

Used Car News

Net Can Trump Lot Location

By Jenny King

According to at least one car guy, the Internet may have just made your prime business location less valuable to your bottom line.

"It's (the Internet) the great equalizer," said Dale Pollak, founder and chairman of vAuto in Oakbrook Terrace, Ill.

Four out of every five people who are going to buy a used car start their search on the Internet, Pollak said. They are likely to know a lot about prices and to be looking for the best deals. If your inventory is priced higher than the competition, you probably will be out of the running, he said.

Pollak, who grew up in the dealership business in metropolitan Chicago, has developed a Web-based system that brings the dealer-user real-time national and local wholesale numbers from auctions and books. The vAuto customer brings up the system on a computer, types in a serial number and then can enter VINs of vehicles like trades.

"Our system brings together third-party valuation sources onto a single screen," Pollak said.

These sources include Kelley Blue Book, Black Book, N.A.D.A. Official Used Car Guide, auction values, Carfax and Experian AutoCheck reports. Managers can access this information from their desktops or wireless devices, he said.

Marty Green, corporate dealer manager for the Dick Hannah dealerships in metropolitan Portland, Ore., said trades at his stores "must go through the (vAuto) system."

It provides wholesale numbers from the top books plus timely auction information.

"We used to check with something like Black Book online plus call a couple of guys around town - maybe a wholesaler or someone at another dealership - in order to make an appraisal on a potential trade," Green said.

Not the most accurate way to reach a number. The vAuto system keeps staff from any tendency to spend more for a vehicle at the auction than the dealership is offering a potential customer on a similar one in trade. When it comes to increasing profits, he added, it's never just one tool or innovation that makes a noticeable difference: It's "everything working together."

The vAuto approach of real-time, widely sourced value information brings a much-needed consistency to purchases and appraisals, said Bill Green of Automotive Avenues in Lakewood, Colo.

"It's more comprehensive," said Green. "And it improves (staff) accountability. We know how many appraisals were done. It has saved us about eight hours a week researching prices."

Green said he figures Automotive Avenues may buy one-half of vehicles offered in trade. And, he admits, "You probably will lose a sale if the trade is unsuccessful."

But it's better business to purchase a used car at its current value so the dealer can invest in reconditioning, add a profit margin and have it competitively priced.

Too many dealers, Pollak said, buy used vehicles, tack on their standard markup, put them on the lot and wait to see if they get lucky.

"Every vehicle in a dealer's inventory is a financial investment," Pollak said. "vAuto can score each vehicle every day to determine its likelihood of achieving the dealership's profit objective."

This system provides managers with the ability to look past the vehicle's paint and polish to determine its true value to the bottom line, he said. In addition, the system's inventory management program provides real time equity reports, make/model performance trends and proposed shopping lists.

"That information tells us how much equity we have in our inventory and how much water (loss)," said Green of Automotive Avenues, which operates as a one-price new- and used-car business for credit union members.

With the majority of car shoppers going on-line for information before visiting dealerships, Pollak said the dealer who is among price leaders is more likely to attract business.

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