

Why part-exchange is key to e-commerce success

E-commerce is increasingly becoming a buzz word in the automotive retail sector, with more car-buyers than ever looking to build their next deal online.

But for dealers to make a success of online retailing, they need to find a way to integrate part-exchange into the process, and this is where a conversation with Manheim, part of Cox Automotive UK, could prove worthwhile.

Manheim has launched a new suite of products that help dealers to offer a consumer-friendly online part-exchange process, to conduct consistent appraisals on site, and to make smarter remarketing decisions. We caught up with Paul Humphreys, managing director, car buying and mobility solutions, at Cox Automotive UK, to find out more.

How do you see e-commerce developing in the automotive sector?

E-commerce is very much a developing area for the industry, and the automotive sector has some specific challenges that make progress difficult when compared with other retailers. Despite this, the move towards online car buying has begun and is gathering pace.

In the world of new cars, we already offer part-exchange valuation tools that feed into the full e-commerce offering of manufacturers including Volvo and Ford, allowing online consumers to complete their deal, from car configuration right through to delivery.

Our own research shows that dealers are interested in creating something similar for used cars, and in a recent Cox Automotive survey, more than 80% of dealers said they expect to offer a full e-commerce experience within the next five years.

E-commerce has the potential to give retailers a huge commercial advantage, but only if they can integrate all the different elements that go into building a deal with the customer, and that, of course, often includes part-exchange.

What are the challenges around online part-exchange?

Part-exchange adds an element of complexity that other parts of the retail sector haven't needed to overcome.

Consumers are comfortable buying high-value items such as holidays or furniture online, but they are not usually trying to

trade in another item in order to build the deal. In the automotive industry, part-exchange is often a key element of the negotiation, but replicating this online has proved challenging.

To make e-commerce work, dealers need to provide a simple, self-service tool that generates an accurate valuation, making the part-exchange as smooth and transparent as possible for the consumer.

Tell us about more about

Manheim Valuations & Appraisals

We have launched Manheim Valuations & Appraisals with the aim of making online part-exchange easy for both dealers and consumers. Under this new area of our business, we have created the 'eVA' suite of products that consist of eVA Valuations, eVA Appraisals, eVA Underwrite and eVA Insight.

It's all based around our market-leading valuation engine, which uses both wholesale and retail data, to work out accurate vehicle values up to six months in advance.

Part of the offering is a white-labelled tool that integrates directly with a dealers' website and back-office system.

For consumers, the tool offers a quick and simple way to get an accurate online

valuation for their current car, so that they can build a finance deal online.

For dealers, it's great for improving customer experience, but it also enables simple and profitable stock disposal. Using up-to-date market insight, we help dealers to make smarter decisions on whether they should push vehicles to auction or sell them in their own network.

So, is this simply an online valuation tool?

It's not just about online, Manheim Valuations & Appraisals is based around our ability to create market-leading valuations. It's really designed to connect the online and face-to-face experience for the consumer.

It features a comprehensive appraisal tool that can be used to value vehicles in-store, and market insight that supports buying and selling decisions.

We can also offer a car-buying service as part of the product. We're confident in our valuations, so we will buy the vehicle straight away for a guaranteed price, taking the risk out of the part-exchange deal and improving cash flow.

Even if the dealer decides to retail the vehicle, we will still offer a guaranteed price for up to six weeks, just in case it doesn't sell.

Manheim is best known for physical auctions – how does that sit with an online valuation tool?

Our wholesale heritage gives us a fantastic basis on which to create accurate valuations. We sell hundreds of thousands of part-exchange vehicles each year and all that data, coupled with comprehensive retail data, allows us to say how much a vehicle is worth with confidence.

Manheim has offered an in-store part-exchange tool called Seller Advance for nearly 10 years, so we have a wealth of experience in this area. Manheim Valuations & Appraisals takes the market-leading features from Seller Advance and combines them with a great online consumer experience. Our Seller Advance clients will be migrated to the new platform during 2020, enabling them to benefit from the growing demand for e-commerce services in the automotive sector.

Our physical network also offers everything a dealer needs to move, recondition or remarket the vehicle. Online

tools are fantastic, but a car will always be a physical product, and Manheim has the infrastructure to manage the operational side of a part-exchange transaction.

Our market data also means that we are ideally placed to help customers make smart decisions on how to dispose of stock, whether it's through wholesale or retail. Alternatively, we are confident enough in our valuation to buy the car from the dealer for a guaranteed price to help maintain cash flow.

And don't forget, as part of Cox Automotive, digital retail specialist Modix is one of our sister companies, so we have plenty of online expertise and experience to draw upon.

Finally, can you tell us how Manheim Valuations & Appraisals stands out from other tools on the market?

Our product offers transparency and accuracy in the part-exchange

E-COMMERCE HAS THE POTENTIAL TO GIVE RETAILERS A HUGE COMMERCIAL ADVANTAGE

PAUL HUMPHREYS, COX AUTOMOTIVE

process, removing the anxiety that some consumers feel about trade-ins.

Research shows that 33% of consumers walk away from a part-exchange deal because of a disagreement over their vehicle valuation. Making it easier to create a deal online will certainly support sales conversion rates.

Because our tool integrates with a dealer's website and back-office system, it can seamlessly take a vehicle all the way from part-exchange enquiry, through to remarketing, and, as part of Manheim, we can offer the physical services needed to handle the part-exchange process.

It's a complete package that's designed to encourage consistent appraisals in the showroom, support e-commerce, and make it easy to dispose of the vehicle.

It really is an exciting product that removes one of the big hurdles to automotive e-commerce, and we are looking forward to talking to our dealer customers about it.



COMPANY PROFILE

Key products and services:

Manheim Valuations & Appraisals; Manheim Inspection Services; Manheim Vehicle Solutions; Manheim Auction Services (Digital and Physical); Manheim Managed Services; Manheim Logistics (including Movex)

Key staff: Peter Bell (managing director, Manheim); Martin Forbes (chief executive officer, Cox Automotive UK)

Founded: In the 1920s – it was originally called Central Motor Auctions

Based: Headquartered in Leeds, Manheim has 16 auction centres and

five specialist vehicle defleet and preparation centres throughout the UK.

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