

Is the trade-in process truly transparent?

There is a need to address the disparities between online part-exchange valuations and those given in dealerships

Today, there are more avenues for car dealerships to sell their vehicles than ever before.

The smartphone, for example, has made it easier to capture high-resolution images and videos of vehicles, and upload them in a matter of minutes.

And yet, despite the latest advances in digital technology, accelerated by the COVID-19 crisis, when it comes to trade-ins there's often a disconnect between the valuation the dealer offers in-store and what's available online.

Why is this? And what do motor retailers need to do to provide a seamless omnichannel customer experience?

There are multiple tools available online for consumers to get a swift trade-in valuation. By entering their car registration, mileage and details about the vehicle's condition, they can get a quote in minutes. But, often they are only indicative and aren't actually binding.

"The point of online valuations is that nobody guarantees them, even if they say they do," says Alistair Horsburgh, chief revenue officer at CitNOW, which launched Tootle, an online part exchange platform, last year.

He adds: "The concept of guarantee depends on the consumer giving you the correct information and the buyer not wanting the price to be reduced because the vehicle is the wrong colour or specification, or it's not in the condition previously stated."

Another problem with guaranteeing the online valuation is if it's subsequently discovered at the dealership there's an issue with the vehicle. It can result in an awkward conversation with the customer. Worse still, the retailer can be forced to absorb the cost, with some even putting aside funds to cover such oversights.

"The danger is that it can create a negative customer experience," says CitNOW's head of sales Callum Wood. "If the wrong details have been input that can lower the vehicle's value and

often the dealer will have to swallow the cost."

Carwow chief executive James Hind believes it's more important to provide an accurate valuation than guarantee the price. For example, because the Sell Your Car platform sets realistic and fair expectations, more than 95% of customers received the price they were initially offered, he says.

"Buyers shouldn't feel pressured into over-paying on vehicles to tie themselves in a knot for the sake of offering a guarantee," says Hind. "Digital valuation tools have been proven to give dealers all the information they need to give accurate valuations in the first place."

Cox Automotive insight and strategy director Philip Nothard takes a different view. He says that, provided the valuation process is simple enough for the consumer to understand and there is no ambiguity, there's no reason why the price quoted shouldn't be guaranteed.

"Subject to the normal declaration of information, as long as the consumer follows the correct process and completes the online appraisal then there's no reason why the price shouldn't be honoured," he says.

"That's because the valuation will have buffers built into it to deal with any anomalies."

Duncan McPhee, chief operating officer of Lookers, says that online valuations should be guaranteed, provided the vehicle condition is the same as described by the customer. But he adds that there needs to be some leeway, given the current longer lead times for vehicle orders.

"It's all about managing expectations," says McPhee. "Ultimately, if a customer obtains a valuation online, the dealer should absolutely guarantee that, provided nothing significant has changed with the vehicle."

The key for dealers is to provide an omnichannel experience, whether that's in-store, online or a hybrid of the two. However, it may not be viewed as truly omnichannel if the consumer has to visit a dealership for a trade-in appraisal and the



online valuation they received then changes.

"At the moment, this is an area of concern for both consumer and dealer," says Nothard. "But, in the future, the consumer should be able to get an online valuation and then drop it off at the dealership or arrange for it to be collected without the need for an appraisal."

In theory, the consumer should also be able to walk into a dealership and receive the same valuation as they would online, as well as the same level of transparency.

But it doesn't always work out that way.

"The on-site and digital appraisals should mirror each other," says Nothard. "And, if a consumer has to bring in their vehicle after doing an online valuation because a secondary valuation is required, then that should be done in exactly the same way."

The biggest problem is consumers value their vehicle at more than it's really worth, with 76% of retailers citing customers overvaluing their existing vehicles as the biggest problem with part-exchanges, according to a recent CitNOW survey. Then there's the issue of providing the wrong information or insufficient detail.

This is because either the consumer doesn't know what content they have to supply or they are trying to hide something about the vehicle. To get the most accurate valuation, if consumers