



Why accurate vehicle data is essential for players in the automotive industry

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A complete picture of a vehicle's options, equipment and features ensures accurate valuations from the day it is built until the day it hits junkyard. Each VIN is described, or decoded, an astounding average of 35 times per year — adding up to over 400 times in its lifetime.

That being said, there is a lack of transparency about content on vehicles throughout the automotive industry. The baseline for understanding a vehicle is most of the time limited to the VIN, which doesn't include optional equipment and often doesn't identify trim level. When a vehicle is not fully described, it is assumed that it has the lowest trim level and least amount of value. The need for proper vehicle descriptions is only growing stronger. Advanced driver assistance systems (ADAS) include expensive features that often can't be easily identified, and these features are becoming more and more common.

The bottom line is that inaccurate vehicle descriptions can affect your entire operation. Despite this, it is often left at a bare-bones VIN decode that leaves money on the table.

The basic vehicle description

Year, make and model are the very basic details that people need for a quick view into a vehicle. That's as general as it gets. However, if you can't identify specific features on a vehicle, you are unable to value it correctly. This can be compared to viewing a car through blurry vision. You can tell it's a car, you can maybe tell what make and model it is, but there's no way you can see what equipment is on it.

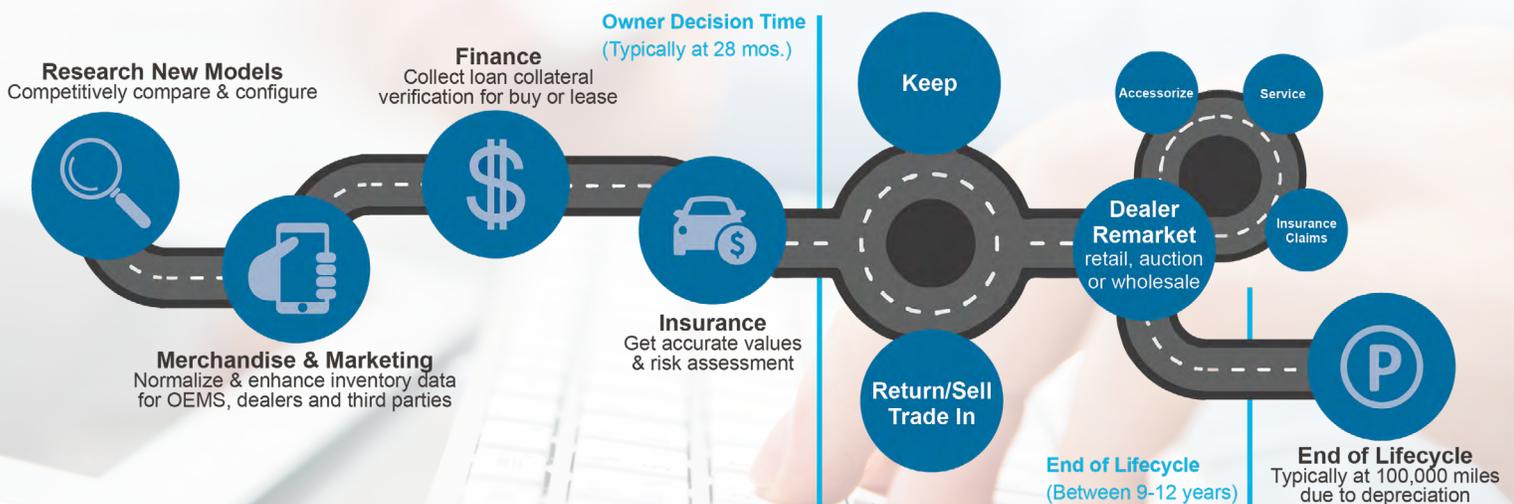
The more you know

Up until recently, the automotive industry was largely satisfied with limited knowledge of each vehicle's specifics. We just resigned ourselves to thinking, "We won't know everything about the car, and that's ok." But why think that way when we have so many resources right in front of us?

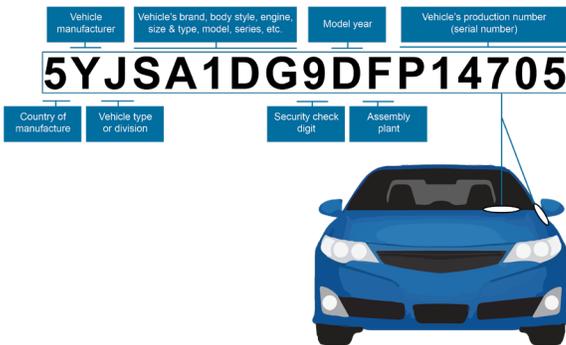
Catalog data, also known as price and spec data, comes from OEM official paperwork (order guides and price sheets) rather than from a "VIN decode." Using these resources gives insight into a larger array of data points and equipment on any given vehicle.

When an accurate description is vital in the life of a vehicle

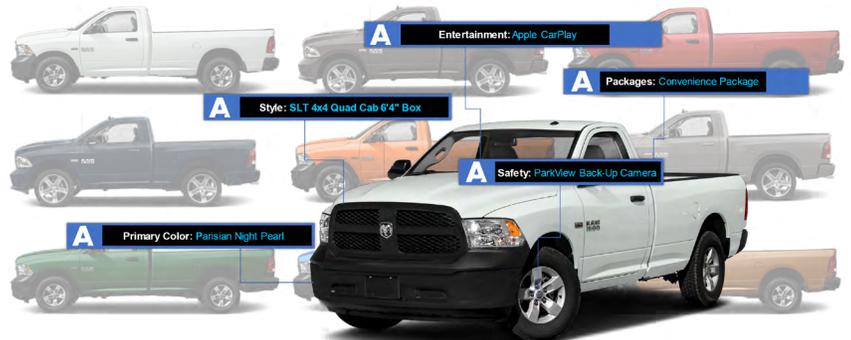
Each VIN is transacted an average of 35 times per year



What we know from the VIN



What we can find out from OEM build data



What is OEM build data?

Using OEM build data in combination with catalog data makes for an even more accurate and complete picture. On its own, OEM build data is not usable. Build data is just a collection of manufacturing option codes that an OEM assigns to a specific VIN when a vehicle is manufactured. But when the build data is used in conjunction with catalog data, a vehicle can be described with the exact equipment that was installed as it rolled off the production line.

features by 2025.¹ Unfortunately, identifying the exact features on a specific vehicle — and the impact of those features — has been largely unavailable.

A mistake made regarding one little feature on a vehicle (saying it's present when it's not, or vice versa) leads to missed opportunities for profitability — sometimes thousands of dollars over something as simple as an installed exterior color. In our experience, between \$400-1,000 per vehicle is not realized due to a faulty vehicle description. At this rate, the total missed opportunity for revenue adds up quickly.

Accurate vehicle descriptions are needed to power the entire automotive ecosystem. Here are some ways inaccurate descriptions impact business verticals in the industry.

“**The bottom line is that inaccurate vehicle descriptions can affect your entire operation.**”

The costly impact of a poor vehicle description

Without accurate and complete vehicle data, vehicles are often under-described. This is happening more frequently as ADAS technology becomes more prominent in the industry. It is estimated that more than \$67 billion will be spent globally on ADAS

“**When OEM build data is used in conjunction with catalog data, a vehicle can be described exactly as it was when it rolled off the production line.**”

OEMS

- Ordering mix (trims/colors/packages/equipment) are incorrect, resulting in more/higher rebates/incentives
- Vehicle values are reduced (retail/wholesale/trade/residuals)
- Captive finance companies are at risk for fraud/power booking (illegally inflating a vehicle's value)
- Pricing is incorrect for off-lease units, resulting in write-offs

Dealers

- Competitive pricing for the local market is incorrect
- Reduced ability to protect margin in negotiations
- Reduction in leads
- Loss of sales
- Loss of trade-in and associated deals
- Days to turn increase
- Reduction in price when selling at auction

Financial Institutions

- Loan originations reduced
- Finance income reduced
- Increased risk for power booking
- Risk on portfolio is more volatile
- Higher risk on loan defaults
- Prices for vehicle coming off lease is incorrect, resulting in "no sales"
- Increased expense and reduction in sale price as vehicle travels through the auction process

Insurance Companies

- Enables fraud
- Increased expense for claims on undeclared equipment
- Risk in coverage rates may be too low
- Claim cost to vehicle value ratio is off, resulting in higher charge offs/vehicles being totaled

Third Party Portals

- If a vehicle can't be found, it can't generate leads and won't be sold
- Guidance on "quality" (good, fair, bad) of price to described vehicle is incorrect
- Quality and quantity of leads is diminished
- Cost per lead increases and dealers may cancel subscription
- Lack of confidence from consumers

Website Providers

- Incorrectly marketing vehicles resulting in dealer goodwill or "we-owe's" for vehicle misrepresentation
- Reduced quantity and quality of leads
- Poor customer experience
- Dealer cancellations

Remarketing/Auctions

- Incorrect vehicle description results in "no sale" or a lower sale price
- Auction finance departments could be at risk when valuing a vehicle to floorplan
- Transportation companies could incorrectly identify the Gross Vehicle Weight (GVW) and incur fines if total load is over road limit
- High risk of fraud

Inventory Management

- Trade-in appraisals are incorrect, resulting in lost deals
- Market pricing guidance is incorrect
- Analytics such as profit/loss, appraisal win ratio, appraisal to sale price etc. is incorrect
- Stocking recommendations are incorrect
- Days to sell increases
- Carrying costs increase
- Gross profit decreases

Why choose Autodata Solutions for your data needs?

When it comes to complete and accurate vehicle data, we cannot be beat. No other company in the industry provides the precise level of VIN description that we offer.

- The **breadth** and **depth** of our descriptive data and tools are unmatched in the industry.
- We have **the most OEM relationships** who authorize the use of their build data within our VIN description services.
- We can accommodate a **multitude of different types** of businesses within the auto industry.
- Integration between Autodata Solutions products is **easy and reduces errors**, as well as with other industry partners' products, via the Chrome StyleID/Acode.
- We have a strong **reputation for accuracy, quality and simplicity** of style reduction.

Chat with us today!

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Sources

¹New auto safety technology leaves insurers in the dark, Automotive News

https://www.autonews.com/regulation-safety/new-auto-safety-technology-leaves-insurers-dark?utm_source=daily&utm_medium=email&utm_campaign=20190726&utm_content=article2-headline