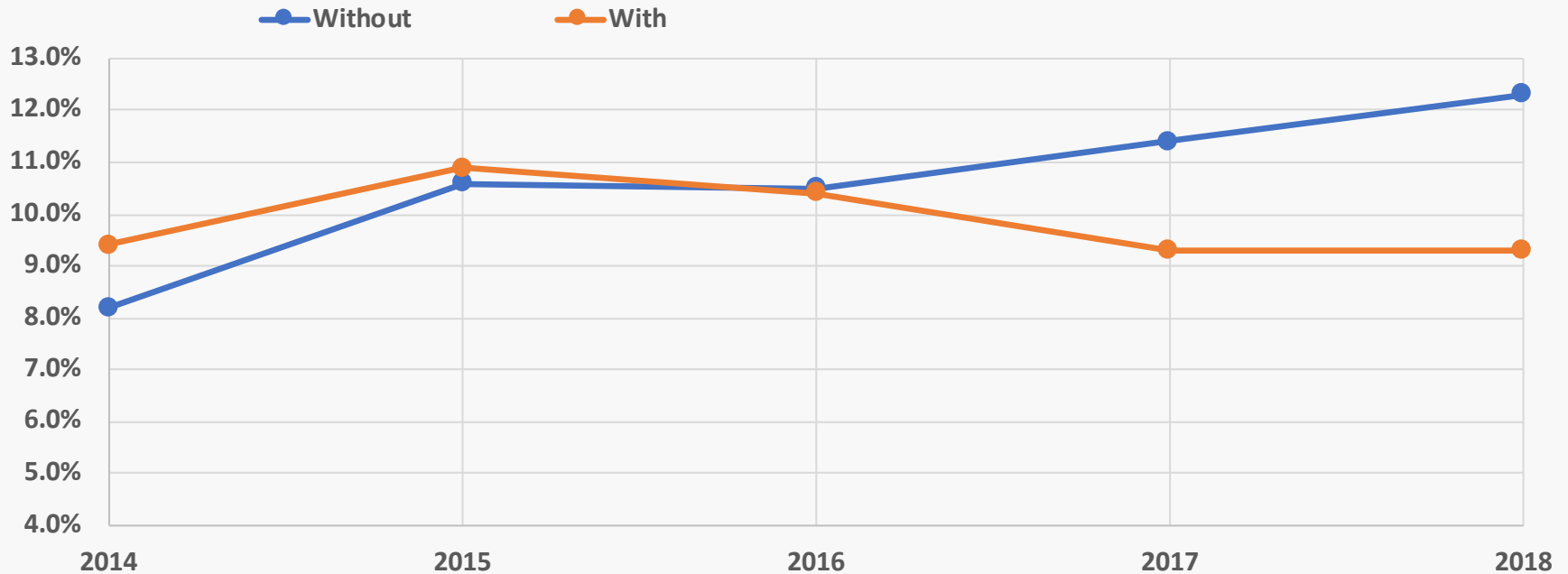
Compact SUVs equipped with blind spot sell quicker on average

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



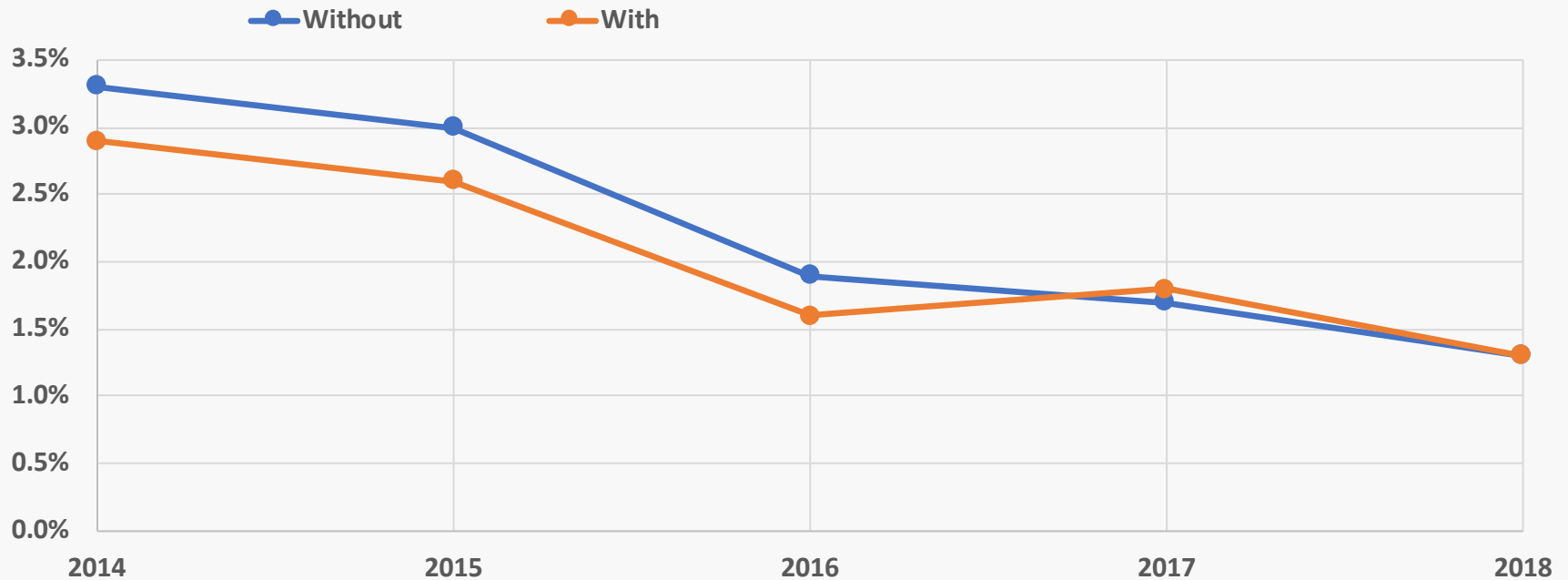
Incentive spend is lower on Compact SUVs with blind spot

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



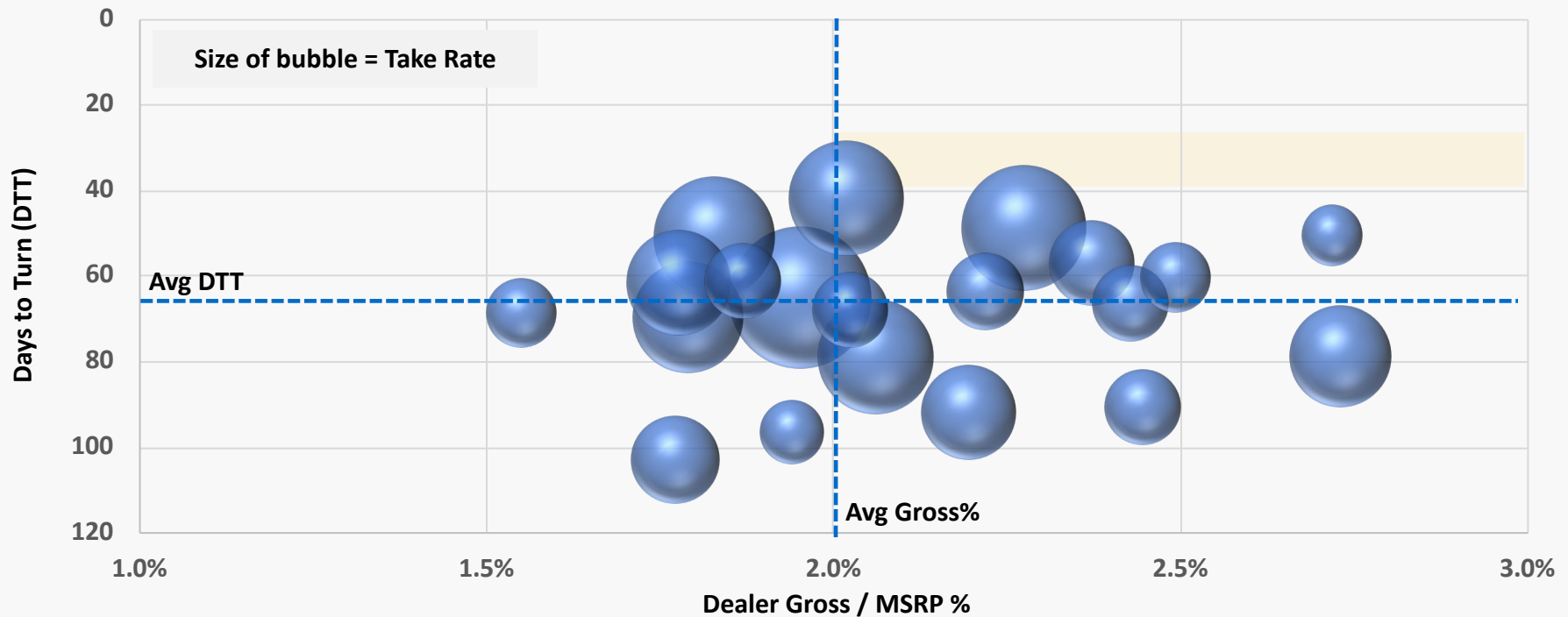
Dealers that were early adopters of blind spot benefitted from higher margins

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



Large improvements in gross and DTT possible with configuration optimization

MY18 F150 3.5T 4x4 Crew Cab Configuration Performance (Top 20)



New Vehicle Sales: Case Studies

Used Vehicle Sales: Case Studies

Discussion



VIN Data and Averages

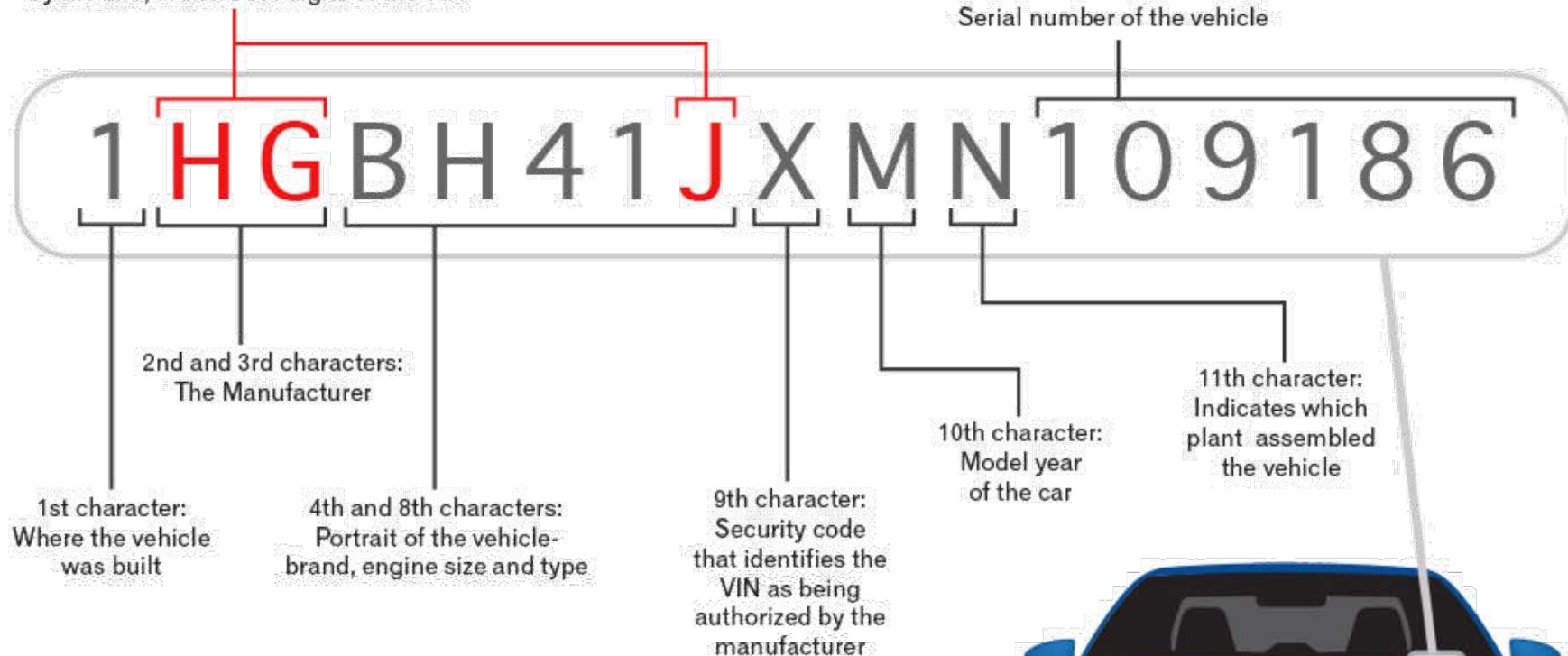




**DIGITAL
DEALER** 27
CONFERENCE & EXPO

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

Last 6 characters:
Serial number of 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

4,697

Vehicles Analyzed

35%

Error Rate

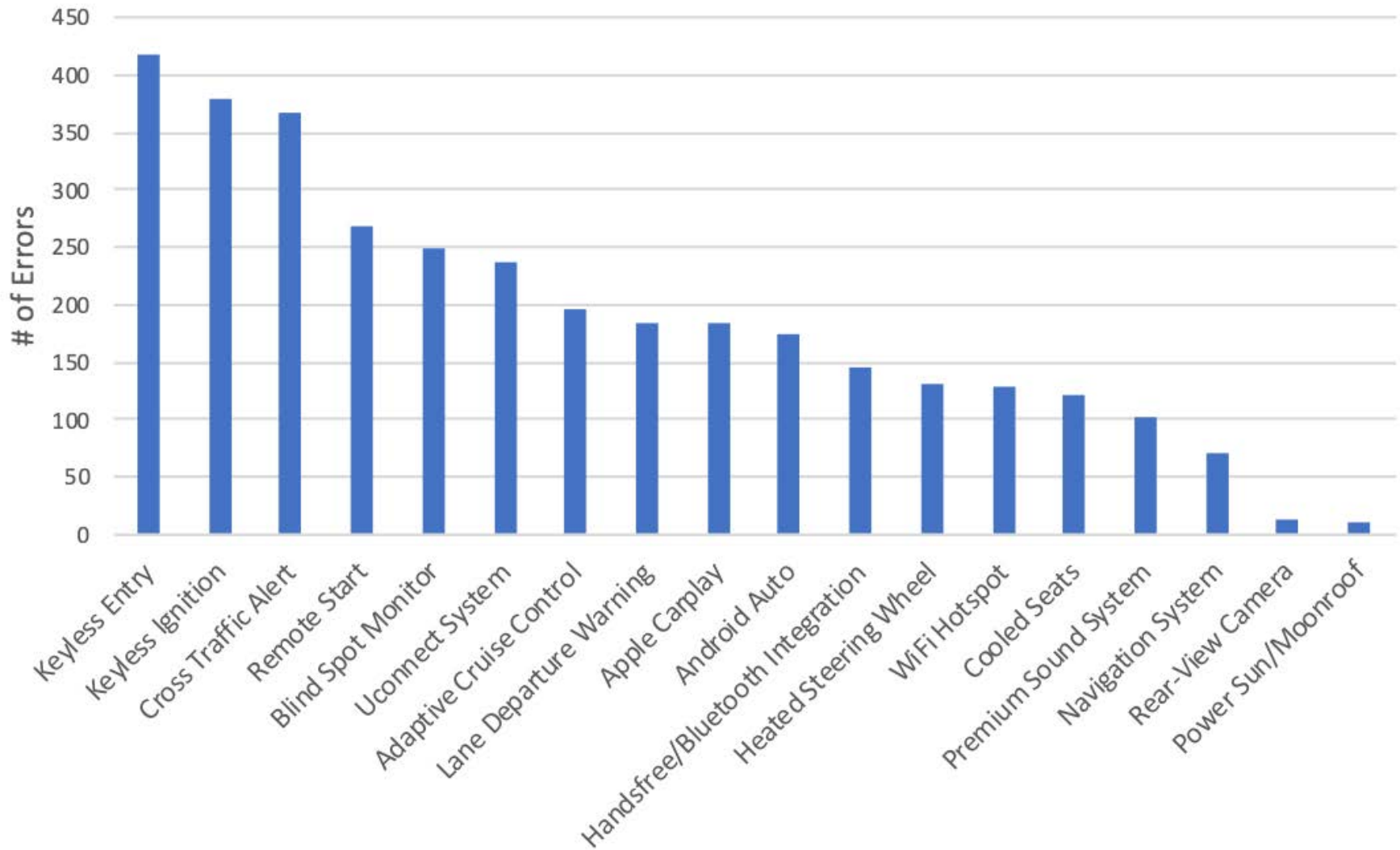
5,609

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

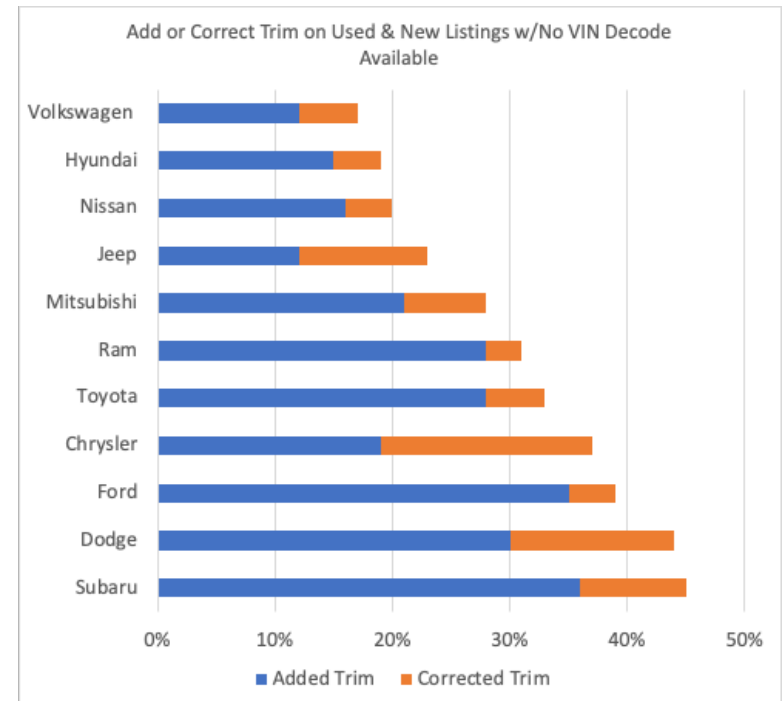
Matched against VINs with window stickers

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

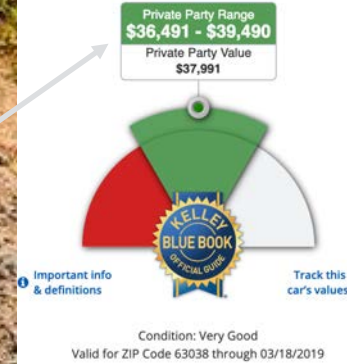
SR5



\$10k DELTA

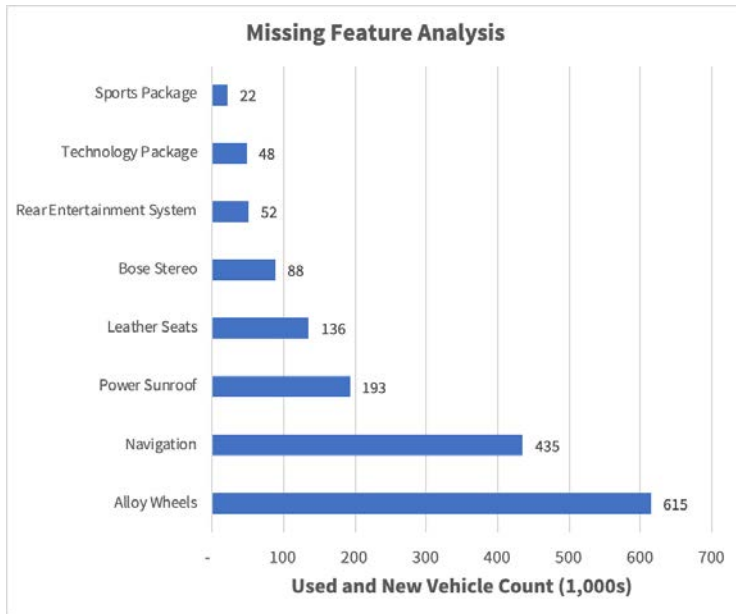
2017 Tacoma

TRD Pro



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

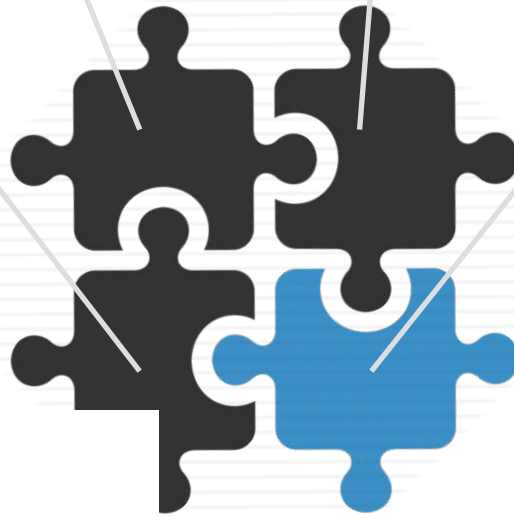
100M

Window Stickers

2.6B

Listing Edits

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



Can You Afford Bad Data?

86%

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

-
Source: Retailers Are Losing \$1.75 Trillion Over This, CNBC

Learning from Multi-Channel Leaders



“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

- 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 22nd 2018

2017 Nissan Altima S

Market Day Supply – 36

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

The Study

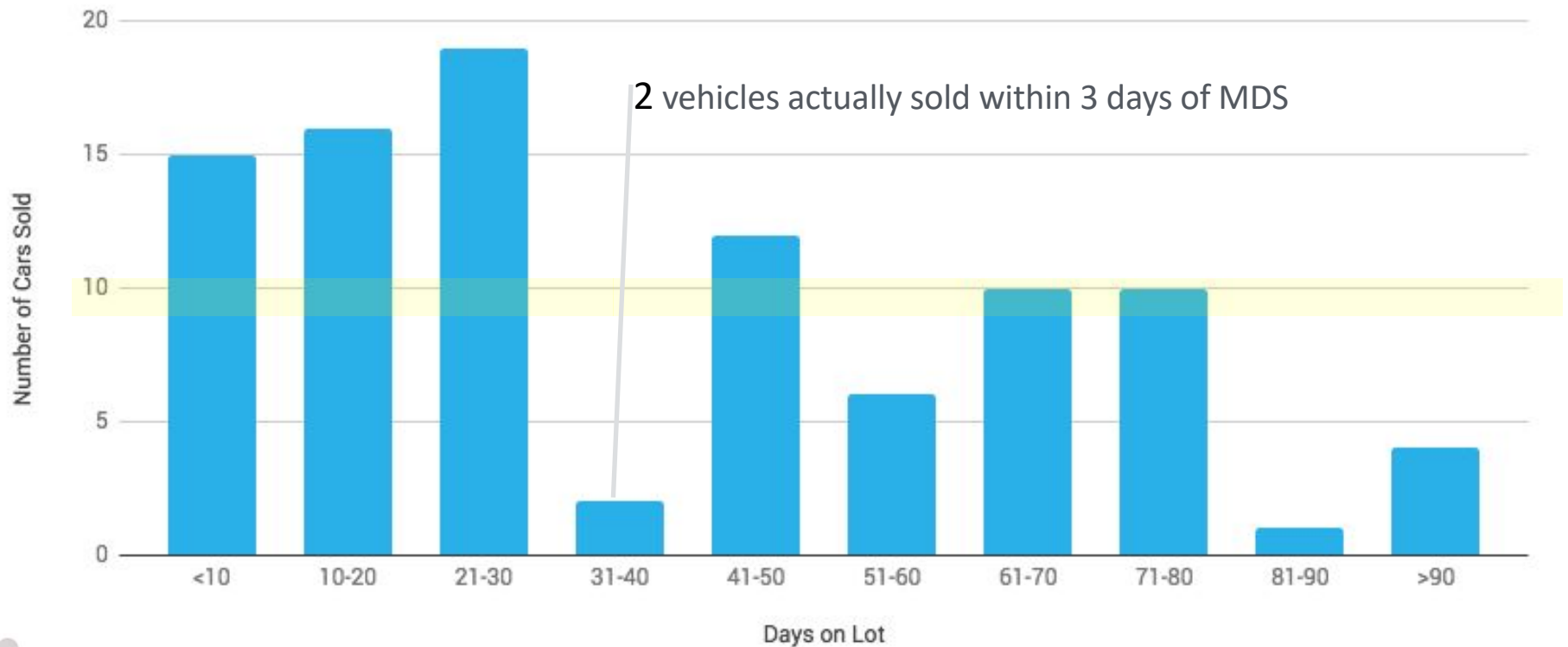
Monitored 96 2017 Altima S through to sale

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

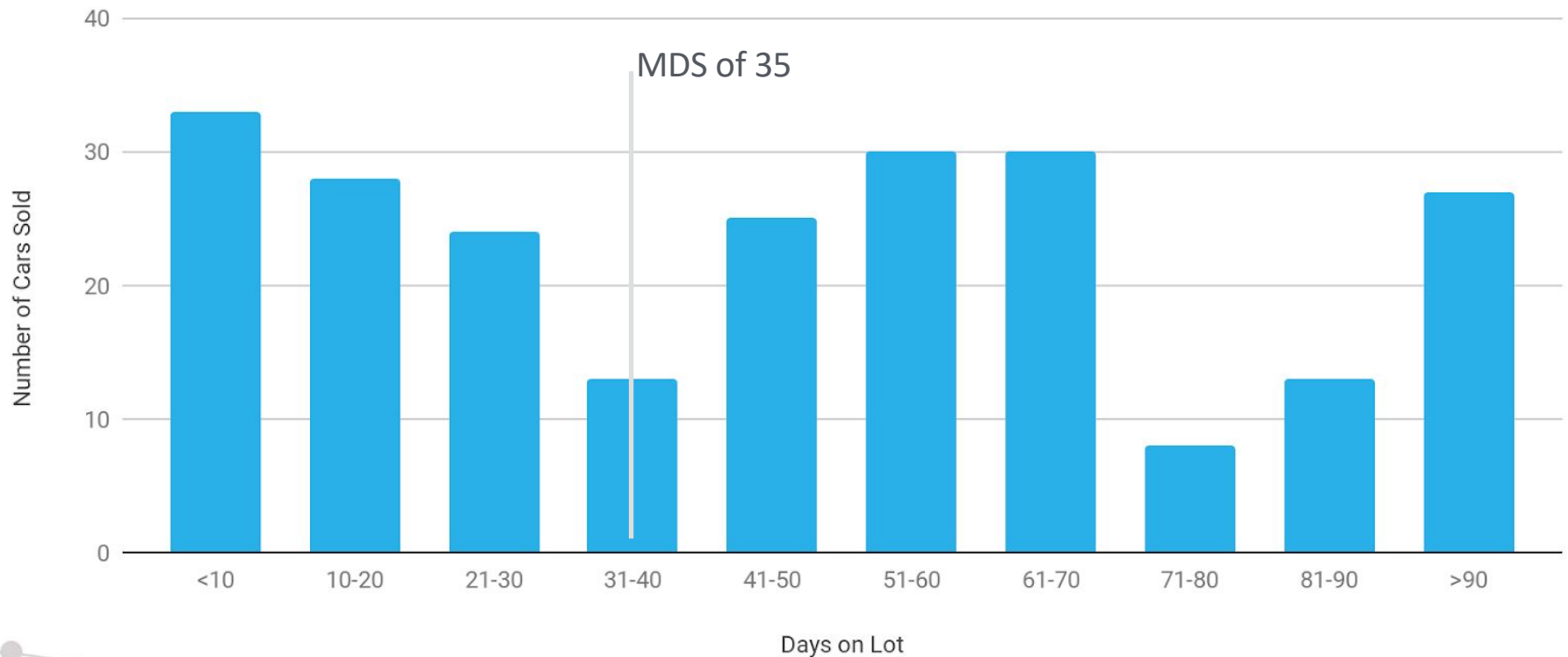
Monitored 231 2017 Nissan Sentra S
Market Day Supply – 35

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



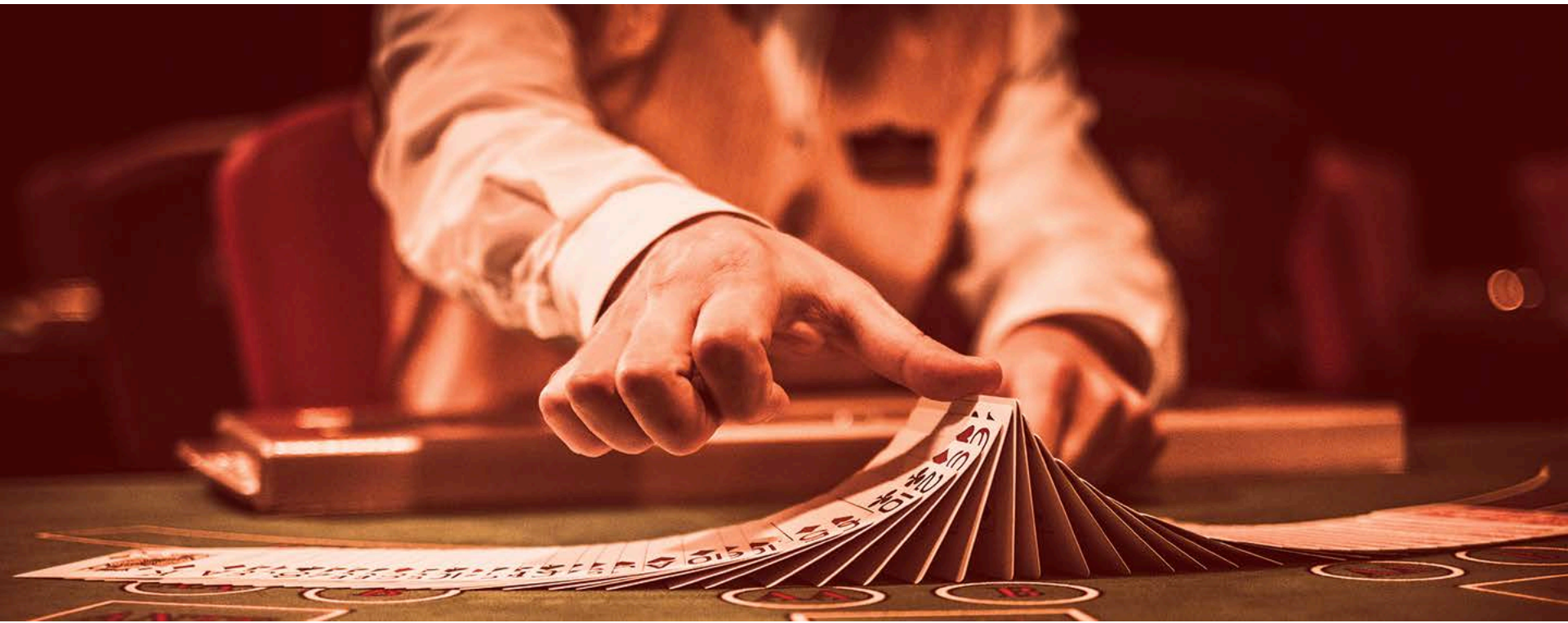
Tools



Discussion



Review

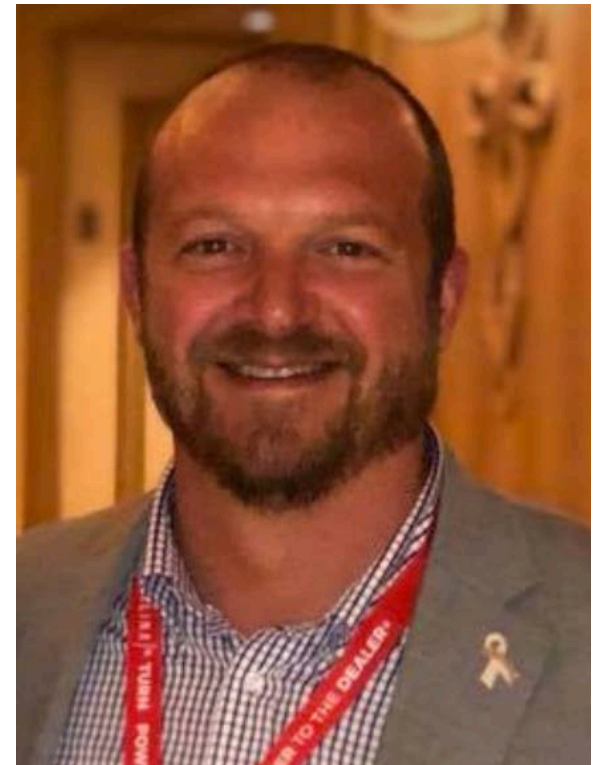




Jonathan Banks
Jonathan.Banks@jdpa.com



Chad Bockius
cbockius@vast.com



Ryan Leslie
ryan@carstory.ai



Rate this session!
Download the Digital Dealer Mobile App
Search "*Emerald Expositions*" in the app store.
Then, search "*Digital Dealer*" in the app's toolbar.