

CIO Review

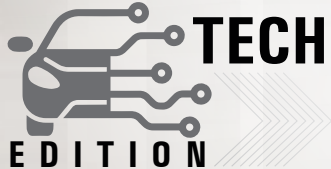
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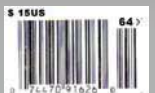
**AUTOMOTIVE
TECH
EDITION**



LOT LINX

**INVENTORY
MERCHANDISING
REDEFINED**

Len Short,
Founding Chairman & CEO

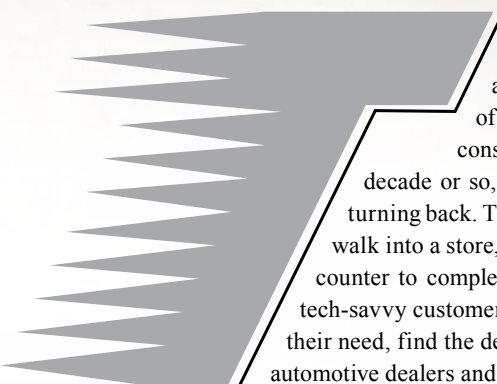


LOTLINX

INVENTORY MERCHANTISING REDEFINED

By Justin Smith

"We lived on farms, then we lived in cities and now we live on the internet."



his excerpt from the movie "The Social Network," is an appropriate distillation of how digitalization has touched so many facets of modern life. What was once a complicated process of visiting a brick and mortar store and going through scads of products to choose one, has now barreled into the convenient digital realm where consumers make most of their purchasing decisions online. Similarly, over the last decade or so, digitalization has massively impacted the automotive industry and there is no turning back. Think of buying something as simple as a car tire; back in the day, a customer would walk into a store, select a specific tire after scouring each shelf, and then make the payment at the counter to complete the purchase. Accustomed to immediacy, personalization, and convenience, tech-savvy customers today would make the same purchase in a few simple steps—choose the tire of their need, find the destination shop for vehicle that sells it. Thus, it does not come as a surprise when automotive dealers and OEMs spend a fortune on digital media to sell faster and more efficiently.

However, when one looks at the automotive retail industry through the digital lens, closing sales has not been particularly a cakewalk for dealers and agencies. Auto dealers are faced with a pressing concern to quickly and accurately adjust their inventories and advertising spends in keeping with customers' online buying behaviors.

As reported by the National Automobile Dealers Association (NADA), the advertising cost per sale stands at a staggering \$722 this year. But does this investment actually pay off? Despite spending a fortune on digital media, the complexity associated with managing ad campaigns in the face of ever-changing consumer and market trends, intensifying market competition, and revolving inventory are increasing by the day. The promise of a frictionless environment, pivoting on the internet and digital channels, to drive efficiencies, better customer engagements, and more sales at a lower cost has proved futile in automotive retail. To help auto dealers navigate the maze of challenges when it comes to moving their inventory faster, by bringing specific cars in front of specific buyers through digital channels is Chicago-based LotLinx. An automotive inventory marketing technology company, LotLinx has brought forth a one-of-its-kind vehicle identification number (VIN)-specific platform that helps dealers sell cars smarter by aligning marketing strategies to sales objectives with unparalleled efficiency and precision.

“We are a technology partner of Google, and we are the only company that has both a technology and platform badge with Facebook”

REVIVING A DRASTICALLY WANING PROFIT MARGIN

Much like each car buyer is different and has varied requirements and budget constraint, no two cars can be sold based on a similar marketing strategy. The CEO of LotLinx, Len Short informs, “Every car is sold differently; each car moves in and out of a dealer’s lot in distinct circumstances.” While some cars sell faster, the others straggle to make through the sales process, leading to inventory overstock, aging vehicles, and declining profitability. As cars start to stack up, the compounded flooring cost for dealers spikes exponentially. Consequently, dealers pin their faith on slashing car prices significantly, which drastically impacts their bottom line. Unfortunately, this sales strategy often misses the mark when it comes to driving customer traffic in automotive retail. Short clarifies, “Price drop does not always entail incremental demand.” Instead of focusing on the price

elasticity of demand, which fails to boost sales more often than not, LotLinx is shifting gears to demand elasticity of price. Short broaches an important question, “What if you can identify the cars that are going to age eventually, upfront?” And this is exactly what LotLinx is helping dealers with.

Underpinned by AI and machine learning technology, LotLinx’s patented inventory management platform, empowers automotive dealers to preemptively target specific aging vehicles and drive incremental customer engagement on them to avoid costly aging cycles. Way ahead of commercial applications, LotLinx’s platform utilizes deep machine intelligence to take into account different factors that influence and determine consumer buying behavior. Be it competitive stocking or pricing, turn rates, market demand, in-market shoppers, online activity, or even the weather, the platform covers everything to identify the specific units that are either going to pile up or sold at cut-rate prices and channelize the demand toward them.

A case in point: while Macan is one of the highest selling models of Porsche, a dealer might find it difficult to clear out his lot, with probably a 100 new Macans, during winter or tough climatic conditions. LotLinx’s platform, powered by AI, can respond and react to the crisis and assist the dealer to ramp up customer interactions on those specific units on digital platforms, boosting sales in the process.

LotLinx’s fundamental point of differentiation is its ability to identify and promote individual VINs by executing specific campaigns against them. “We have built a platform-based programmatic method of amplifying demand for those cars in a short period of time, making a substantial contribution to the seller’s profitability.” When it comes to advertising and promoting



automobiles on television, radio, or digital platforms, most players in the market place the audience at the center of their campaigns. LotLinx does not follow suit; rather the company starts with the car itself. As such, the company's data-intensive platform, which is truly omnichannel, equips dealers with the tools they need to direct their investments toward particular units to have the biggest impact on their gross margin. With AI and ML technology at its core, the LotLinx-VIN specific™ platform performs millions of adjustments in a minute in order to drive the highest demand for each specific VIN on the dealer side, making a massive difference to the seller's bottom line. Short emphasizes, "When dealers target their advertising, they save significant spend waste, resulting from a spray and pray approach, and direct those dollars toward the most leverageable units that can add to their margin significantly. When you give the dealers the ability to do that, they get very surgical about their business. And, that is a revolution!" he adds. Not just that; they can now narrow down their focus on managing their business instead of investing their time and money in digital advertising.

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REACHING CUSTOMERS AT THE RIGHT PLACE, AT THE RIGHT TIME

Short underscores that with online shopping destinations taking over brick and mortar stores, it has become crucial to take a close look at customers' buying behaviors. Customers spend considerable time researching, comparing prices, analyzing finance options, and more, when it comes to buying a car. As they move down the purchase funnel, they go from 'considering' what to buy to 'knowing' what to buy. Consequently, a buyer's search behavior changes significantly, shifting toward exploring multiple dealer inventories online before fixing on one seller with the exact car

and specifications he is looking for. Predicting and capturing this moment is paramount to influencing a buying decision. "Our technology is built around that very point in time to reach the customer at the highly leverageable moment," stresses Short. Indisputably, LotLinx's innovative advertising technology ensures accelerated sales pace and increased customer engagement on the vehicles that require incremental demand by bringing them to the customer online at the right time on the right channels.

Added to that, from the very outset, LotLinx underscored the importance of Vehicle Details Page (VDP) views on a dealer's own site, not a third-party website. With the help of LotLinx, dealers today have a clear understanding of the value of strategically driving VDP views at the VIN level to move their inventory faster. Not just facilitating VDP activity, LotLinx's sophisticated tracking platform integrated with Google Analytics enables dealers to understand and identify the views that have an impact on their sales. Short proudly mentions, "We are a technology partner of Google, and we are the only company that has both a technology and platform badge with Facebook." Short accredits LotLinx's success to its high-performing team members who are well acquainted with the nitty-gritty of the car business. "While dealers talk car, we speak inventory."

Short goes on to highlight that LotLinx is first and foremost a product and technology company. Reaching a scale and bolstering its recognition in the industry, LotLinx is now looking at investing in a field force while expanding its local presence and partnerships that it can offer to dealers. The company is all set to launch two products in the market, which will be focusing on activating multiple core functionalities of LotLinx's platform and predictive price modeling based on trailing data to keep vehicles rightly priced in the marketplace. 

