

Automotive News

FEBRUARY 4, 2008

Entire contents © 2008 Crain Communications Inc. All rights reserved.

Online tools help dealers manage used-car fleets

Arlena Sawyers

asawyers@crain.com

Paragon Honda in New York City sold 1,542 certified used Honda cars and trucks last year, more than any other U.S. dealership.

Brian Benstock, the dealership's general manager, attributes much of that success to Live Market View. The software tool, provided by vAuto Inc., helps Paragon Honda keep track of used vehicles posted for sale online in its market.

Benstock said such competitive data help him price his dealership's own used cars and trucks to sell quickly and profitably.

"We were No. 2 in Honda certified sales in 2006, so it's not like we were asleep," Benstock told *Automotive News*. "But with this tool, we were able to have a substantial increase in the good result we had the year before."

Franchised dealerships are making greater use of Web-based software to manage their inventories, dealers and industry analysts say. The online products are designed to help dealerships stock vehicles that are best suited to their markets.

"The used-car department is critical for the overall profitability of most dealerships," says Wayne Fortier, an accountant with Dixon Hughes PLLC, an accounting firm that advises dealerships. "So the products have to perform."

Market monitor

Dale Pollak, CEO of vAuto, says his company's Live Market View system monitors used-vehicle Web sites. It provides information about the cars and trucks for sale on those sites — prices, makes, models, mileage and trim level.

The system tells dealers how the

used vehicles in their inventories match the cars and trucks researched by local online shoppers. The system also monitors the length of time vehicles stay on the Web sites. That knowledge helps dealers set prices for their own used vehicles, Pollak says.

"If you stock a car, how do you know if it was a slow mover or if it was priced wrong?" Pollak says. "When supply outpaces demand, you have to price the vehicle aggressively. You don't have to be the lowest, but if you're among the highest, your chances of being on shoppers' short list is reduced."

Another software provider, First Look LLC, teamed with J.D. Power and Associates' Power Information Network to create the Power Market Appraiser. Each week the new system compiles sales data from thousands of dealer transactions.

Dealers who subscribe to the service can determine which makes and models of used vehicles are selling in their markets and for how much. They also can learn how much competing dealers who also are enrolled in the service pay for trade-ins.

"Dealers want to know, 'When I price a car, how does it compare to the competition in my market?'" says First Look CEO Pat Ryan Jr. "We help the dealer know what the consumer can buy this car for somewhere else — not what it's priced for, but what other dealers sell it for."

Dealer testimonial

Doug Harbison, general manager of Hendrick Chevrolet in Durham, N.C., says First Look software helped his dealership boost used-vehicle sales by nearly 40 percent in 2007 over 2006. Last year, he says, the dealership sold about 700 used cars and trucks.



MICHAEL SETO

Brian Benstock of Paragon Honda in New York City attributes much of his dealership's success selling used vehicles to Live Market View, a software tool that helps the store track used vehicles posted for sale online in its market.

Harbison says the Web-based software helps him track how long used vehicles remain in the dealership's inventory. It has sharpened Hendrick Chevrolet's analysis of used-vehicle profitability.

Harbison says First Look also improves vehicle appraisals by linking the dealership to wholesale pricing data from auction companies such as Manheim.

"I'm sold on it," he says of the software. "It has a lot of features."

Late last year, software vendor American Auto Exchange, a division of JM Family Enterprises Inc., introduced two Web-based inventory management products, says Assistant Vice President Tim Zierden.

One of the new online tools, Internet Marketing Solution, helps dealers manage used-vehicle inventory listings that appear on third-party Web sites as eBay Motors, AutoTrader.com and Cars.com.

The other software tool, Pricing Assistant, helps dealers set and adjust vehicle prices in their markets, Zierden says.

"When dealers make mistakes with prices, it's because they don't have good pricing processes," he says.

Beyond 'gut feelings'

Bill Stanton, product manager at Performance Inc., a dealer services company, says too many used-car managers choose inventory based on little more than "gut feelings."

Stanton's company, a division of ADP Inc., offers the Pre-Owned Vehicle Analyzer.

The online product analyzes a dealership's sales and inventory data to recommend the used vehicles the store should buy and sell at wholesale and retail.

How quickly a used vehicle sells is as important as how much profit it makes, Stanton says.

"Is it better to make \$2,000 on a vehicle that turns consistently in 30 days, or it is better to make \$1,000 gross on a vehicle that consistently turns in 10 days?" he asks. "At the end of 30 days, \$3,000 looks better than \$2,000." **AN**

Online tooling

These companies are among the largest vendors of online software that helps franchised dealerships manage their used-vehicle inventory.

COMPANY	NO. OF DEALERSHIP CUSTOMERS*	MONTHLY COST*
vAuto Inc.	1,000	\$1,000
First Look LLC	1,500	\$995 and up
American Auto Exchange	2,000	\$500-\$2,000
Performance Inc.	1,000	\$215

*Approximate
Source: Companies

vAuto
LIVE MARKET VIEW

1-877-988-7648
www.vAuto.com