

SWOT Analysis

Subject: Used vehicle inventory

Strengths (+)	Weaknesses (-)
<ol style="list-style-type: none"> We have a great selection of used units targeted at our main customers type; Majority of used units were bought at the right margin; We have recently hired a Used Car Manager that allows us to have a dedicated person for this Department who has been focusing on growing our used department floor plan. We share inventory with other two Mazda stores within the group which makes our used vehicle inventory look major compared to other brands website listings. 	<ol style="list-style-type: none"> We have 19 units over 90 days. Our days' supply of pre-owned units inventory is at 49 (with guideline being at 30) so we need to look at turning the units faster or buy less. Since we are located a few blocks from downtown, we have very limited lot space which limits number of used units we can have available for customers immediately; we do have a secondary lot where most of units are storage; but it is a struggle to hustle back and forth during the day bring units customers what to test drive, clean them gas them, etc. in a timely manner. We do not have sheltered storage for units which can be a problem in case of hail, which happens often, which results in higher insurance costs due to claims, labour costs and extra time needed to deal with repairs, etc. There are no immediate actions we can take to fix the storage issue unless we relocate the store, which is something that is being considered.
<ol style="list-style-type: none"> Increased sales potential as a larger inventory gives us more options to meet diverse customer preferences, increasing the likelihood of making sales. With a wide selection of used vehicles, we can tap into different market segments and attract customers with varying budgets and needs. The inventory we currently have can set us apart from competitor stores who have very limited options, making our dealership a preferred choice for customers seeking variety and selection. Selling used vehicles can provide additional revenue streams alongside new car sales (e.g. warranties, accessories, etc.), potentially boosting overall profitability. A diverse inventory we have allows for upselling opportunities, where customers may be enticed to consider higher-priced models or additional features beyond their initial preferences. Customers looking to trade in their current vehicles may find our dealership attractive due to the possibility of choosing from a large selection of used vehicles as replacements. 	<ol style="list-style-type: none"> Our relatively large inventory of used vehicles can be susceptible to depreciation over time, leading to potential losses if vehicles decline in value more rapidly than anticipated. Maintaining a sizable inventory requires adequate storage space, which can incur expenses such as rent, utilities, and maintenance, cutting into profits. We have very limited storage capacity, which means we may need to look into additional storage solutions if we do not turn current inventory fast enough. If vehicles remain unsold for extended periods, they may become outdated or less desirable to customers, leading to potential markdowns or losses. Holding onto inventory for too long ties up capital and resources, reducing liquidity and potentially affecting cash flow and financial stability. A large inventory may require significant investment in maintenance and repairs to ensure vehicles are in saleable condition, adding to operational costs. Financing a large inventory through loans or lines of credit can result in interest expenses, especially if vehicles take longer to sell than anticipated, increasing overall costs.
Opportunities (+)	Threats (-)

Write your goal statement:

The item that I want to improve: Used vehicle inventory and profits.

My starting point: By offering a wide selection of vehicles and capitalizing on upselling opportunities, we can enhance our competitiveness and attract customers seeking variety and quality. Additionally, by optimizing trade-in options and exploring additional revenue streams, we can maximize profitability. However, we must address the threats posed by depreciation, storage costs, and inventory aging by implementing efficient inventory management strategies and maintaining a balanced approach to financing and maintenance.

The goal: Achieving a 10% increase in market share will signify our successful utilization of opportunities while effectively mitigating potential threats. I am hopeful to achieve 10% increase by purchasing at least 10 more units per month, reevaluating process for units over 60 days to turn them quicker and utilizing ProfitTime GPS software to assist with proper pricing and re-pricing strategies.

The date I plan to achieve my goal: I am looking at 12 months form now to start seeking feasible results, reassessing my goal monthly.