TURN 3.0 makes efficient use of a dealer's marketing budget by effectively promoting the inventory that impacts a dealer's bottom line the most. The /AI/-based engine analyzes inventory to find the cars that need more audience, whether that's an off-brand used car, a common used car priced at market, or a new car with a great incentive. The engine then creates ads for those cars across multiple channels and promotes them to in-market buyers at the right time on the most ideal media site. TURN 3.0 delivers in-market buyers directly to the priority vehicles on a dealership's website. Applying demand to the right inventory reduces the need to discount vehicles while also turning inventory quicker. TURN 3.0 leads to higher profitability while providing additional benefits of an ongoing real-time precision market analysis of inventory.

The Problem:

Most digital marketing companies focus on identifying an in-market audience rather than managing targeted marketing of the dealer's inventory. Cars don't sell unless they are shopped online. LotLinx data shows that 82% of cars that sell off of the dealer's lot have been shopped online within 5 days; however, only 40% of a dealer's inventory is viewed the week it is listed. Most dealers have no reporting that shows them how many cars are underviewed. The impact of dropping the price on a vehicle only stimulates minor demand or simply shifts on-lot behavior. Typically, LotLinx finds that 80% of dealership marketing spend impacts only 40% of inventory. When dealers understand this fact, it helps them to understand why they need to focus on marketing each vehicle individually using automation provided by TURN 3.0.

How It Works:

TURN is focused on the inventory that the dealer is holding and helping the dealer manage demand to those vehicles as opposed to starting a marketing plan that targets an audience. The platform uses local market data to identify inventory risks and profitable opportunities in real time. TURN stretches spend across units instead of pushing high-demand cars. It determines which vehicles to promote to an in-market audience, getting them off a dealer's lot faster and for less.

LotLinx TURN 3.0

The VIN Demand Platform™ enables precision retailing via patented data science and / AI/ technologies to efficiently move the cars that dealers need to sell most.

"LotLinx came along and said: We're not going to get the names of customers and sell them to multiple dealers. You're going to own that customer."

Ray Tomeh
Digital Sales &
Marketing Director
Lexus of Concord

LOTLINX®

www.LotLinx.com

"TURN 3 is going to make it easier for dealers to focus on inventory profitability - and spend less time on how advertising supports sales."

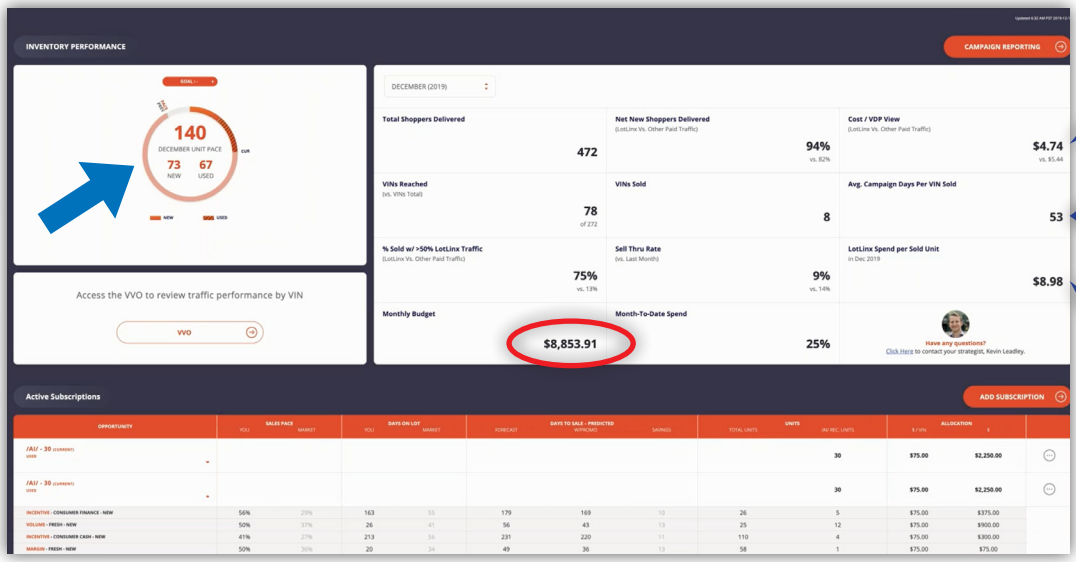
Len Short
Founding Chairman/CEO
LotLinx

Dealership inventory objectives are used to formulate efficient marketing strategies so each goal is achieved. Precision retailing allows for strategic and VIN-specific control of marketing investments; i.e., a new Lincoln MKC is marketed differently than an aged Ford F-150. Vehicles eligible for co-op dollars can receive a higher priority in campaigns, and vehicles in high demand can be eliminated. LotLinx uses 163 datasets to identify the most effective marketing avenues for each VIN on the dealer's lot. It includes comparative data about the market competition: their competitive stocking levels, aging vehicles, sales pace, pricing, rate of price moves or markdowns. The /AI/ incorporates the intensity of market demand and the dealer's own website metrics - engagement and conversion rates - and even factors in the projected weather patterns which can impact sales. TURN makes thousands of adjustments to a campaign every month, using AI to make very deep real-time decisions. The VIN Demand Platform™ has shown to increase shopping engagement by +50%.

TURN's New Tools. The TURN platform has been completely revamped for 2020 with a significant number of new tools to help the dealer move inventory faster and more profitably: 1. Automated detection and promotion of the NEXT BEST inventory to help hit sales objectives or curtail risk, 2. Pricing suggestions that can tell the dealer when to RAISE the price, 3. Inventory strategies that align to the dealer's pay plan objectives, and 4. /AI/ enabled technology that classifies vehicles that align with OEM or dealer sales objectives and targets.

Building TURN. This VIN-specific, demand management platform was built to allow dealers to define sets of vehicle inventory they need to sell; not just more cars. For instance: *"I have to meet my stairstep – these 43 cars. Now how do I promote these cars to sell?"* TURN can identify the risk in the dealer's inventory and populate a campaign optimized for the maximum financial impact for the dealer. /AI/ can determine where problems exist, and which cars, with a little more promotion, can have the largest impact on profitability.

Predicting Sales. TURN uses /AI/ to predict monthly sales effectively, as early as the second day of the month so the dealer can know if the dealership is on pace to meet sales goals. /AI/ can project sales forward to predict what the numbers will look like based on numerous circumstances in the market. The screen below illustrates that 140 vehicles is the unit pace with a prediction of 73 new vehicles and 67 used (see blue arrow). Now, the dealer knows, as they enter the month, if they are going to have problems, and they can make immediate corrections instead of waiting till the end of the month. The budget is $8,853 (see red circle) spent over multiple campaigns. This report provides topline information about activity occurring with those campaigns: 75% of the units that have sold are a part of these campaigns, and LotLinx has delivered 50% of the traffic for all those units, lifetime. This dealer is spending $8.98 per sold unit.

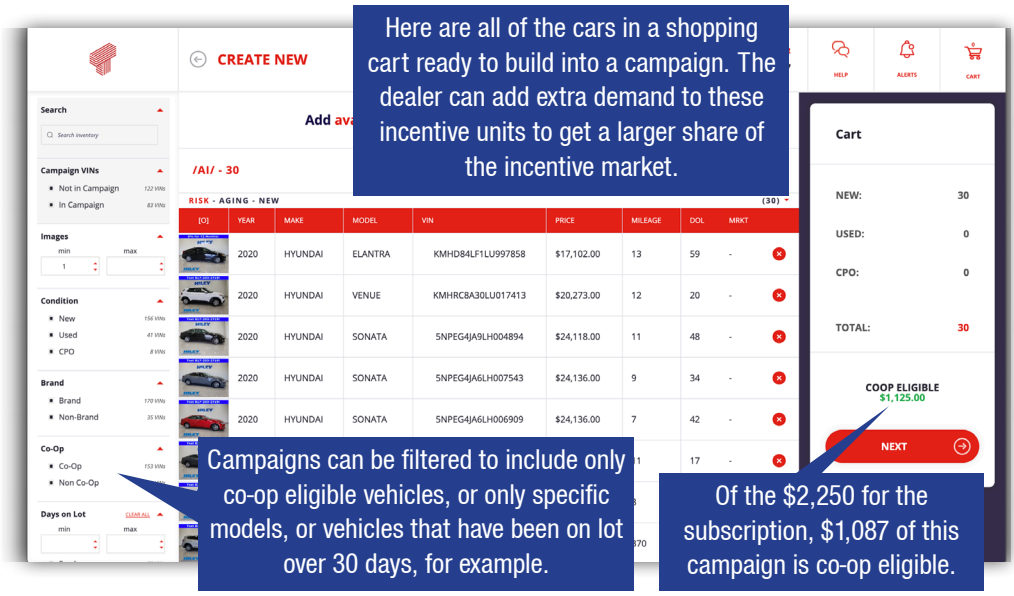


Cost per VDP view. LotLinx vs other paid traffic

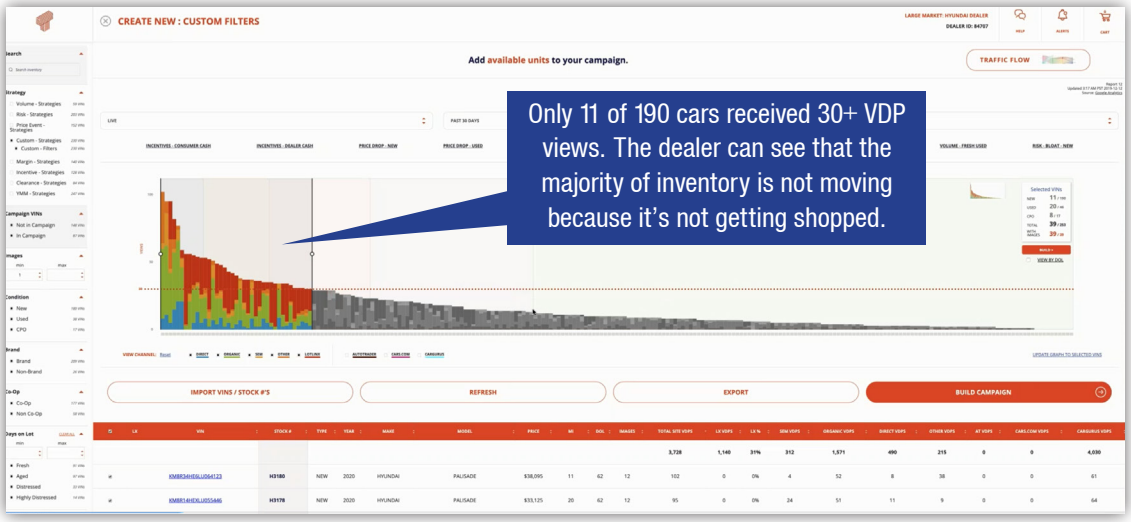
Avg campaign days per VIN sold

LotLinx spend per unit sold

Building Campaigns with /AI/. With LotLinx, dealers have two subscriptions; one for new vehicles and one for used vehicles, at $2,250 each. A base subscription includes 30 VINs but can be supplemented to 50 or 75. The /AI/ picks a mix of VINs that will have the optimum profitability impact for the dealer. It projects the days on lot without the campaign and how many days of "LotRot" can be shaved off if the campaign is implemented. The campaign is an optimal mix based on where the dealer's inventory stands at Launch. However, it is constantly updated and as the cars sell, the /AI/ modifies the campaign so that it remains optimized.



VIN View Optimizer. Each bar is a graphic illustration of where VDP views originated for every car on the dealer's lot. The dotted horizontal line indicates the minimum 30 VDP views per month for satisfactory engagement. Below, out of 190 cars – only 11 cars were getting over 30 VDP views. The rest of the inventory is under engaged. The colored bars indicate where the view originated such as SEM, organic, LotLinx, CarGurus, cars.com, and Autotrader.



Shopper Performance Report. This report answers a number of critical questions: *Who brought in the new users? What was the investment per VDP View? Which traffic sources are contributing to the VDP views? How many dealership site sessions and sessions with VDP views? Who is interacting with the VDPs?* Dealers can use the map function to click and see where sales and activity are occurring. The AI performs Zip-level marketing based on the actual vehicle that is being promoted, not a circumference around the dealership. The AI is automatically shaping the zone based on where the demand is for that vehicle.

Attribution. Dealers historically have struggled to figure out which digital advertising is working by looking at time on site, cost per click, and bounce rate; trying to correlate that back to sales. In the campaign below, this report shows all of the traffic coming into the site, how much is converting to a VDP view, what's happening in the VDP views, and how much of the traffic is getting to the aged and under engaged cars. The report shows that 23 of 51 VINs were sold with an engagement rate of 68% and a sell rate of 41%. LotLinx was responsible for 77% of the traffic – net, new, ready to buy in-market customers.

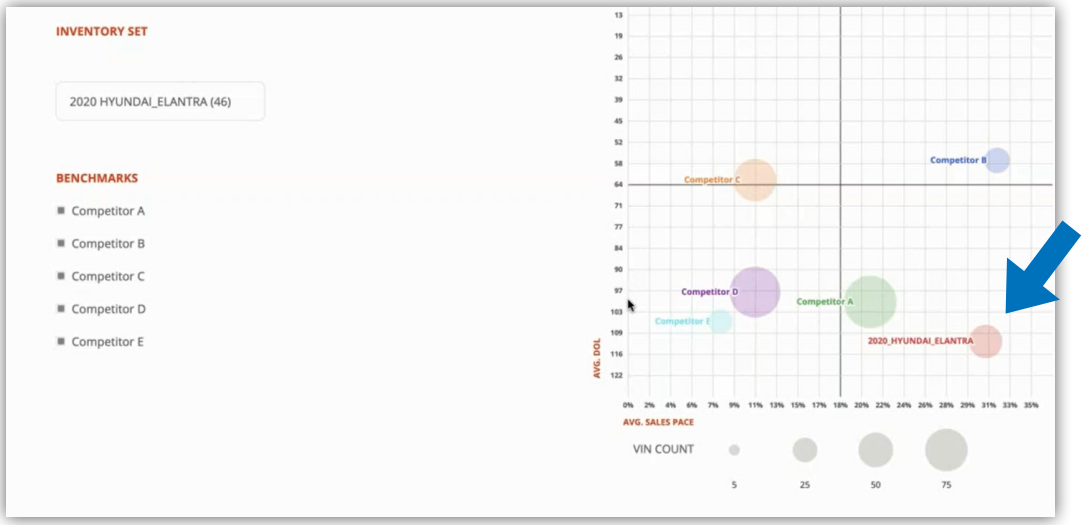
The timeline shows all of the clicks that were generated through this campaign, when they came in, and where they originated. For instance, the report could attribute Contextual Targeting, indicating that the consumer may have been reading a review about the Hyundai Elantra and the ads around that article are served to a user that has been scored as 'ready to buy an Elantra.'

AI Defines the TURN Problems. TURN uses the AI to analyze the dealer's sales obstacles. *Is it the Build? Wrong trim or colors? Is it the Price? Is the dealer overpriced for the market? Is it low traffic?* The AI provides definitive reports by model that pinpoint the reasons for slow turn and adds in the perspective of how competitors are performing in comparison.

Reporting. All LotLinx reporting is based on Google Analytics. Additionally, VIN View is integrated with GA which enables a dealer to see performance results directly within a system THEY control. Core measures are Days on Lot, Sell Down Rate, and Margin. This reporting environment focuses on dealer metrics, not advertising metrics.

LotMap. NEW. This graphic illustrates all of the dealer's inventory broken out by key categories: Risk. Margin, Price Event, Active, Clearance, Incentive, Frontline, and Volume. Color-coded from bright green to bright red, this inventory analysis compares the dealer's lot to the 3-5 competing dealerships. Inventory Turn is bright green if the dealer is turning better than his competition and darker green if he is comparable. Bright red indicates a real problem. It's a very easy way for the dealer to see where problems exist. Below: 38 Elantra VINs have manufacturer incentives on them. The dealer can click to open a VIN View Optimizer that illustrates precisely what is going on with those VINs and how many views they are getting. For example: 40 of 42 are under engaged and not getting the shopping traffic they need. This dealer's competitors are moving their Elantras in 70 days, while he is moving them in 110.5 days, illuminating a 40-day gap and significant holding costs.

Market Rank. This visual shows the dealer is lagging behind in both average days on lot and average sales pace for the 2020 Elantra as compared to the dealership's competitors. As the campaign starts to work, the marker should make positive movement in real time.



Days' Supply. Providing information for the local average as well as the national average, the dealer can see, by model, how many VINs are in stock and how many days' supply they have as compared to local competitors. For instance, the dealer has 29 Palisades in inventory, which is a 45-day supply while the

local average is 27 days. The dealer can look model by model at the gaps between their dealership and the local market; evaluating stock for both new and used versus the competition.

Additional LotLinx Toolbox. Dealers are spending more on digital marketing while their margins get slimmer. Technology must drive efficiency for dealers. A dealer on LotLinx's risk management platform will have a free use of a complementary set of tools that enhance digital performance and the consumer's site experience.

- **SEM/AI/.** LotLinx will run their dealers' SEM campaigns and automatically optimize them. There's no fee for the product. The SEM/AI/ product has shown to reduce cost per click by 57% and increase engagement per session by 3X.

- **Photo AI.** Rather than having an SRP or VDP saying 'no photo available,' LotLinx uses AI-enhanced stock photos. Immediately, when the car hits the lot, there are enhanced stock photos that are engageable by consumers. Photo AI also takes used inventory and improves the photograph by repositioning and re-cropping it for optimal engagement. Automatic color correction ensures the photos match the manufacturer's specs, and poor backgrounds are blurred out to highlight the vehicle. PhotoAI has increased user engagement by 70%. Free in the LotLinx product, no stock photo fees are required.

- **Social AI.** Facebook inventory campaigns are developed for free, and they are run smartly and more efficiently. LotLinx built a distribution interface to eliminate wasteful cheap clicking and better focus the dealership's Facebook campaign on the right cars which truly need engagement.

- **CX AMP.** Solving the problem of mobile engagement, CX AMP is specifically designed for low-funnel mobile visits. It increases the hard conversions - click to call and click to chat - by 5X for a dealer. It's an effective place to land traffic and is fully integrated into the dealer's website, chat platform, CRM, phone system, etc. Again, it's provided for free.

What do dealers say about TURN?

"100% of my LotLinx monthly spend is covered by GM, which allows me to increase my digital marketing efforts across all eight of my stores."

Al Gillespie
CMO
Feldman Auto Group

"The LotLinx technology is fantastic. The speed at which you can build out VIN-specific campaigns to in-market shoppers is hard to match. Really, though, what has made a difference is the service from the LotLinx team. They work as much as I do and are as crazy as I am, in a good way of course."

Jamie Suid
Marketing Director
Florida Fine Cars