jrc Innovative Solutions

Revolutionizing Fleet Remarketing with AI

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In today's fast-paced and efficiency-driven automotive industry, fleet management companies (FMCs) have a unique opportunity to leverage the power of artificial intelligence (AI) to revolutionize their remarketing efforts. AI, with its ability to analyze and provide insights into unknown areas, holds the potential to significantly lighten the workload in modern fleet remarketing, streamline processes, and boost profits. This eBook uncovers the transformative potential of AI, instilling a sense of optimism about the future of fleet remarketing. We will explore how FMCs can adapt and thrive in this rapidly evolving landscape, emphasizing the crucial role of embracing change and the motivation it can bring to stay ahead in the industry.

Embracing Change in Fleet Remarketing

The technology landscape is ever-changing. **To thrive in this environment, FMCs must be prepared and educated to adapt to change.** This emphasis on adaptability will enable FMCs to be ready to make the best use of industry changes.

The crux of strategic fleet remarketing lies in maximizing the value derived from each asset. It's a transition from a one-size-fits-all treatment to a customized strategy that acknowledges and capitalizes on each vehicle's unique potential, while not introducing additional delays, complexity, or costs.

Many fleet operations, bound by outdated systems and procedures, still choose to follow uniform and manual inspections and remarket through conventional avenues. This approach is expensive and takes considerable time for each vehicle. And because it's nonscientific in nature, this approach depends on subjective human judgment and imperfect information, which can frequently lead to a less-than-ideal final sale price.

The industry is beginning to move to using AI to categorize vehicles for remarketing. While spreadsheets and scorecards are crucial, the benefits accrue when AI can process data and use algorithms to forecast where, when, and how to sell vehicles using a scientific approach. **AI can provide a complete and comprehensive view toward market conditions and channels pertaining to a particular vehicle, ushering in the age of predictive remarketing.**

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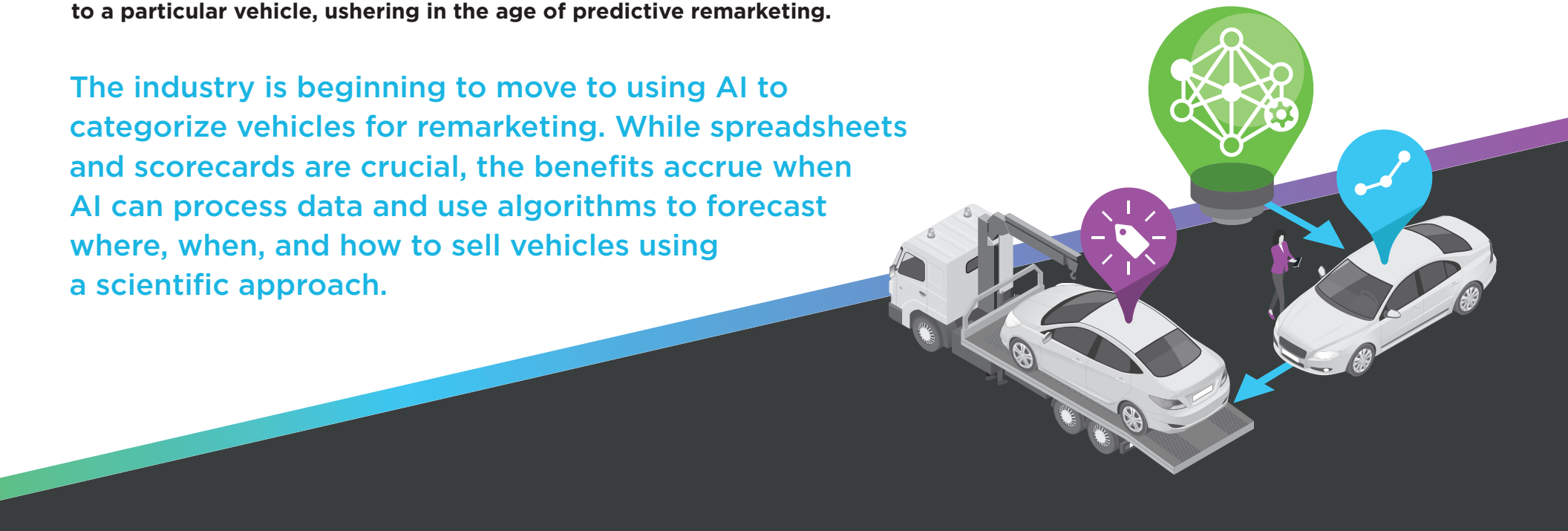


The Impact of Technology on Remarketing

AI is crucial in enhancing various aspects of the fleet remarketing process. With today's time- or mileage-based decision models, vehicles are allocated for remarketing based on generally established rules. Using AI specifically tailored to evaluating individual vehicles, it can assist in deciding whether FMCs should keep or sell a particular vehicle. Calculating the total cost of ownership of maintaining the vehicle and comparing it against resale values and continued use by a fleet client can transform how FMCs set up their process to maximize the lifetime value of a vehicle. Knowing when to sell a vehicle is the first critical step in lifetime value capture.

Adding predicted customer demand into the equation (also calculated using AI and fleet orchestration tools), AI makes it clear which vehicles to retain and which to remarket.

Details about the customer's vehicle usage, utilization, and total cost of ownership (TCO) can be shared with the customer to help them determine if they would like to keep a particular vehicle longer and if the vehicle is the right fit for them.

The ability for FMCs to predict customer demand for similar vehicles across multiple business lines and across regions creates opportunities to optimize their entire global business.

Auto Remarketing Alliance (ARA)

The Auto Remarketing Alliance (ARA) is studying the impact of AI in the remarketing industry. The ARA's AI working group is developing a framework for AI in remarketing and the impact of AI on the automotive industry, and in particular on FMCs. This working group plans to illustrate how AI sets a new standard in the world of remarketing.

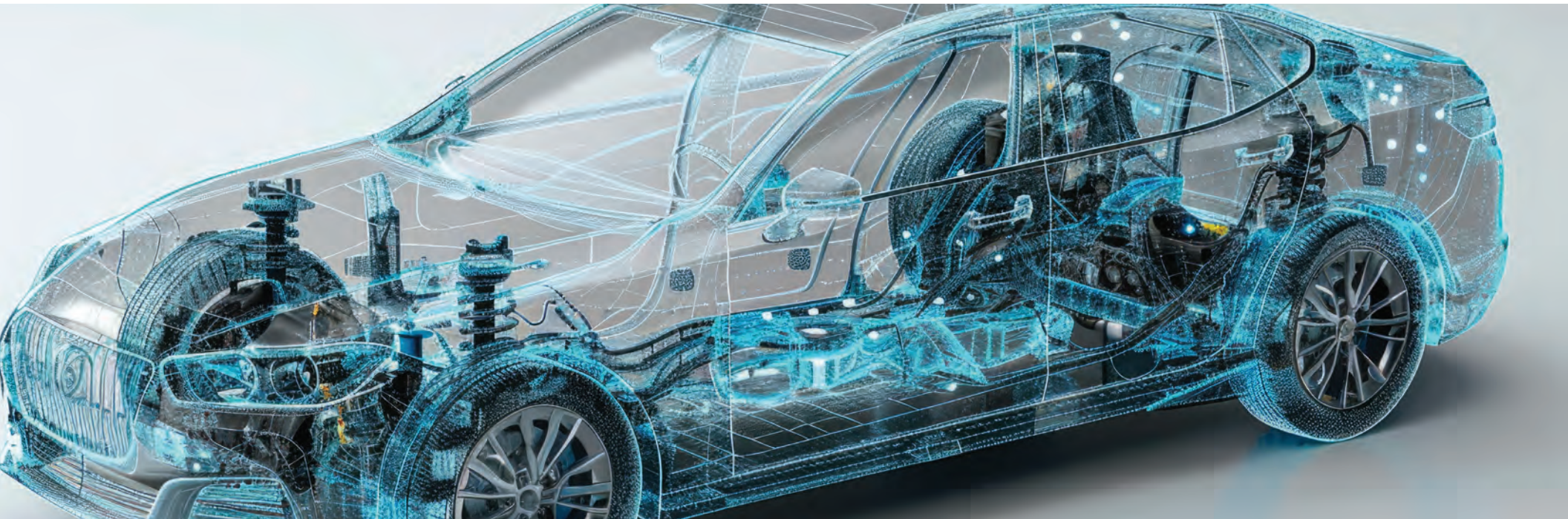
When looking at the business landscape we see that most online companies, not just automotive, are using AI today. ChatGPT is what most people probably think of when they think of AI. However, using AI to power customer success bots is becoming more prevalent as well. There are multiple opportunities for AI to have considerable impact on how the FMC vehicle remarketing business will be conducted in the future.

Enhanced Vehicle Condition Reporting and Imaging

Many companies—such as UVEYE, Ravin, Proovstation, Monk AI, and Tractable AI—are competing to create the best-automated condition report (CR) with superior imaging. While first-use cases typically involve experimenting with the accuracy and efficiency of these systems, the long-term question remains whether these CRs will allow the functions to be managed with smaller teams.

The remarketing industry wants an automated inspection system but is slow to invest in AI training. Without proper training, AI cannot identify issues, make essential callouts, or perform as an automated CR-generating tool. An integrated digital CR cannot be produced or used without investing in the time and effort needed to train the algorithms. **For now, incorporating AI into the remarketing process for CR is adding work while the system gains the needed experience to begin to do the evaluation tasks on its own.**

Many companies are sitting back and watching companies like Manheim—with Fyusion, a COX automotive brand—slowly roll out its system to auction customers. Manheim uses feedback from FMCs and dealers to train their system. They have been working on this technology for years, partnering with Fyusion in 2018 before purchasing them in 2021. Manheim is one of the early leaders in automated AI-assisted condition reporting.



Enhanced Vehicle Condition Reporting and Imaging

Each company competing in the space does a great job detecting exterior damage to the vehicle, tire health, undercarriage leaks, and rust with their scanners. The problems that are less well developed are detecting structural damage, cabin smell, battery health, and water damage. For the foreseeable future, the industry will need to use both AI and human inspections. Verifying damage, inspecting under the hood,and smelling the vehicle still need human evaluation today.

With automated condition reports comes the second barrier to AI adoption, which is integration. Each company seems to use its proprietary systems, so adding images, videos, and sound clips can make it difficult for some FMCs to allocate the resources to use AI-assisted CRs.

The beauty of an AI-written CR is that it provides transparency, allowing everyone to see precisely what the buyers are seeing. It also provides critical information that FMCs can use to decide what should be next in the vehicle's life cycle.

Having an AI-driven process can lead to better efficiencies and more accurate reporting. With AI-assisted condition reports, error rates and inaccuracies will be significantly reduced and the time to complete CRs should be faster than ever.

Better Valuations and Tools

The fleet remarketing journey involves critical decisions as vehicles conclude their lease or rental tenure. Conventionally, vehicles are sorted into three primary categories:

1.
VEHICLES PRIMED FOR DIRECT RETAIL SALE

2.
VEHICLES REQUIRING MINOR TOUCH-UPS

3.
VEHICLES DESTINED FOR WHOLESALE OR AUCTION

The traditional method of sorting vehicles into these categories often follows a standardized, rules-based process. In contrast, strategic remarketing aims to maximize the value derived from each asset, shifting from a one-size-fits-all approach to an individualized approach.

For this stage of the remarketing process, **AI can help determine whether FMCs should keep or sell a particular vehicle.** Knowing the TCO of maintaining vehicles and having the ability to compare TCO against resale values changes the game. Once you have compared the resale value, it allows you to predict customer demand and either keep the vehicles that will bring the most value or remarket the ones that won't.

Knowing the customer's usage, utilization, and TCO will help determine whether the customer will want to stay with the vehicle longer and whether it is the right one for them. Having this data will help the FMC to determine if there is a better vehicle for the customer based on usage and utilization.

The ability to predict demand for similar vehicles across all the different business lines and regions gives FMCs more opportunities to optimize their current line of business. This will allow FMCs to sell across multiple lines and focus on the ones best suited for their specific portfolio, leading to more opportunities to sell.

Logistics and Transportation

Today AI is being used to make real-time decisions on vehicle transportation from point A to point B at the best cost. Companies like Preowned Auto Logistics utilize AI to offer consumers, dealers, auctions, and consignors premium transportation options. **The role of AI goes beyond providing accurate quotes and competitive pricing.** It also aids in tracking shipments, analyzing vehicle properties, conducting inspections, preventing late deliveries, and providing transparency throughout the process. Streamlining logistics is crucial for staying competitive. By examining the data points, potential risks can be identified, performance metrics can be assessed, and improvements can be made to enhance communication and build customer trust.

Conclusion

The journey toward a more innovative and profitable remarketing process begins with a willingness to embrace AI and lead the charge into a new era of fleet management. By adopting AI, FMCs can enhance efficiency, speed, and profitability, meeting the demands of the present and shaping the future of the automotive industry.

Working with Ridecell, you'll be able to establish orchestrations and automations to do the manual legwork for your remarketing processes. Ridecell enables you to digitally streamline your fleet intelligence and orchestrations to provide a better client experience and a more profitable remarketing business.

About the Author

Jamye Carpenter, founder of jrc Innovative Solutions, has over 25 years of experience in the automotive industry. In 2021, she was recognized as a Women in Remarketing honoree. She is known for bringing industry leaders together and advocating for women and technology advancement. Jamye also co-chairs the Artificial Intelligence subcommittee for the Automotive Remarketers Alliance, playing a key role in shaping the future of AI in automotive remarketing and fleet management.

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