



## Mobile Solutions for Vehicle Sales: From Luxury to Necessity

In July 1976, Apple introduced its first personal computer, the Apple I. It sold for \$666.66 (or \$2,572 in 2011, adjusted-for-inflation dollars). A mere 34 years later, in January 2010, Apple began selling the iPad for \$499 and the device represented a quantum leap in functionality, speed, portability, cost and countless other factors. As impressive as that evolution was, today's advances in technology are moving at the speed of light compared to the snail's pace of the last quarter of the 20th century. We must be able to recognize the technology that will benefit us the most, and utilize it to the fullest, if we are to stay competitive.

Not long ago, mobility was seen as a luxury affordable to only a handful of eccentric dealers willing to spend hundreds of dollars for a service that ran on a device resembling a bag cell phone circa 1986. With the smart phone explosion, advanced VIN capture technology and the increased competition in the mobility space, using a mobile solution is becoming a necessity your dealership must consider.

Like other business sectors, the automotive industry has been struck by smart phone mania that's flooding the industry with companies offering rich handheld applications and access to necessary data. What was once viewed through a skeptical lens as being ineffective in the auction lane or on the lot has undoubtedly made a shift to acceptance in the past year. The automotive industry has come face to face with smart phone technology that now presents a firm reality of viable platforms, price points and configurations.

While competition is making mobile solutions more affordable, there are still many dealers who've resisted adding mobile solutions to their buying and selling repertoire. Just like the

8-track tape before it, so should be gone the days of paying 30 percent over loan book value or buying vehicles with a bad CARFAX report. Unfortunately, there are still dealers forced to unload inventory at a loss due to a lack of information.

In 2010, it was estimated more than 6,000 dealers used a mobile solution for the first time and that number is expected to easily double in 2011. The automotive industry is not walking but running towards the full-scale use of mobility and we will continue to see barriers that prohibited the widespread use of it quickly erode.

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Previous handheld solutions lacked sufficient functionality or integration to be widely accepted in most automotive segments, but we are now seeing mobility is quickly becoming the standard in large part due to a significant decline in price and increased availability. Dealerships now have access to at least one form of a mobile application that will assist them in buying and selling inventory, which is leveling a playing field that previously favored larger dealerships.

Similar to the financial sector, the efficient market hypothesis (EMH) formulated by Eugene Fama in 1970 suggests at any given time, used auto prices fully reflect all available information in a particular market. Simply put, mobile solutions are creating a more efficient remarketing environment because more dealers are buying and selling inventory using data and tools not previously this accessible. In turn, as mobile integration evolves we will continue to see the automotive

market become more efficient.

The increased mobile application use, however, does not idiotproof the process as dealers must still have their finger on the pulse of their customer base and must constantly remain educated in their market segment, since a good wholesale purchase price does not necessarily translate into guaranteed profits from sales.

Industry professionals predict the rise in mobility will increase competition and in turn decrease margins. Thus, dealers will face an added risk in vehicle sourcing as the margin of error in buy-sell decisions will be decreased as more accurate, and consistent, data is made available. Some may view this as a pitfall of innovation but historically technological advances that save time and add value are adopted by the masses become the industry standard.

There is no question mobile technology is shifting the automotive landscape and it will continue to exert its forces in the market. Dealers have always been forced to deal with fads that come and go, but failing to embrace this emerging technology puts them at a distinct disadvantage. Clearly, mobility is fast becoming the standard tool to accurately buy, sell and trade inventory.

Unfortunately, gut feelings and last minute judgment calls without the use of a mobile solution will leave dealers with a distorted view of true market value.

Mobile solutions have just started to scratch the surface with functionality and integration, and while some dealers are thrilled to scan VIN's with smart phones so they can access used vehicle data, others are pressing for more features, added functionality and across the board integration. It's unlikely we'll look back to view the app frenzy and mobile buzz as we now do the Apple I, but mobility will continue to evolve and with it a key to remaining competitive. 

**Jason Seligman**

is the president of VIN Viper, a revolutionary VIN scanning technology. For more information, contact him at 800-380-6135 or [jason@vinviper.com](mailto:jason@vinviper.com).

