

DEALERS GAIN IMPOUND FEE RELIEF WHAT A DIFFERENCE A YEAR WITH NEW TECH MAKES

The best-laid plan of mice and men often go awry.

Who more than anyone does the adage resonate with than used car dealers and their below-prime customers? Since Spireon's inaugural impound lot report a year ago, in which we highlighted the little-before-talked-about issue costing dealers a billion dollars nationwide, we have seen the power of technology take effect.

In 2019, with more dealers maximizing GPS technology to help take control of their profitability, we've seen 27.8 percent more vehicles liberated from impound lots in less than a day. Conversely, the number of vehicles sitting idle on impounds lots, accruing mounting fees — seven days, two weeks, a month — has gone down 27 percent. These trends represent an average savings of \$107 per vehicle impounded since the 2018 report.

2019 vs. 2018 Time in Impound, Average Storage Fees

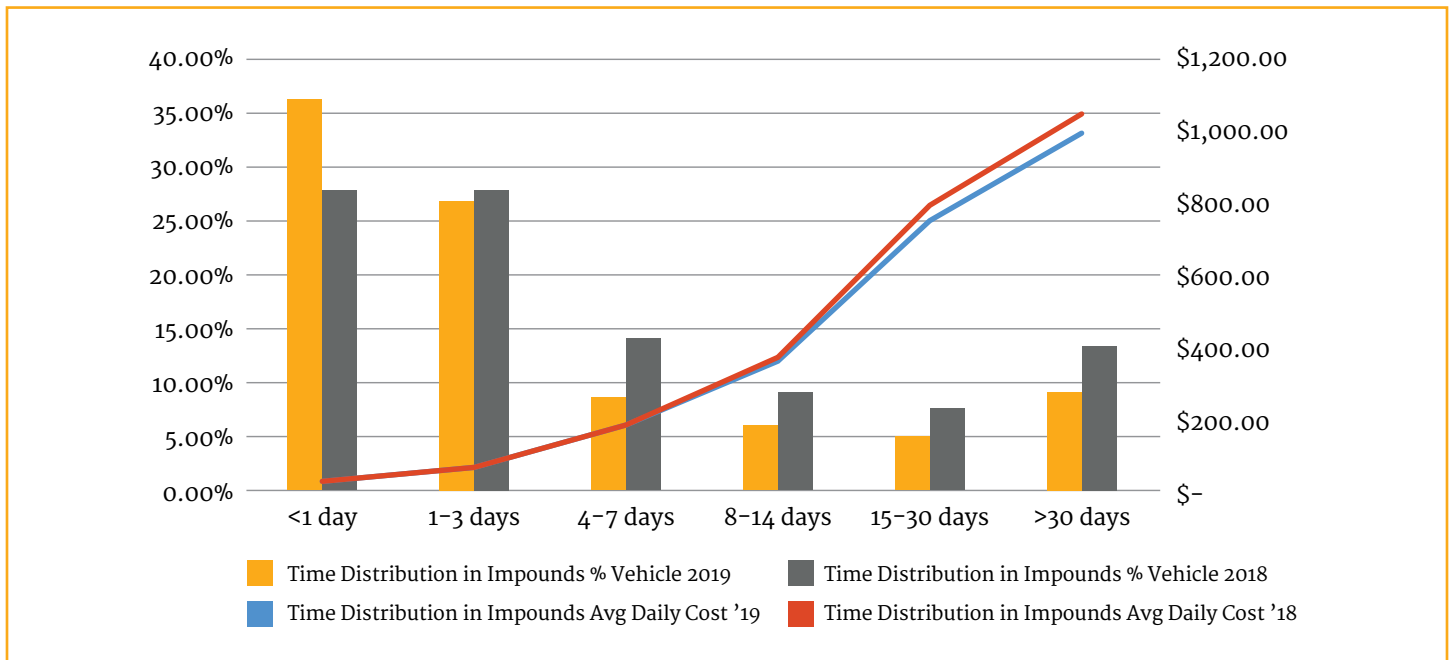


Figure 1 2018 to 2019 Spireon NSpire analytics and June 2019 TechValidate dealer survey

Time Is Money

In 2018, more vehicles remained in impound longer, incurring escalating fees. These fees are a prohibitive expense that — despite well-intentioned consumers' and dealers' best-laid plans — often result in an event nobody wants: default.

Back then, however, the context was different. The data, pulled from Spireon's exclusive NSpire platform, was culled from a market that was just discovering how GPS technology could neutralize the problem. A year has passed. Though impound operators are taking slightly longer to notify owners of impound, more dealers are now using technology to fight back against impound fees.



On average, how long is a vehicle in impound before receiving notice from the impound lot?

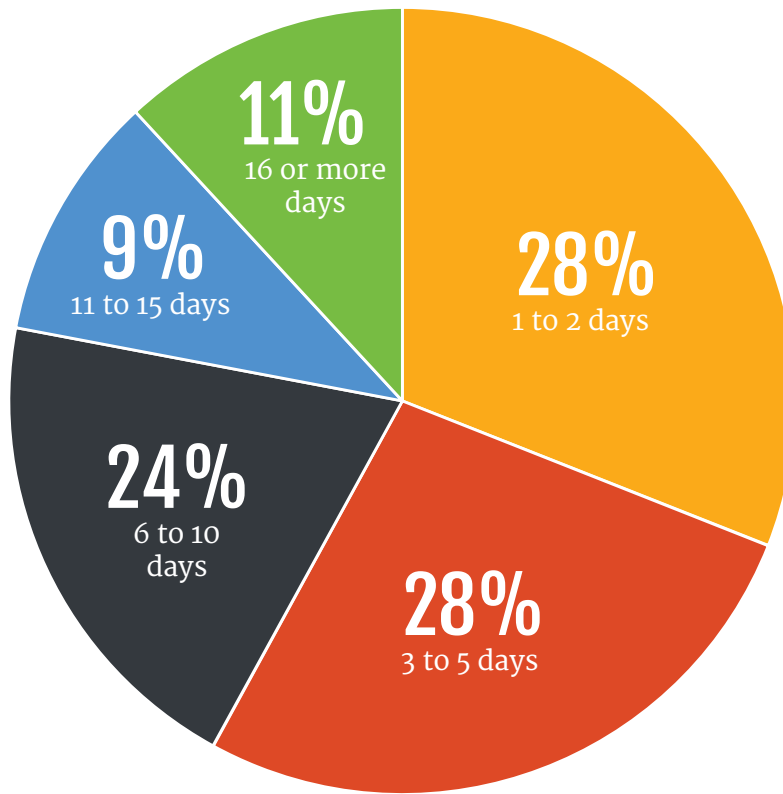


Figure 2 June 2019 TechValidate Dealer Survey

Impound isn't a static problem. The information dealers need to combat it is dynamic, including the latest impound lot locations and faster impound notifications. The sooner a vehicle is recovered, the lower the chance of storage damage and reconditioning costs.

States With the Most Vehicles in Impound

State	% Impound
Alaska	7.37%
Rhode Island	6.16%
Ohio	4.86%
Texas	3.46%
Michigan	2.67%
Illinois	2.61%
Minnesota	2.35%
California	2.22%
Utah	2.20%
Washington	2.06%

Figure 3 Spireon NSpire Analytics 2019

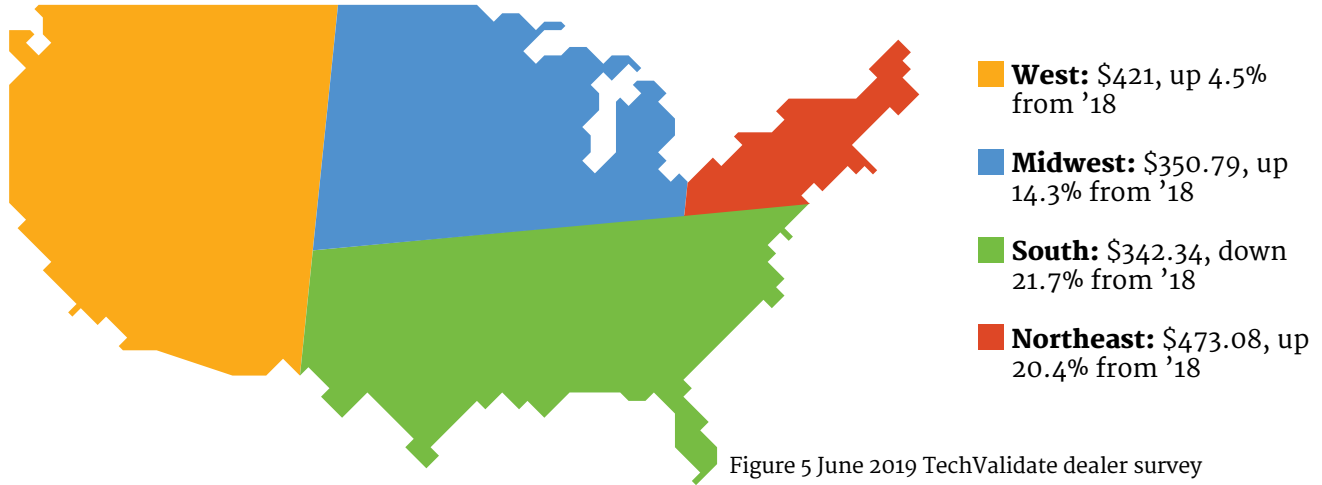
States With the Highest Avg Time in Impound

State	Avg Days
South Carolina	20
Oregon	20
North Carolina	19
Nebraska	18
Illinois	17
Louisiana	17
Ohio	17
Arkansas	17
Nevada	14
Missouri	14

Figure 4 Spireon NSpire Analytics 2019



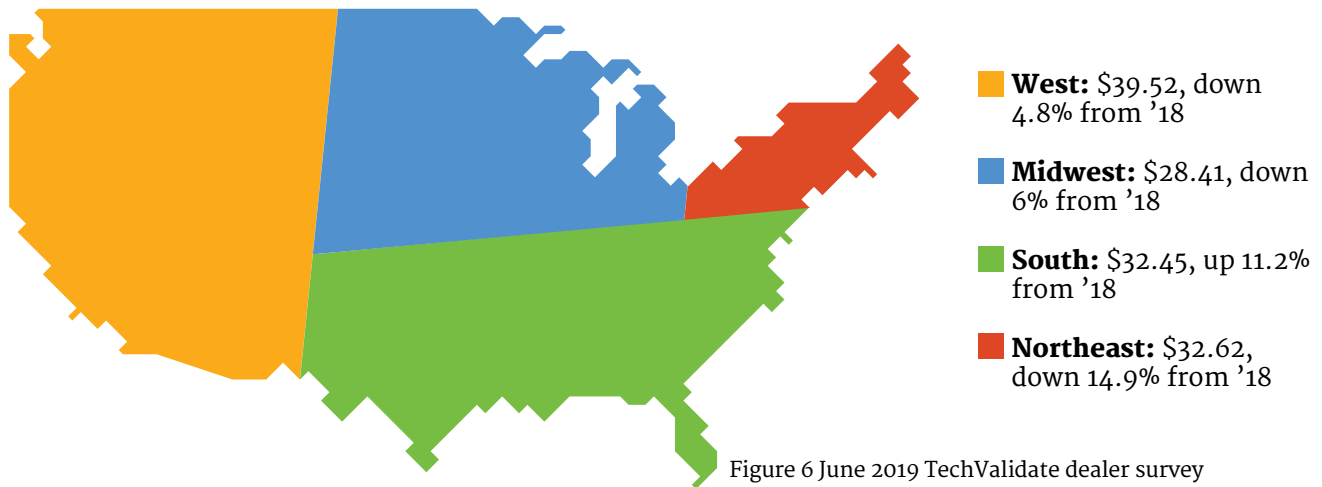
Average Recovery Costs Per Impounded Vehicle



Total Costs Rise

The total cost of impound per vehicle rose in the West, Midwest, and Northeast by about \$142 combined since 2018. The South, on the other hand, managed to save nearly \$95 since last year.

Average Daily Storage Fee



Daily Fees Shrink

Interestingly, average daily storage fees decreased across most of the nation since 2018. The Northeast saw the biggest reduction at \$5.71. Meanwhile, storage fees in the South rose by \$3.27 per day.

Conclusion

With average recovery costs rising throughout most of the nation, dealers must seek ways to reduce time in impound. Spireon data tells us that as GPS impound recovery technology matures, vehicles spend less time sitting in impound lots accumulating fees. For dealers looking for greater success and reduced expenses, cutting-edge GPS technology may be the key.