



A QUICK GUIDE TO METRICS IN USED VEHICLE OPERATIONS

The 7 KPIs you need to track
for profitable growth in your
used vehicle business.

5 STEPS TO IMPLEMENTING SUCCESSFUL KPIs

1

Start with strategy

2

Align numbers

3

Get specific

4

Define actions

5

Keep improving



5 Steps to implementing successful KPIs

Start with strategy

At the highest level, what is your business trying to accomplish? What is your overall goal, and what are the departmental and workgroup goals that support it?

Align numbers

Identify the ways you can measure progress to that goal. What factors combine to provide a true KPI for the defined goal?

Get specific

The KPI may be a composite of many factors, but there should be a simple way to reliably track it.

Define actions

Every KPI needs to be actionable, so be thinking about the correct responses even as you are defining the numbers. What does a sudden drop really mean? What are the corrective steps you can take in response?

Keep improving

Implement your KPIs, track them, and improve your business accordingly.

These five steps will help you design solid KPIs and avoid the trap of vanity metrics. Take the time to understand what your business must do in order to succeed and you will develop KPIs that are both aligned with your strategy and easily acted upon.

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KPIs TO GUIDE USED VEHICLE SUCCESS



STOCK
TURN



MARKET DAYS
SUPPLY



INVENTORY
AGE



PRICE TO
MARKET



PRICING
STRATEGY



SHARE OVER FIRST
PRICE TO MARKET



NUMBER OF
PHOTOS

KPIs to guide used vehicle success

Stock Turn: Stock turn measures the number of times a year the inventory is sold. As a general guide, the quicker a business turns over its stocks, the better. To calculate the stock turn ratio, take the annual used car retail sales, i.e. the number of used cars that have been sold in one year, and divide this by the number of used cars that are in stock.

Market Days Supply: Market days supply measures the supply and demand characteristics of each vehicle or of an inventory of vehicles in a specific market. It tracks in one number how many of the same or similar vehicles are available and how many were sold in the market. A market days supply average of 60 to 70 for the total used inventory has been proven as the benchmark for this KPI.

Inventory Age: Inventory age tracks the development of the share of fresh vehicles and old vehicles in your inventory. It is usually categorised into:

1 – 30 days	50%*	(*recommended inventory benchmark)
31 – 60 days	30%*	
61 – 90 days	15%*	
90 days +	5%*	

The longer a used vehicle remains in a dealer's inventory, the more depreciation will corrode a dealer's ability to maximize the car's ROI potential.

Price to Market: Price to market measures how the price of a vehicle compares to the average price of the same or similarly equipped competing vehicles in a market.

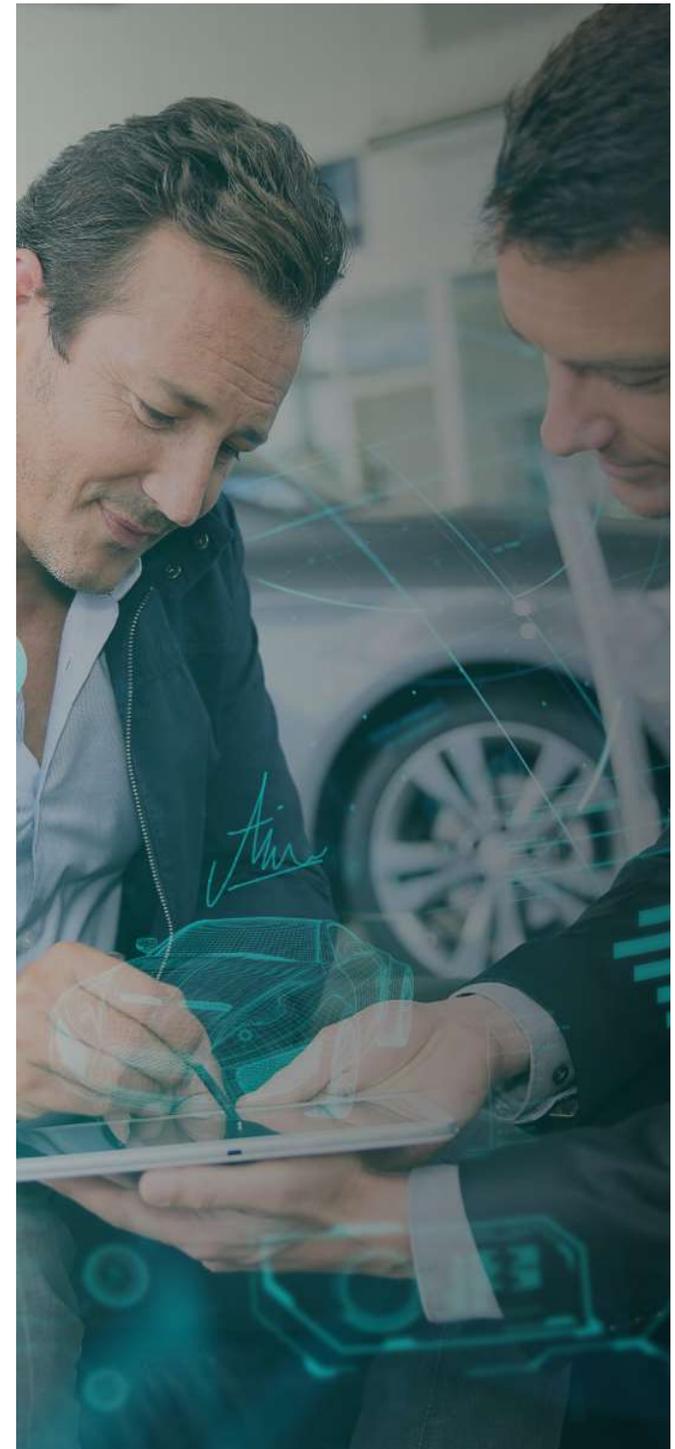
Pricing Strategy: The pricing strategy shows the average price to market for each individual segment of the inventory age.

Share over First Price to Market: Share over first price to market shows the share of vehicles in the inventory which have relatively increased in price, i.e. the market has decreased more than prices have been adjusted since the vehicles were advertised first.

Number of Photographs: Manage the ideal photo count online to avoid image fatigue for customers and convert views into leads.

Attend an INDICATA webinar to discover which KPIs you should track. For detailed recommendations and best practice benchmarks, register at:

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