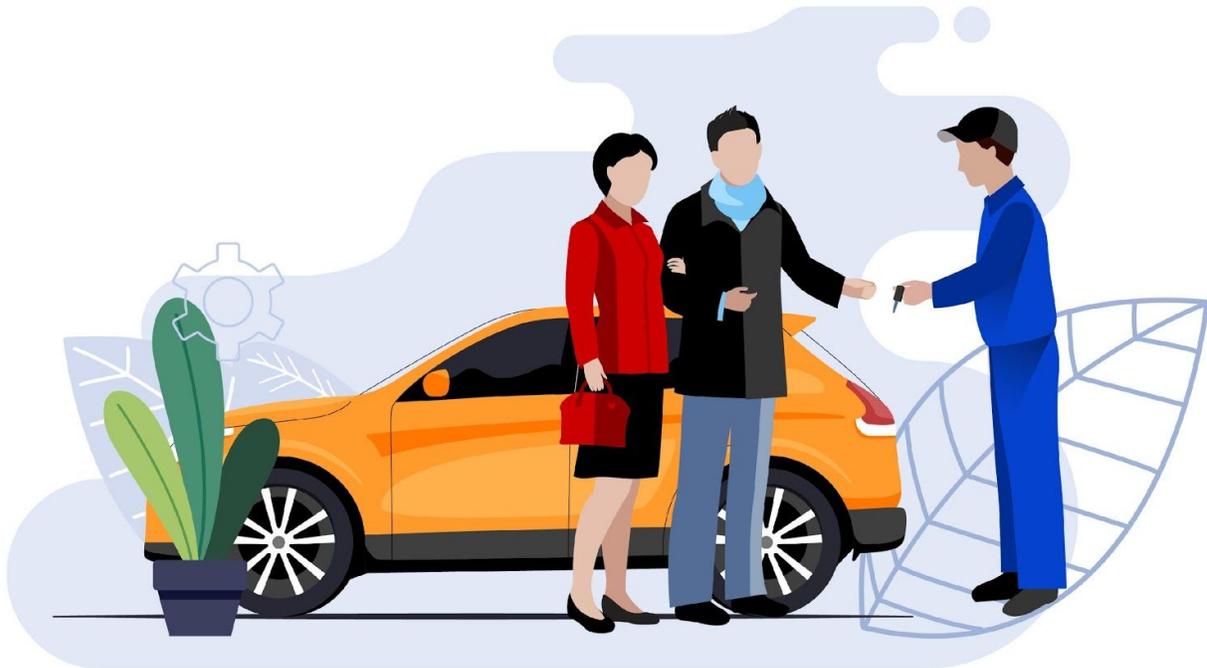


RISE OF ARTIFICIAL INTELLIGENCE IN AUTO



SPACE

The Application of AI in Auto Dealerships

In today's world, we hear a lot about the disruptive and transformative potential of artificial intelligence (AI). Consumers are familiar with how Amazon recommends products, the way Google returns accurate search results, or how Netflix knows what shows we like. While several

As the digital landscape grows exponentially year-on-year and following the Covid-19 pandemic, consumers are starting to behave differently, and the automotive industry must adapt to accommodate their needs

industries are seizing the benefits of AI, in some areas, the way forward is less clear.

Car dealerships have been evolving away from the traditional face-to-face sales experience. With the rapid growth of technology, this movement will increase. Add in a pandemic and expect even more transactions that are handled remotely. We must adapt.

In this paper, we look at some of the ways that AI can improve the processes at dealerships and increase profits.

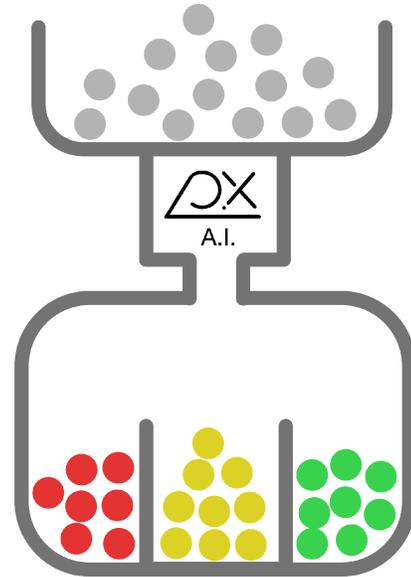
Find Your Most Qualified Customers and Maximize Each Deal

Machine learning algorithms are the part of AI that uses data to identify trends and behavior patterns. AI looks at thousands of attributes to form a credit decision.

Algorithms can process vast volumes of information in real-time, meaning it could analyze millions of pieces of data in a way that would not be possible for a human. For example, it might find that people who buy a Mercedes, often default on the loan. However, at a specific dealership, repayments are above average, meaning lending does not have the same risk. AI is very specific to your data and dealership.

Machine learning forms the basis of the AI tools used by [Phenx](https://phenx.io). The platform analyzes data from several sources to get a clear picture of each customer's risk profile. Less risky customers are offered more favorable terms and are therefore more likely to choose your dealership. Risky customers pay you more or go elsewhere. Using such data, dealerships can maximize profit on every deal.

Provide a Better Vehicle Search Experiences



AI can create new ways for customers to find the car they need. People can see a car in the street, take a picture, and be put in touch with a dealer straight away. An application known as computer vision can search for a vehicle from an image. Customers can upload a picture to a website; it will find the nearest match and then connect them to your dealership.

While this sounds futuristic, it is available to you now! A machine is fed with thousands or millions of images of vehicles. Each of those images is labeled with the make and model of the car. The computer learns from experience. When a new image goes into the system, it matches the data points to the most appropriate model and returns the results. Traffic and sales are seamlessly directed to your dealership, while the customer gets a streamline and enjoyable search experience.

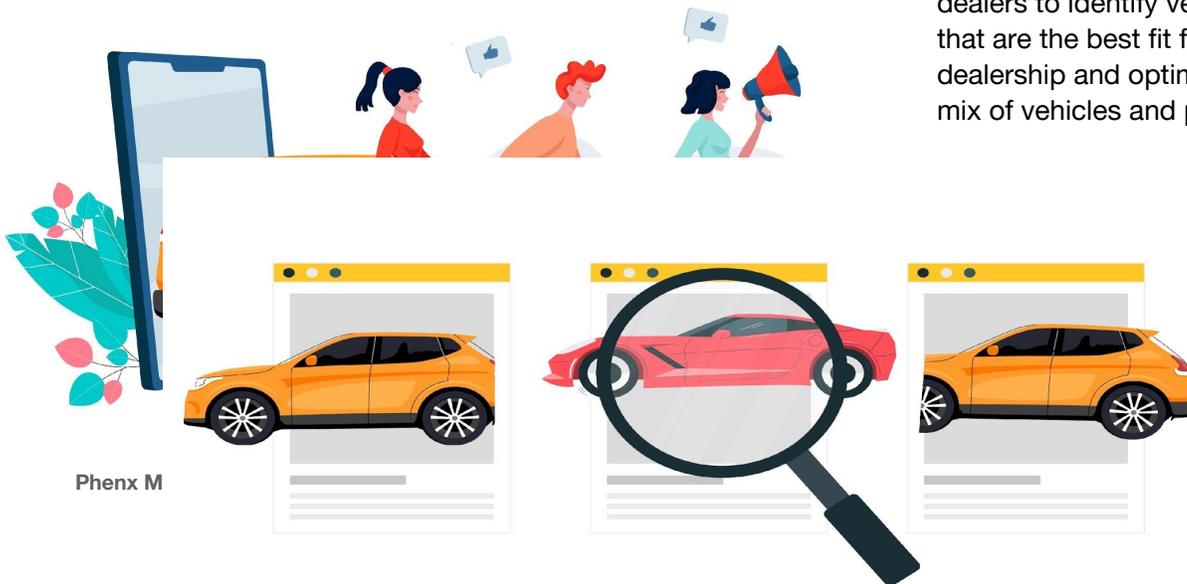
Assure Accurate and Complete Customer Documents

AI can search documents like credit reports and several forms of identification. The program verifies that the identification is valid and finds red flags on credit reports. It can identify things like bankruptcies or loan defaults. Staff are instantly alerted when a required document is missing. It can even point out missing signatures. AI scans quickly and never takes a coffee break. By adding this automation, you free up your loan officer for other tasks and you make the overall process faster. This means less wait time for your customers.

Easily Outsmart Your Competition

Typically, dealers will rely on simple averages to help manage their inventory. They use nonspecific market data to make assumptions about what will likely perform best. The problem is that the method lacks sophistication. Your dealership is unique. AI can consider any factors that are specific to your dealership, such as the transaction history, number of competitors, and demand in your market. These factors are nearly impossible for a human to interpret.

Inventory control AI systems provide insight and analytics that allow dealers to identify vehicles that are the best fit for your dealership and optimize the mix of vehicles and pricing.



It can ensure dealerships minimize loss from not having a trending car in stock or identify those that accrue the most repair costs before and after a sale. You use a data-driven approach.

Provide Next-Level Recommendations

AI can help dealerships confidently recommend the right products for their customers. Machine learning creates suggestions using the preferences and profile of the consumer. For example, Cars.com allows users to enter 15 different lifestyle preferences, and it provides 20 recommendations based on the responses. The concept is similar to that of Netflix, Facebook, or Amazon, where the consumer has become accustomed to being shown products they might like.

It is essential to recognize that not all visitors to your website are looking for the same thing. There will be some shoppers at the early stage of research and others ready to make a purchasing decision. AI can track these customers on the site and customize the offerings they see, with optimal timing.



Learn More from Customer Reviews

Social media offers a goldmine of data that can reveal customer opinions that would previously have gone undetected. An application of AI known as natural language processing (NLP) can interpret text and turn it into insight. For example, dealerships will receive reports that contain paragraphs of comments about issues their customers are experiencing with cars. There is valuable information “hiding” in all those comments.

AI software such as [Phenx](#) can take unstructured data and detect trends that help the dealership know its customers. This will be presented to the dealership in an easily

understandable way. If a specific model of car has a negative rating, the dealership can review the root cause. Also, you can find out if customers are unhappy with any part of your operation and fix it fast.

Summary

Consumers are demanding new and exciting shopping experiences, and it is imperative to do just that while taking care of your bottom-line profit. AI helps identify sales opportunities that may have otherwise been missed, provide personalized services, better pricing, and reduced credit risk. To remain competitive dealerships must invest in AI solutions.

[Phenx](#) can provide your dealership with an affordable and customizable solution that delights your customers and increases your bottom line.

One of the largest auto dealerships and auto lenders in the country trusts Phenx to make Artificial Intelligence an integral part of their operation.