

# The road to accurate vehicle valuations lies in the power of data

By [Stephen de Blanche](#)

19 Sep 2023

Start talking about vehicle valuations if you want to start an argument at your next braai. In an industry that's constantly evolving, the one thing we still seem to struggle with is accurately determining the true worth of a vehicle.



Stephen de Blanche, chief revenue officer | image supplied

It's an issue that shapes the experiences of consumers, affects the ability of insurers to manage risk and set premiums correctly, impacts the profitability of dealers, and ultimately drives the ability of the industry to sell new cars.

In short, every role-player in the industry is affected by the accuracy of vehicle valuations. An incorrectly priced vehicle could lead to financial strain for buyers, who end up paying more than a car is worth.

On the flip side, motorists selling their vehicles will stay out of the market if they're offered a price that doesn't align with market trends and their perceived value of their vehicle. And in the event of a write-off, it's critical that their insurer pays out an amount that allows them to replace their vehicle and stay in the market.

We all know why vehicle valuations aren't black and white. Every vehicle is different. Its age, its colour. Its service history. The demand for that vehicle in a certain region. Fluctuating economic conditions. Changing trends and consumer preferences.

These are all elements that impact the value of a vehicle. Getting it right demands a keen understanding of market dynamics, technological advancements, and consumer behaviour, to name but a few.

## Under pressure to sell new cars

Why is this so important? The fact is, everyone in the industry is under pressure to sell new cars right now. But nine times out of 10, to buy a new car, you first need to sell a used car. The better dealers are at valuing used cars, the more new cars they will sell.



### How much is your car depreciating?

Sherryn de Vos 16 Mar 2017



This is critical in a South African market where cars are often being sold on affordability, with long financing periods and big balloon payments being used to bring instalments down. The sooner you can meet a motorist's settlement value, the quicker they get back into the market. And the better used car data you have, the more accurately you can price the car, and get the customer into a new one.

Obviously, we have data available as a guide. And that data is steadily getting closer to real-time. Advanced analytics can provide insights into market trends, consumer preferences, and the impact of technology on vehicle values. Real-time data and predictive modelling can help dealers to make informed pricing decisions.

## Why data is critical

Apart from getting vehicle pricing right, data is also a critical tool for the industry to fight the scourge of double discounting (where two levels of discounts are applied to the price) and fraud.

This is a massive issue. Criminal organisations are hugely advanced, with contacts that reach directly into the critical systems that track and license vehicles in South Africa. We've got to get back to a place where every single manufacturer and dealer in the country collects and shares data to help manage these risks.

And that's the challenge. Data only works when it's available. The more data we collect, the more relevant our insights, the better decisions we make, the better we fight fraud.

Gathering that data used to be a tedious manual process that involved spreadsheets – and in some cases, handwritten notes. No more. Today, practically every dealer in the country has a dealer management system (DMS).

Pulling their data is as easy as tapping directly into the DMS. The process doesn't pull any personal identifying information about clients: it simply extracts vehicle information. All a dealer has to do is give permission to the data provider. It's the same with OEMs.

The bottom line? Valuing vehicles is an intricate dance between market forces, technological progress, and consumer expectations – all of which need to be balanced to arrive at the most accurate valuation possible.

And fighting fraud and double discounting is critical to our ability to thrive as an industry. The solution for both issues starts with the data. By sharing data better and faster, the auto industry can navigate these challenges and drive towards the future we all deserve.

## ABOUT THE AUTHOR

Chief revenue officer for TransUnion Africa.

For more, visit: <https://www.bizcommunity.com>