



# The Modern Auction House

The growing impact of workflow efficiency



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After years of growth during the pandemic, the wholesale used-vehicle market **is softening**. The National Association of Motor Auctions [reports](#) slowing wholesale demand. With margins under pressure, auction houses will need to turn their focus to reining in costs and improving inventory turnover. In this uncertain market, digitizing operations may help wholesalers increase efficiency and remain competitive.

One area that impacts all auction houses is management of vehicle inventory. A recent online survey of 150 U.S. and Canadian auction house leaders revealed multiple pain points around vehicle tracking. Auction houses overwhelmingly agreed that they spent too much time on manual tasks like data entry, inventory audits and reconciliation. Over half of respondents found it cumbersome to track vehicles once they left the physical lot for maintenance and reconditioning services.

A consistent theme emerged from the survey as leaders identified speed and streamlining of operations as key priorities for their businesses. Real-time vehicle tracking can help auction houses address these concerns and create a more competitive position in the market.

## Operational Efficiency

Maintaining line of sight to vehicle inventory is key to improving efficiency, but the larger the inventory, the harder it is to track the status of each vehicle. Intelligent vehicle tracking can be setup with geofenced zones that mirror auction house workflows. With zones, auction staff have real-time visibility into operations and the flow of vehicles by VIN through each stage. Knowing where every vehicle is in the process from intake to reconditioning to post-sales, a powerful advantage for auction houses looking to quickly turn over inventory.

Detailed history of time spent in each zone makes it easy to pinpoint operational bottle-necks and mitigate impact. As

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accuracy in planning and forecasts improves, auction houses can reduce expenses related to configuration and maintenance – especially services that are identified last-minute and delay sales.

## Instant Vehicle Location

Auction houses manage a constant stream of changing inventory. This is where VIN-specific location data can add a lot of value. With this data, **staff can quickly and accurately track every single vehicle and instantly know its status.** This visibility streamlines staging and ensures that available vehicles can be previewed by buyers.

Once sold, the exact vehicles are easily located and loaded, even across multiple locations. This reduces the amount of time that staff must walk lots trying to locate vehicles and reduces the risk of the wrong vehicles being loaded on a carrier's trailer.



*Streamlining this process improves accountability and strengthens relationships with buyers, who are more likely to return for repeat business.*

## Real-Time Vehicle Condition

Even with a lot management system in place, some auction houses lack visibility into vehicle health status. Without access to real-time DTCs, auction houses might miss diagnostic issues that need to be resolved for a vehicle before staging. **Intelligent vehicle inventory systems connect directly to each vehicle and provide insight on thousands of DTCs.** Early warning of vehicle condition can reduce sales delays and unexpected inventory costs incurred when an issue is discovered last minute. With this visibility, auction houses can improve profitability and time to sale.



# Buyer Confidence

Auction houses need to move fast, and information bottlenecks can extend time to sale. In staging sessions and previews, buyers need to be able to assess a vehicle's history and current condition quickly and with confidence. With direct access to vehicle-specific data, buyers can determine any open DTC codes from their smartphones to determine the current health of the vehicle. This gives buyers greater confidence in the value of each vehicle and allows them to assess more vehicles in the staging session without tying up staff. When confident in the value of purchases, buyers are more likely to return for repeat business.



**Buyers have greater confidence in the value of the vehicle they are considering purchasing.**

# Better Secured Inventory

Used cars are frequently a primary target for theft, which increases risk of loss for auction houses. **While nearly one in five stolen vehicles is eventually recovered, 30% are returned with damage.** Intelligent vehicle tracking systems use multiple modes for location tracking including Bluetooth and GPS to ensure auction houses don't lose line of sight to vehicles, even when off-site with a third-party vendor.

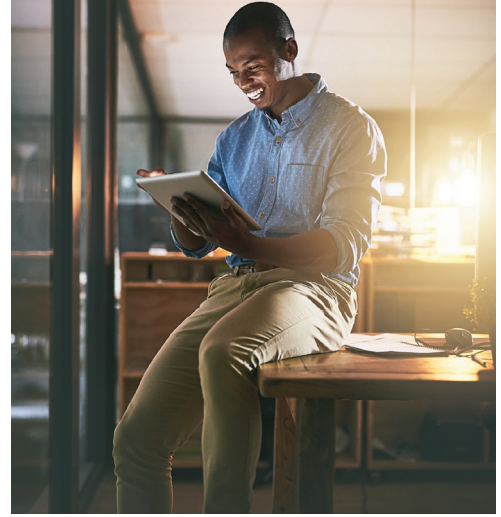
Multiple modes also eliminate the risk of losing vehicles in "dead zones" such as indoors or across multiple lots. Early alerts of uncommon behavior triggered by the system such as vehicle movement off-site after hours can flag potential issues and reduce costs associated with theft and damage.

# Inventory Reconciliation

**Integration of vehicle tracking data into ERP systems moves auction houses closer to real-time accuracy of inventory on hand.** Improved line of sight reduces time spent by staff manually adjusting inventory systems to match physical inventory and tracking down "lost" vehicles. Over half of surveyed auction house leaders wanted to reduce carrying costs of inventory. A comprehensive view of inventory was also a key priority. With more accurate information, auction houses can make better, data-driven decisions about current inventory and new vehicle intake.







## Digital Sales

Real-time reconciliation of inventory also means online listings accurately match available vehicles, which is vital as digital buying channels become a more significant part of wholesale. Cox Automotive reports that approximately 80% of wholesale inventory has been sold to digital buyers since the beginning of the pandemic. As more auctions transition to online, the integration of data from real-time vehicle tracking systems into ERP and other systems makes it easier for auction houses to manage listings and reach a broader set of buyers.

**Flexible access reduces the need for auction houses to dedicate valuable staff resources to locating vehicles for vendors and buyers.**

## Flexible Access

Vehicle tracking platforms should make it easy for auction staff and partners to locate a vehicle using a smartphone or laptop in real time, so employees don't waste time finding a manager with access permissions.

In a recent survey, flexible access for third parties and end-customers was one of the most important considerations for auction houses evaluating vehicle tracking systems. Shared access makes it easier for vendors to locate and service vehicles independently, and with VIN-verified tracking, vendors can be confident that they are servicing the correct vehicles. Flexible access reduces the need for auction houses to dedicate valuable staff resources to locating vehicles for vendors and buyers.



# Creating a Competitive Advantage for Auction Houses

Most auction houses are already using some type of vehicle tracking system today but still experience gaps in performance. Surveyed leaders cited slow data updates and inaccurate vehicle location, as some of the issues experienced with current vehicle tracking systems. Almost all survey respondents reported a willingness to consider other options that might better meet their needs.

## One promising alternative is Cox 2M's LotVision platform.

LotVision addresses current challenges, providing VIN-verified location that is accurate within 10 feet whether outside on the lot, parked indoors in a building or garage, or off-site with a vendor. With over 7,000 DTCs supported when connected to a vehicle's OBD port, auction houses and prospective buyers gain real-time insight into vehicle history and condition.

Auction houses can easily integrate LotVision's real-time vehicle data into ERPs and inventory management systems for seamless inventory reconciliation. Accurate real-time information supports better data-driven decisions about workflow processes and inventory management for faster vehicle turnover. With margins under pressure, optimizing inventory can boost top- and bottom-line growth.

As auction houses work to remain competitive in an increasingly uncertain environment, investing in intelligent vehicle tracking can counter headwinds impacting the automotive industry.



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