ONLINE BIDDING IMPACTS STUDY

WHAT ARE IMPACTS OF ONLINE BIDDING AND WHAT ARE MAIN DRIVERS TO ATTRACT ONLINE BIDS?
CONTENTS

• Impacts of Online Bidding
  – Impact to Sale%
  – Impact to Retention
  – Impact to % of Sold Online

• Key Drivers to Attract Online Bids
  – Condition Grades
  – Vehicle Age
  – Vehicle Segment
DATA SAMPLE

- Manheim’s transactions in for one calendar year in all US locations with following exclusions:
  - Exclude Specialty and TRA sales
  - Exclude sales that are not registered in Simulcast
  - Exclude mid-stream online sales (OVE Sales)
SIMULCAST BIDS IMPACTS
**SIMULCAST BIDS VS. SALE%**

- Strong sales% for vehicle categories receiving more Simulcast bids.
- The same trend is showing in all market segments sales.
SIMULCAST BIDS VS. RETENTION (MMR%)

- High retention in the vehicle categories receiving more Simulcast bids.
- The same trend is showing in all market segments sales.
SIMULCAST BIDS VS. % OF SOLD THROUGH SIMULCAST

• % Sold through online increases sharply as the vehicle received more Simulcast bids.
• The same trend is showing in all market segments sales.

% of Simulcast Sold* vs. Simulcast Bids

<table>
<thead>
<tr>
<th># of Simulcast Bids Recevied</th>
<th>0 Sim Bids</th>
<th>1-3 Sim Bids</th>
<th>4-6 Sim Bids</th>
<th>7+ Sim Bids</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEALER</td>
<td>0.0%</td>
<td>29.0%</td>
<td>63.1%</td>
<td>72.1%</td>
</tr>
<tr>
<td>CAPTIVE FINANCE</td>
<td>0.0%</td>
<td>35.7%</td>
<td>60.3%</td>
<td>73.6%</td>
</tr>
<tr>
<td>BANK</td>
<td>0.0%</td>
<td>19.2%</td>
<td>52.4%</td>
<td>67.1%</td>
</tr>
<tr>
<td>RENTAL</td>
<td>0.0%</td>
<td>54.5%</td>
<td>73.7%</td>
<td>77.7%</td>
</tr>
<tr>
<td>MANUFACTURER</td>
<td>0.0%</td>
<td>51.8%</td>
<td>72.2%</td>
<td>81.7%</td>
</tr>
<tr>
<td>FLEET</td>
<td>0.0%</td>
<td>22.1%</td>
<td>51.7%</td>
<td>67.7%</td>
</tr>
</tbody>
</table>

* % of Simulcast Sold= # of Simulcast Sold / Total # of Sold
SIMULCAST BIDS VS. SIMULCAST IMPACT%

- The overall simulcast impact (Simulcast sold + Simulcast as second high bid) increases sharply as received simulcast bids increase.
- Above 90% of commercial vehicles (80% of dealer vehicles) receiving 4 or more Simulcast bids either sold through Simulcast or received a Simulcast bid as the second high bid.

\* % of Simulcast Impact% = (\# of Simulcast Sold + \# of Simulcast 2\textsuperscript{nd} Bids) / Total \# of Offered
KEY DRIVERS TO ATTRACT ONLINE BIDS
SIMULCAST BIDS VS. CONDITION GRADES

- For condition three or higher vehicles, there is a clear trend that the % of Simulcast bids increase as the condition increases. For condition one and two vehicles, the percentage is stable.
- Noticeable jumps of % Simulcast bids can be seen in 2.9 to 3 and 3.9 to 4 condition transitions.
SIMULCAST BIDS VS. VEHICLE AGE

- It’s not always the case that newer cars attract more online bidding activities.
- Vehicles from different segments seem to have their own most desirable age range.

* % of Simulcast Sold = # of Simulcast Sold / Total # of Sold
SIMULCAST BIDS VS. VEHICLE SEGMENT

- Sports, Luxury and SUVs attract more online bidding than Compact and Midsize cars.
SUMMARY

• Online bidding can quickly increase the intensity of auction process. As a result, it can significantly increase the sale-through rate and lift retention.

• Simulcast Impact increased sharply as number of simulcast bids received increases. Above 90% of commercial vehicles (80% of dealer vehicles) that received 4 or more simulcast bids either sold through Simulcast or received a simulcast bid as the second high bid.

• Higher online interests and confidence increased evidently towards vehicles with higher condition grades.

• Newer cars do not necessarily receive more online attraction.

• Sports, Luxury and SUVs attract more online bidding than Compact and Midsize cars.