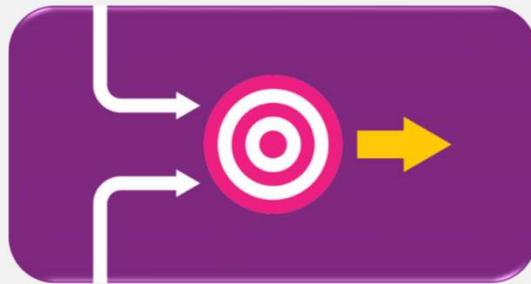


RETHINKING YOUR USED INVENTORY



Aligning Sourcing, Storytelling & Market Pricing



This workshop

- Developing your inventory strategy
- The “4 categories” of inventory
- Stop pricing your cars: START pricing your market
- Every VIN has a story: Are you telling it?

AUTOPROFIT

Developing an Inventory Strategy



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**Buying Centers, Private Sellers, Service Drive, Equity Mining, Trades,
Auctions, B2B Sites, Third Party lead Providers**

We are now using a very diverse set of options when sourcing vehicles



They all provide a unique set of positives and negatives

Many Dealers who struggle, manage the “exit” the same way as they did when the options were not as diverse

“It is time to “Rethink” your strategy”

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“Your Sales Strategy is your inventory strategy”

- Used retail is no longer linear: it is now matching acquisition and how you plan **TO SELL**
- How you plan to retail a unit should determine how and why you acquire it
- Front margin can no longer be the sole strategy
- **“Finding the car for the right reason”** should drive your process
- Identifying your used car departments business model: Job #1

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We bought it from a private seller: “It must be great and we are going to make a killing”

Famous last words from a used car manager with 40% of their inventory over 60 days old as they are asked to come to the owner's office!



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What is the inventory and sales strategy for your used vehicle operation?

**25 WORDS
OR LESS**

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The Four Categories

1. Front end profit
2. Clickbait & leads
3. Trade capture
4. Quick turn/ finance



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1. Front end profit

- The “Traditional route”
- The hardest to find
- Winners at day one don't always stay that way
- Minds get clouded when you apply aging and activity metrics



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2. Clickbait and leads

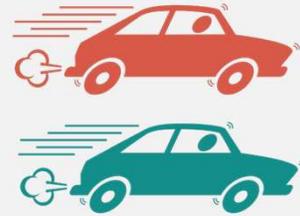
- This is “Vehicle based advertising”
- Off rental units work well here
- You MUST have a **Good, Better, Best** strategy for purchase and pricing
- Color, miles, condition play more importance than MDS
- Can be very important in the subcompact SUV segment
- The “walk up in price” and “model up model down” is critical
- Think “Bulk” pricing



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3. Trade Velocity

- Units that attract that sweet spot trade: 5-7 years old
- Data plays a HUGE part here: track the trade ratio by model, segment, price, year
- Acquiring that unicorn from private sellers is impossible: Trading for it on a unit that fits the profile is the pathway for success
- Pricing these units by “model year” upgrade is critical



AUTOPROFIT

4. Quick turn and Finance income

- Small front end profit, maybe even a loss
- Book value importance
- Mainstream segments and brands
- NO UNIT over \$26,000 cost
- Flat pricing
- Unit movers not profit drivers
- “Finance First”
- Fits your “Yes payment”

The word "FINANCE" is written in bold, black, uppercase letters. It is set against a background of an orange brushstroke that has a textured, painterly appearance.

AUTOPROFIT

Yes Payment is the “sweet spot”

Your last 75 used retail deals



Break out:

Make

Segment

Sale Price

Cash Down

Term

Payment

Aggregate this data = “Yes Payment”

Acquire accordingly

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Inventory Distribution Must haves: Proper distribution

Identify What the exit strategy is on DAY ONE

1=Profit car 2= Click Bait 3=Trade capture 4= Quick turn/ finance income

- **1 units: no more than 45 days. Lead volume is critical**
- **2 units: priced aggressively 21 day expiration**
- **3 units: volume priced, merchandised correctly**
- **4 units: Payment and PTM are tied together**

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AUTOPROFIT

If you diversify beyond your market demand and sales history, you will risk turn and profit.

You can try things outside your sales history, but you can't outperform a low market demand.

“Stay in your Wheelhouse”

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Inventory Optimization

Turn Goal: 12
Actual Turn: 22.9

On Lot: 17
-12
Optimal: 29

On Lot ARank: 2.6
Buy List Match: 7.6%

[BUY LIST](#) [DETAILED VIEW](#)

Agile Ratio

Inventory Units Revenue

Buy Plan

Today's Goals
DFC: 1 Auction: 15

Weekly Auction Needed: 18
3

Weekly Direct Needed: 5
6

Monthly Progress
10 ACQUIRED
13 Monthly Remaining

Sales Performance

Monthly Units Sales Goal: 20 UNITS

Sold MTD: 18 / Pacing: 32.4
Pacing (%): 162%

Daily Sales Goal: 1
Weekly Sales Goal: 6

18 MTD
2 Remaining

[TOP SELLERS](#) [DETAILED VIEW](#)

Monthly Goal: \$60k GROSS

Pacing: \$92.0k / (%): 152.6%

Front Goal: \$1,000
Actual: \$1,848 / Pacing: 184.8%

Back Goal: \$2,000
Actual: \$979 / Pacing: 49.0%

\$51k
\$9.0k Remaining

PVR Average: \$2,827
Daily Gross Needed: \$2,223

[DETAILED VIEW](#)

Wholesale Profit and Loss NET

Retail Gross: \$50,882
Wholesale Gross: \$0
Net Dept. Gross: \$50,882

\$0

Wholesale Unit Count: 0

[DETAILED VIEW](#)

AUTOPROFIT

Virtual Performance Coach

Inventory Balance

Difference / Optimal
-41.4%
Greatly Increase acquisition rate

Unit Sales Outlook

Pace Percentage
162%
Goal achieved

Revenue Outlook

Pace Percentage
152.7%
Goal achieved

Age Outlook

Focus on clearing over-aged inventory

Aged under 30: 64.7%
Aged over 45: 29.4%

Best Buy Channel

Continue using most profitable channel by vehicle

Best by Total Profit Trade
Best by Average Dealer Transfer

Stock Price Balance

Difference
+\$428
Inventory pricing is healthy

Avg Sold: \$24,908 Avg Inv: \$25,335

Today's Acquisition Goal
16

Today's Sales Goal
1

Today's Revenue Goal
\$2,222

Daily Action Plan

Today's Appraisals Needed
46

Today's Appointments Needed
3

Today's PVR Target Needed
\$2,223

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To “Win” in today's environment: You need a tool that gives you:

Complete historical vehicle profitability profile for your store.

Propensity to Finance: How likely this vehicle is to finance in your store.

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“I now know exactly which inventory is best for my market, my turn, and my store's goals.”

“I used to make ACV mistakes, worrying about other dealers' strategies instead of mine.”

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THE STORY

- History
- Miles per year
- Optionality
- Capacity
- The price
- Scarcity
- Recon
- “What would your best salesperson say”?

#1 Objective

Create a lead that will close at a profit

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After seven days: If you have no or little activity

You have the wrong price

After twenty five days:

You have the wrong car

AUTOPROFIT




**\$50 a Day
x 60 Days =
\$3,000 Gone**

Every day you hold it,
it holds your profit hostage.

AUTOPROFIT

Pricing Strategies: Must haves: Discipline

- Seven day selling periods become the key to pricing
- Price the car to the market not what you have in it for cost
- 2 and 4 cars will become the largest risk(Clickbait & Finance)
- Manage risk twice weekly
- DON'T become emotionally involved

Two reasons units do not sell: priced incorrectly to condition or priced incorrectly to the market

AUTOPROFIT

The market leaders are playing a different game entirely. Their pricing is not a reaction; it is a weapon.

They use data to ask three offensive questions:

1. What is the maximum price the market will tolerate for this car today?" (For high-demand cars)
2. What is the fastest price to liquidate this asset and free up my cash? (For aging cars)
3. How can I price this car to steal a specific competitor's customer right now? (Strategic pricing)

They are not just pricing the metal. They are actively manipulating market dynamics to their advantage daily.

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Ed says:

“Some units are not profit drivers” They are traffic drivers

“ Vehicle based marketing is just as valuable as digital marketing”

“*If you are guessing why, you are buying a unit or do not have a “you must decide right now plan” You are doomed*”

“Stop chasing margin, start chasing the mission of your business plan”

AUTOPROFIT**Don't chase the perfect car: “Fuel your business”**

- Traffic generation
- F&I performance
- Service department growth
- Trade In velocity
- Brand enhancement

**AUTOPROFIT**

Thank You

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