

How can you efficiently control remarketing margins?



Stéphane GILABERT
Head of Marketing Product

Reselling cars is good but reselling them at the right price is essential. Monitoring sales performance is necessary to optimise both margins and improve this performance. Whilst the COVID period enhanced economic cuts, it represented a great opportunity, with performance levels and stock shortages reaching unprecedented highs. Since then, the market returned to a normal situation. It is important then to focus on margin and pricing control to monitor sales performance and align with market realities.

A market-based reference system...

Identifying vehicles precisely (VIN)

To effectively control remarketing margins, it is crucial to rely on a robust external market reference system. This begins with **accurately identifying vehicles, utilising the VIN (Vehicle Identification Number)** as a precise identifier. Today, to get an accurate result, identification should reach at least

98% of the market.

Compare your sold vehicles to an external reference value

Once your car has been identified, it is essential to **get an external market value**. By leveraging external reference values, **businesses gain a clear and neutral benchmark** to compare the pricing and performances of the vehicles sold. It helps in the positioning of the right prices. This approach ensures that each transaction is assessed against market conditions, allowing for a more strategic alignment of remarketing prices. The more frequently your data is updated, the more accurate your assessment will be.

...to measure sales performance...

Calculate your RPI

Once a market reference is established, the next step is to **measure the sales performance**. This involves calculating key indicators, such as the **Resale Price Index (RPI)**, to evaluate profitability across different vehicle categories, geographical areas, brands, dealerships groups, etc... **Various methodologies can be employed** to calculate an RPI, **depending primarily on the market reference (B2B, B2C, C2C) and the specific settings included in the calculation.**

Initially, the RPI is determined based on the vehicle's sale price plus any damages incurred. Subsequently, this total can be divided either by a B2C market value or a configured B2B value, which incorporates dealer margin percentage and amount, as well as negotiation rate. Ultimately, the **RPI can vary from one OEM to another**, depending on the calculation settings chosen. Notably, the **RPI may fluctuate by up to 10 points between two countries** for the same brands. It is more strategic and relevant for an OEM to monitor RPI rather than focusing solely on absolute margin value.

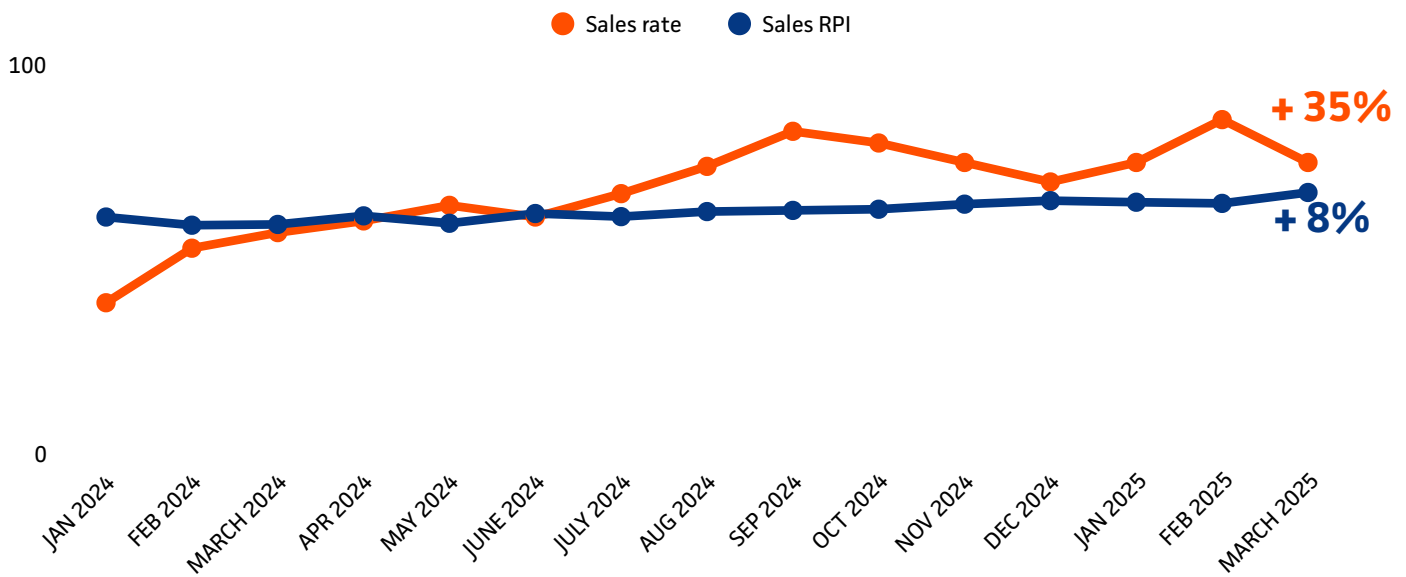
...and challenging sales performance to unlock value

Integrate advanced KPIs into sales management - target setting

To unlock maximum value, businesses should incorporate advanced KPIs into their sales management processes and set precise targets.

Most of the time, selling prices are based on buying prices. **By using a predictive RPI sale to fix the buying price, OEMs or other stakeholders can fine-tune their strategy and move closer to their target outcomes.**

At EasyReprise, our C2B subsidiary, we have deployed the predictive RPI sales for France for the last year and for cars up to 8 years old. The graph hereunder shows our sales rate development as well as our RPI sales performance.



Source: autobiz, France, vehicles 0-96 months

By aligning purchase prices, RPI, resale prices with sales objectives, stock levels, brand appeal, and processed volumes, companies can ensure that sales strategies are tailored to the current market environment. **The ability to manage sales force margins in real-time using advanced tools is pivotal for enhancing productivity and profitability.**

How to anticipate in such an uncertain landscape?

To maximise value creation, it is essential to continually challenge sales performance. Integrating advanced KPIs into sales management allows for precise tracking of margins obtained per vehicle category and adjusting the strategies accordingly.

These key performance indicators, such as the RPI, provide valuable insights to optimise sales processes, improve profitability, and support informed decision-making. They play a crucial role in establishing a strong and controlled pricing strategy. The next step is to automate more and more tasks to gain in productivity.

As the remarketing landscape grows increasingly complex, automation offers a path to streamline operations and boost efficiency. Automated processes, from tracking KPIs to enforcing pricing strategies, empower businesses to focus on strategic tasks whilst reducing manual effort. This ensures that decision-making remains agile, precise, and responsive to market dynamics.

Want to know more?

Stéphane GILBERT
Head of Marketing Product

insights@autobiz.com

