How technology is helping used car dealers earn trust and stay competitive

The U.K.’s used car market is the largest in Europe, with more than seven million cars changing hands every year. As used cars continue to outsell new cars, the whole process is becoming increasingly more digitised, with 60% of car buyers in the U.K. now beginning their search online. In addition, consumers are demanding more for their money: according to a 2018 CarGurus survey, 77% of UK shoppers say that value for money is the most important factor when shopping for a car.

The bottom line is that buying a used car is stressful enough for consumers.
They don’t need more reasons to be wary of the process, or of the people they need to trust in order to make the right purchase. Whether it’s deserved or not, there’s no denying that the dealer industry suffers from a reputation problem.

As a result, the top-performing dealers aren’t always those with the absolute lowest prices. Instead, it’s those that provide the most value, through a combination of a good price and a commitment to being open and honest. New technology like CarGurus’ Instant Market Value (IMV) works to do just this. It’s powered by robust algorithms to calculate an accurate retail price, and uses these prices to give buyers confidence that they’re getting a good deal.

This type of value-based, customer-centric approach is like a proven formula in the used car realm. Just like that, dealerships become more trustworthy and profitable, and customers couldn’t be happier.

**Real value means full transparency**

Shoppers don’t necessarily want the absolute best deal – they just want confidence that they’re getting a good deal. To illustrate what is a good deal, some car sites have added a deal rating feature, but just the rating doesn’t go far enough. The biggest benefit for shoppers comes from sites that show the best deals first — not just the lowest prices, and not just cars from dealers who paid the most for a top slot.

Just displaying a value on a car listing isn’t enough to provide real value to customers. Customers can see right through it, and it’s no surprise that this failure to put the buyer first has negative consequences for the overall customer experience.

To truly get a valuation right and include all the pertinent information a shopper needs, listings need to examine tons of data over hundreds of thousands of vehicles. This includes details like make, model, year, trim, engine, mileage, history, location and more. On top of all this, it’s necessary to have the right technology to be able to understand what all that data means, from a bigger picture perspective.
Most car listing sites fall short
While there are many options for U.K. shoppers to find a used car, the sophisticated technology and comprehensive data behind CarGurus ensures that customers are getting the right deal. This advanced technology is essential to giving customers what they need to make an informed decision.

Here are a few of the top shortcomings of the average listing service:

• **Just a grown-up classifieds section:** Many started as classified ad sites. CarGurus instead started with a tech background, which ensures comprehensive results and listings and a great consumer experience.

• **Not enough data to evaluate prices:** Deal ratings are only as accurate as the data that goes into them — and CarGurus has been building a massive library of data on prices, options, demand, local preferences, and more, that all factor into the IMV.

• **Paid-for placement:** Some classified-style listings sites rank vehicles by how much the dealer paid for a spot, as opposed to what’s really the best deal. A customer-focused system, like CarGurus’, makes sure the best deals from the best dealers rise to the top.

How CarGurus is changing the way the UK buys used cars
CarGurus’ Instant Market Value (IMV) is an estimated fair retail price for a car based on a detailed analysis of comparable previous and existing car listings in your market. The website computes and updates its IMV calculations every day using a complex algorithm based around millions of data points.

The technology analyses hundreds of thousands of cars per month to give shoppers the Instant Market Value and of any vehicle. From this calculation, CarGurus rates the quality of the deal and categorises it as Great, Good, Fair, High or Overpriced.

In terms of paid listings, CarGurus’ search results display a small number of featured slots. They’re clearly marked, and only available to Fair or better deals. There are never more than three featured listings — so shoppers never have to wade through pages of featured vehicles to find the actual best deals.
Trust leads to sales

In an increasingly changing – and competitive – used vehicle landscape, dealers must put customers first or face the consequences.

CarGurus’ IMV technology works to bridge the gap between dealers and customers, grounding the car buying process in updated, reliable, and holistic data viewpoints. As a result, dealers can rest assured in knowing that their customers are matched with the right vehicle, and customers can relax into smooth cruising with their best deal for their needs.

Learn more about how CarGurus can help you boost used car profits.