

**THE**

**10**

**COMMANDMENTS  
OF USED VEHICLE  
INVENTORY**

➤ CONNECTIONS THAT MOVE YOU



## VEHICLE INVENTORY LOOMS LARGE

### A dealership's inventory is its lifeblood.

The number one reason car shoppers say they visit a dealership is because the specific vehicle they're interested in is on the lot and ready for a test drive. This rises above dealership trust, location and even a previous purchase experience. **You need to have the right cars.**

And inventory has long been an opportunity CDK has considered for future innovation and to meet our customers' needs. That's why CDK has launched the Vehicle Inventory Suite as part of the Dealership Xperience Platform.

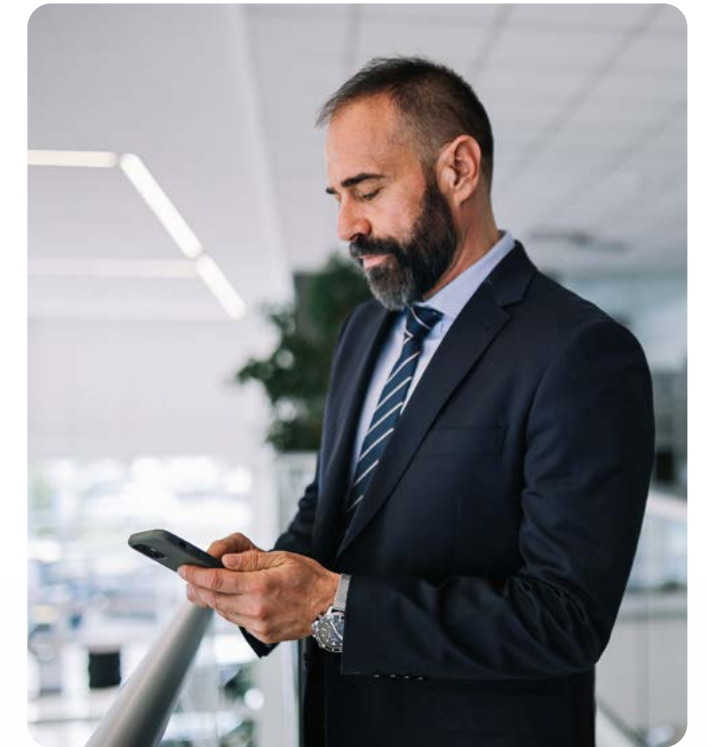
This new product empowers dealers to centralize vehicle data, enabling real-time insights to improve inventory and pricing decisions to ultimately better address customer needs. It also leverages data to enhance forecasting accuracy, reduce holding costs, and align with current market trends—all powered by artificial intelligence to streamline inventory management processes for dealers.



## *Dealers across the country detailed their most pressing needs from an inventory solution.*

To inform the Vehicle Inventory Suite's features and performance, CDK product teams went right to the source: dealers. Through extensive interviews and surveys, dealers across the country detailed their most pressing needs an inventory tool could help address. They explained what they need to drive value from their inventory and how to meet their customers' demands.

CDK developed a way to determine the most vital "needs" based on the feedback we received from the surveys: our **10 Commandments of Used Vehicle Inventory.**



# 10

## COMMANDMENTS OF USED VEHICLE INVENTORY



1

Determine which used vehicles customers will likely want in the future

Acquire used vehicles that customers want and that will sell within a desired amount of time

2

3

Ensure used vehicle pricing will achieve the dealership's financial goals

Determine which used vehicles will help the dealership achieve its financial goals

4

5

Ensure your used vehicle inventory has an appropriate mix of vehicles to appeal to a variety of customers

6

Establish financial goals for used vehicle sales

Avoid losing sales as a result of not having desirable used vehicle inventory

7

8

Determine where to wholesale or trade used vehicles from your inventory to earn the most money

Ensure your used vehicle merchandising is accurate

9

10

Don't delay putting used vehicles on sale or waiting for merchandising to be completed

# 10 COMMANDMENTS OF USED VEHICLE INVENTORY

1

## **Determine which used vehicles customers will likely want in the future.**

Predicting the future isn't necessarily a skill that can be taught. Whether it's seasonal trends, gas prices or other factors, people's tastes can change when it comes to the vehicle they want to buy. Staying ahead of these changes is key, and using a tool that not only monitors the live market but also takes your own dealership's guidelines into account can help lay out a road map when it comes to the types of vehicles to acquire.

2

## **Acquire used vehicles that customers want and that will sell within a desired amount of time.**

Knowing what people want is only useful if you can deliver on it. And to maximize profits, you have to do so quickly. It starts at the appraisal stage that uses market data, AI and forecasting to meet the customer's needs and by doing so, turning the car fast.

3

## **Ensure used vehicle pricing will achieve the dealership's financial goals.**

Some might think pricing a car is an art form. It's not. It's a science. And having tools that constantly scour local and national market data to maintain the most enticing price to customers and the most profitable price for the dealership is almost nonnegotiable.

4

## **Determine which used vehicles will help the dealership achieve its financial goals.**

A good variety of cars on the lot will help attract a wider swath of shoppers (see #5) but they also have to deliver profit. Having a unique color on a sports car might draw in a shopper you wouldn't land, but at what cost? Some vehicles could sit too long waiting for that special someone and understanding the cost over time will solve this dilemma.

5

## **Ensure your used vehicle inventory has an appropriate mix of vehicles to appeal to a variety of customers.**

The lot can't be filled with compact SUVs even if they're the most popular models on the roads. A small truck shopper might come from two towns over to get what they want from your store, for example. The same can be said for entry-level to luxury models. Ensuring the right mix is part strategy and part data provided by the right tool.

6

## **Establish financial goals for used vehicle sales.**

Dealers know when they have a good month. But are they setting clear financial goals at the onset of their month, quarter and year? They need to understand their key performance indicators (KPIs) in terms of how they can help craft a forecast that the management team can look to as a goal line.

7

## **Avoid losing sales as a result of not having desirable used vehicle inventory.**

The opposite result of having the right vehicles delivering profit is the harm that comes with missing the mark. Losing sales only means the vehicle sits on your lot longer, and it could mean customers are skipping your store entirely on their search.

8

## **Determine where to wholesale or trade used vehicles from your inventory to earn the most money.**

Not every vehicle acquired is going to match to a retail customer. Deals are made for a variety of reasons, and the data may be telling you some inventory just isn't going to move off your lot. Make that decision quickly by understanding the demand in your market, how your competition views the vehicle in question, and tried and true guidelines like age and mileage. But dealers should always continue to reach out to other dealers about their mix of vehicles and to find out which wholesalers aren't just available but also easy to work with.

9

## **Ensure your used vehicle merchandising is accurate.**

Managing inventory mix to deliver all of the above is difficult, but merchandising is what usually connects your vehicle to the right buyer. Whether you're in a quick-turn environment or not, tools that can help with merchandising are essential. AI tools can even help up the quality of your photos and videos. Nearly nine out of 10 shoppers (88%) say the photos of the vehicle on a dealer's website enticed them to start the purchase process online.

10

## **Don't delay putting used vehicles on sale or waiting for merchandising to be completed.**

Reinforcing the above, dealers say the speed to get vehicles' merchandise is significant enough that it rounds out the top 10 out of nearly 100 inventory needs they have. AI can help deliver VIN-accurate descriptions, and market-based pricing allows dealers to set a price they can be confident in the second the listing goes live.

# THE TOP THREE INVENTORY OPPORTUNITIES

The CDK exploration also exposed three needs where there's an outsized opportunity in the market. These are needs that, when met, will deliver an outsized amount of value back to the dealer, whether financial or operational.

## 1 | PREDICT CUSTOMER DESIRES

Not only was determining what vehicles customers want in the future the top-rated need for all dealers, it was also identified as the biggest opportunity as well. Having a better understanding of what drives vehicle profitability as well as streamlining inventory management, should help give a clearer picture of what customers want.



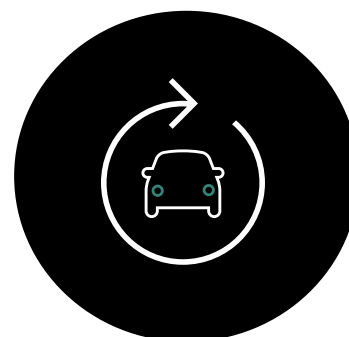
## 2 | DETERMINE FUTURE PRICING CHANGES

A crystal ball isn't going to help dealers figure out if pricing is going to go up or down. In a market where volatility is the norm, pricing is going to change frequently and dealers need a resource that can synthesize changes at any increment and forecast from there.



## 3 | GET VEHICLES THAT WILL SELL FAST

Dealers who follow the commandments here will have a very concrete understanding of what vehicles meet the moment at their store. That means acquisition retains the importance it's had in recent supply-strapped years. Now, speed becomes more of a factor and competition is going to be armed with their own data and tools at the wholesale and retail level.



## About the Vehicle Inventory Suite


The CDK Vehicle Inventory Suite empowers auto dealers to increase profitability by optimizing vehicle pricing when purchasing and selling vehicles as well as streamlining the entire inventory process in a single, integrated system. With faster vehicle merchandising and seamless connectivity across the dealership, CDK enables dealers to increase vehicle margins and speed up vehicle turnover.



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