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Case Study

Value of Condition Report

Dealer Consignments

01012011 - 11302011



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Study Parameters



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- Data sample includes transactions thru Manheim US auctions during the ***January 1st thru November 30th 2011*** time period.
- TRA and specialty sales have been excluded from the analysis.
- There is a growing number of units posted on OVE with a seller disclosure, this is a condition report provided by seller vs. a “full” condition report (“CR”) written by Manheim or independent 3rd party. Currently vehicles sold with a seller disclosure show as sold with no condition report. These units have a virtual representation and disclosure and could skew results of the study; therefore, OVE transactions are excluded from the analysis. Seller disclosures are only offered thru OVE.
- Commercial consignments needed to be excluded to isolate the bias of an established process/business.





- In 2011 *19%* of dealer consigned sales had a CR vs. *97%* of commercial sales
- % dealer vehicles sold with a CR has increased by *36%* in 2011 vs. prior year
- The presence of a condition report has shown to
 - Improve online competitiveness
 - Increase bidding activity from online buyers
 - Reduce arbitrations
 - Drive higher retention results





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Case Study:

Effect of a CR

Dealer Consignments

01012011 - 11302011



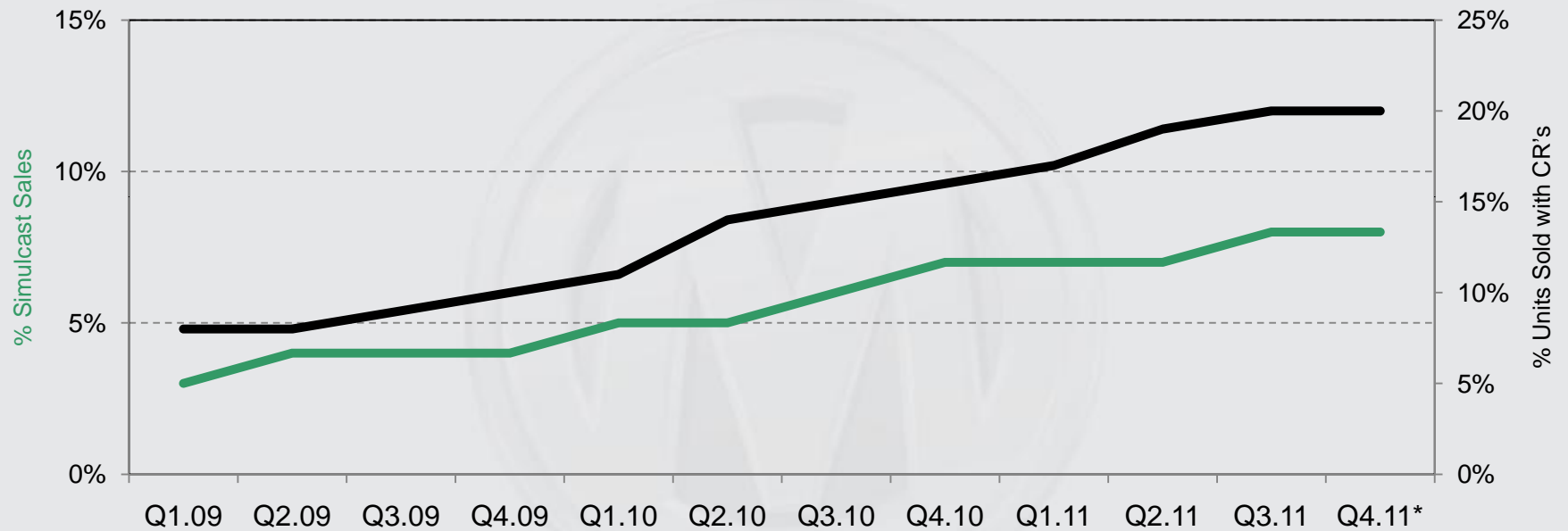
Historical Perspective



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Dealer Sales

— % Simulcast Sales — % Units Sold with CR's



Data suggests there is a tight correlation between units sold with a CR and Simulcast activity

*Nov YTD



Online Competitiveness

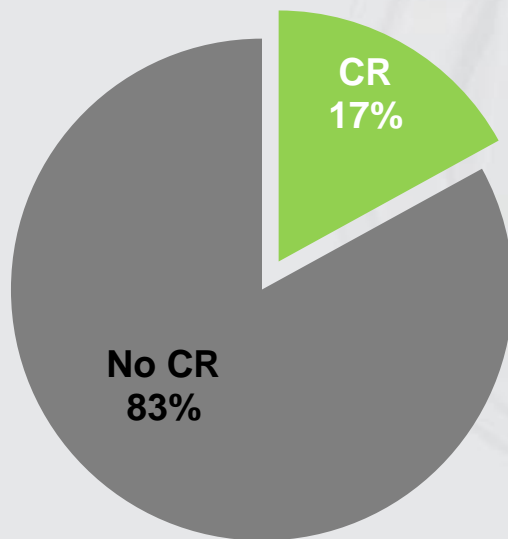


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Vehicles with a CR are 3 times more likely to sell online

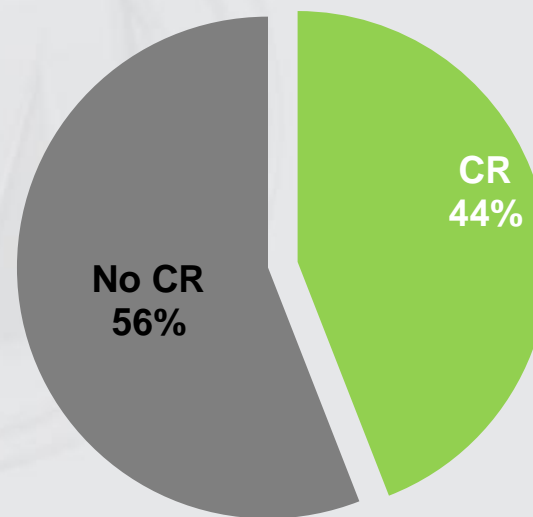
In-Lane

%Units Sold



Simulcast

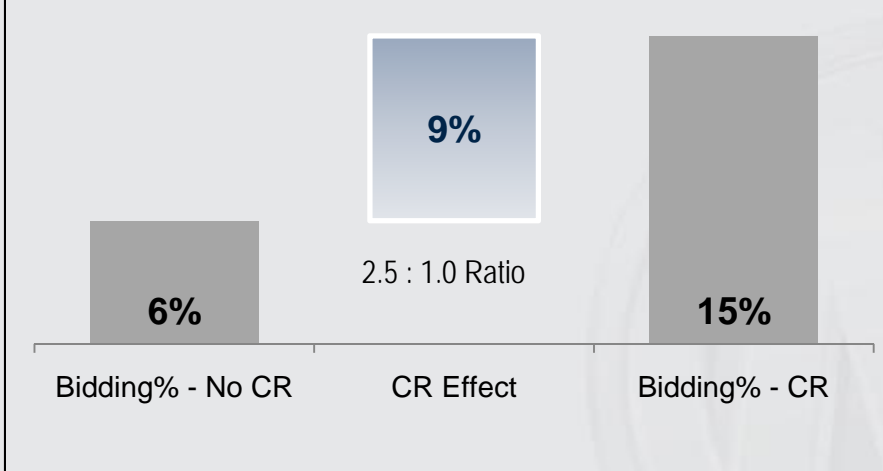
%Units Sold





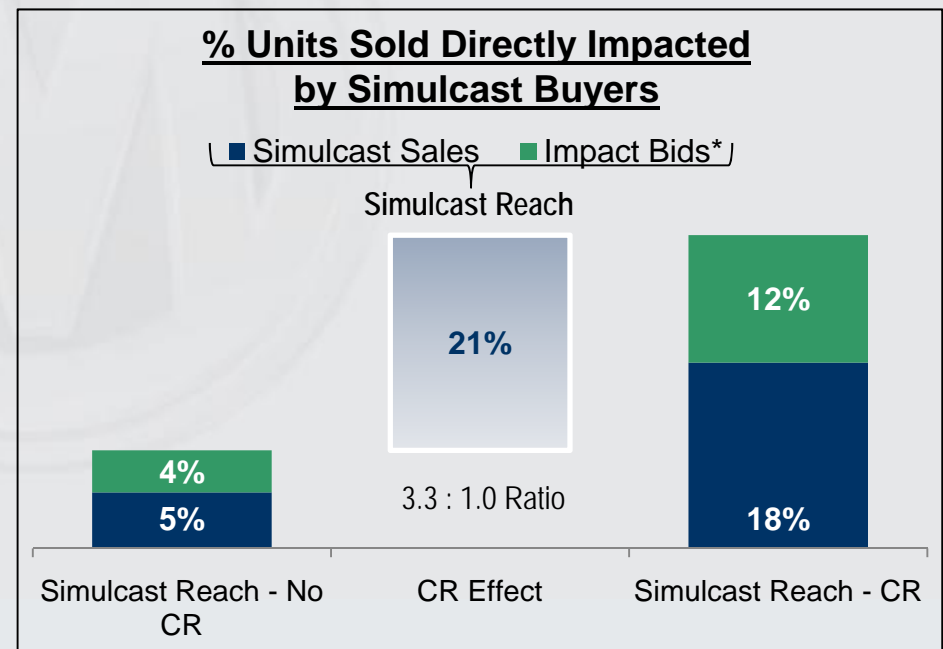
Online Bidding Activity

% Units Offered/Registered with Bidding Activity from Simulcast Buyers



Online bidding more than doubles when a unit is offered with a CR

% Units Sold Directly Impacted by Simulcast Buyers



Total Simulcast impact on sales triples when a unit is sold with a CR. In addition, the ratio of Simulcast vs. impact bid sales on units with a CR is higher (i.e., Simulcast buyers are outbidding in-lane buyers).

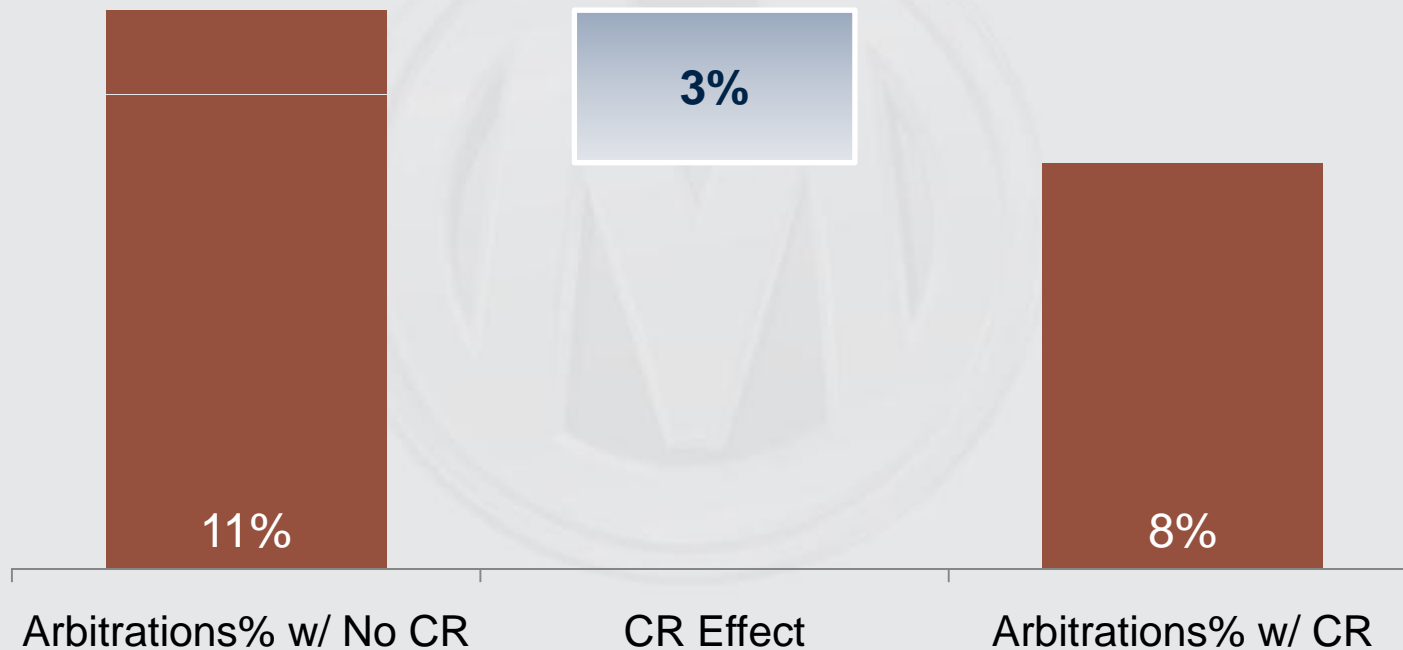
*Sold to in-lane buyer where 2nd highest bid came from simulcast





Arbitrations % declines by 27% when a unit is sold with a CR

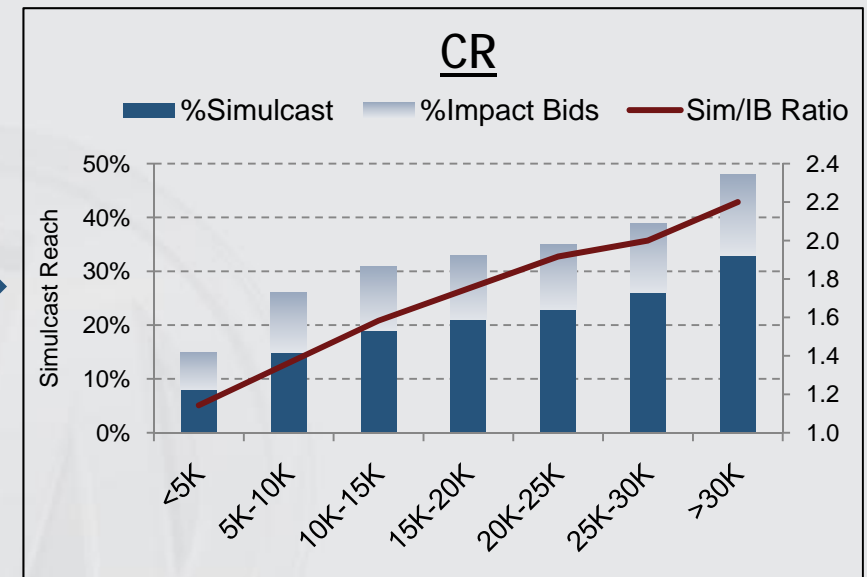
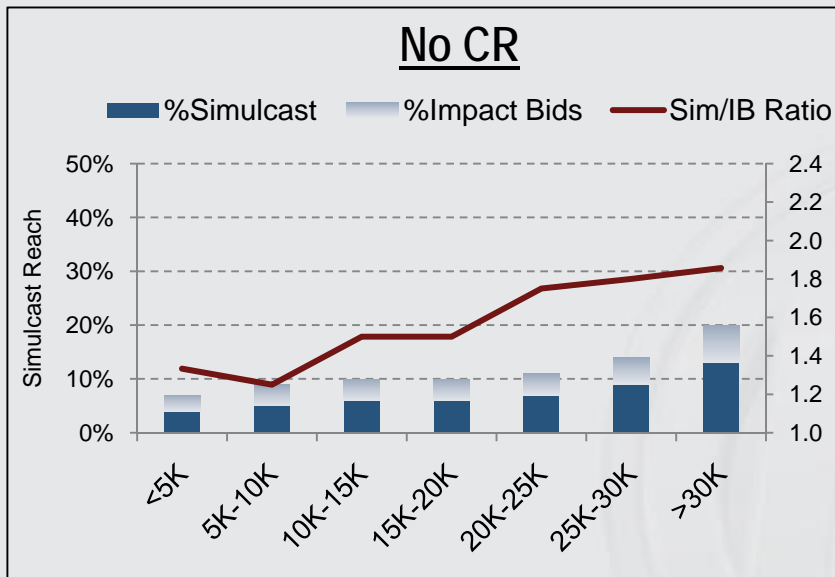
% Units Arbitrated



Effect of a CR by Price Tiers: Simulcast Reach



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48% of vehicles sold with a CR in the \$30K+ price range are because of a direct impact from a simulcast buyer vs. 20% for the units sold w/out a CR.

Regardless whether the vehicle sold had a condition report, overall online activity and the ratio of Simulcast vs. impact bid sales go up with price tier.

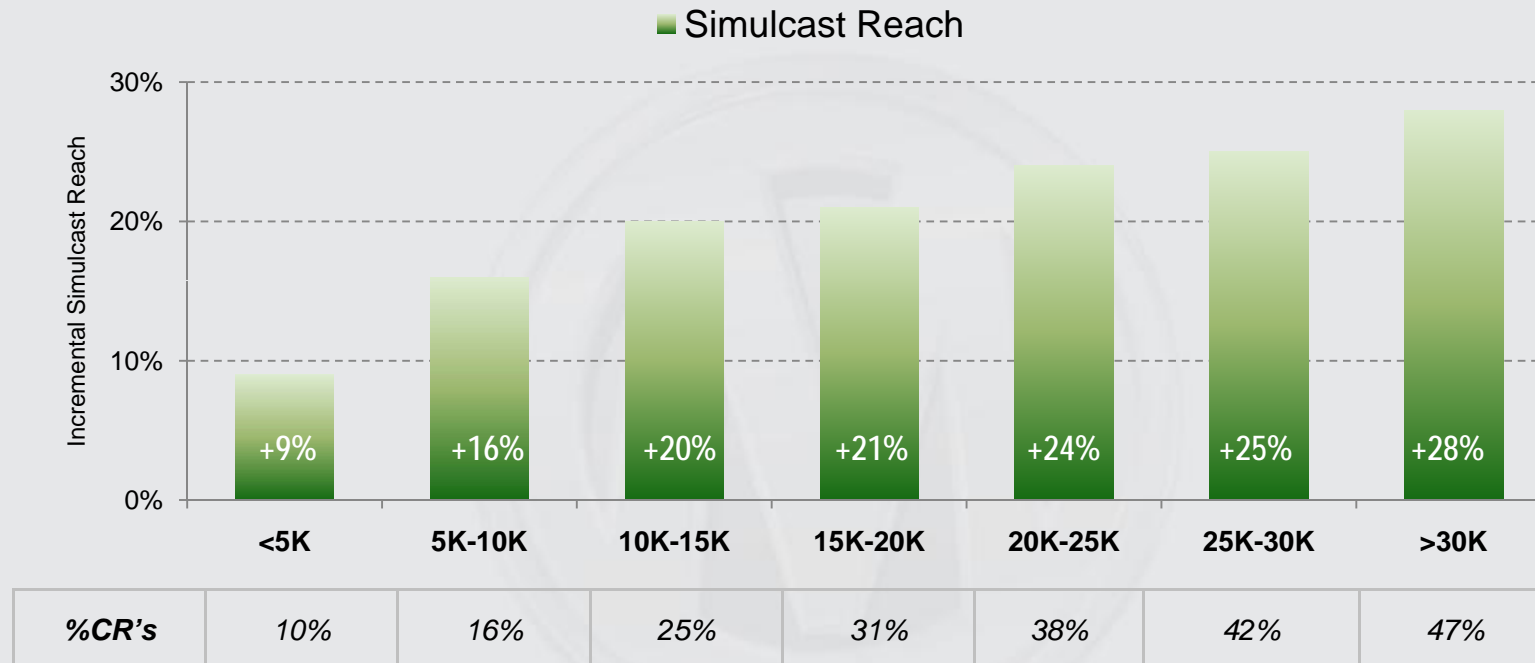


Effect of a CR by Price Tiers: Simulcast Reach



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Incremental Effect of Condition Report



*The additional simulcast reach obtained by units sold with a CR grows exponentially as we move up the price tiers.
The highest lift on retention, on units sold with a CR, is experienced by the \$10K-25K price categories.*

