

# AutoCheck Score<sup>SM</sup> does a number on traditional vehicle history reports





---

## Executive summary

**V**ehicle history reports have become an integral component of the decision-making process for purchasing a used vehicle. There is a very good reason for this: unlike new vehicles, which are virtually identical when they roll off the factory line, each used vehicle is unique.

Much of this uniqueness has to do with the vehicle's history — its age, accident or repossession status, odometer history, etc.

A vehicle history report is a useful tool for reassuring shoppers that the vehicle they like will be a good purchase, instilling confidence to help close the sale.

In recent years, both dealers and their customers have increased their awareness of the type of information available in these reports, and have come to depend on them as another checkpoint for both standard used cars and certified pre-owned (CPO) vehicles.

Yet, for all their popularity, confusion remains over the relative significance of the various pieces of information presented in a vehicle history report. For example, the report for a particular vehicle may show that it was originally part of a rental fleet; what it doesn't explain is whether that is a good or bad thing, especially when compared to a vehicle with a similar make, model, and age that was not used as a rental. As a result, much of the data presented remains open to interpretation, sometimes complicating what should be a straightforward communication.





---

# AutoCheck Score<sup>SM</sup> separating fact from assumption

In its purest form, a vehicle history is a listing of reported facts about a given vehicle from various data sources. Since it deals with facts, it would seem logical that two people looking at the same report

with the same facts about the same vehicle would come to the same conclusions about it. This is, in fact, often not the case.

Anyone who works with data will tell you that the data itself is only one of several important considerations. The analysis behind that data transforms it into information. Two people seeing the same report can have very different interpretations of what the data is telling them.

The real problem is that neither may be correct about what the historical data means as far as its impact on the vehicle's potential future. Both parties are making assumptions based on their perceptions about which parameters will make the greatest impact on a vehicle's expected longevity without real evidence to back up those assumptions.

That is why AutoCheck Score was developed. It provides a simple, straightforward comparison tool for evaluating a vehicle's history, based on statistical models developed by reviewing the histories and subsequent on-the-road performance of more than

• • • • •  
***Anyone who works with data will tell you that the data itself is only one of several important considerations. The analysis behind that data transforms it into information. Two people seeing the same report can have very different interpretations of what the data is telling them.***  
• • • • •

---

two million vehicles. Several models were built by the Experian Automotive decision analytics team, with factors weighted differently depending on the vehicle's age. Each parameter within the vehicle's history is weighted based on its importance to the overall roadworthiness of a vehicle. The results are then rolled up into a single, simple overall score.



**2,000,000  
vehicles  
compared**

By using AutoCheck Score<sup>SM</sup>, dealers can:

- Easily explain vehicle history report information to customers in order to instill confidence in the purchase
- Gain additional insight to use at auction to determine the "salability" of a particular vehicle
- Set meaningful thresholds when selecting used vehicle inventory
- Close sales faster
- Build or enhance OEM and dealer brand images
- Compete more effectively against dealerships that do not offer this easy-to-interpret analysis

In short, AutoCheck Score replaces general interpretation with a statistically valid number that makes it easier for customers to understand the detailed information in the vehicle history report.

## What AutoCheck Score<sup>SM</sup> tells you

An AutoCheck Score rates the quality of a vehicle's history compared with all used vehicles on the road after 1981, providing a relative comparison to vehicles of similar model year and vehicle class. The higher the score, the more favorable the vehicle's history, relative to the range.

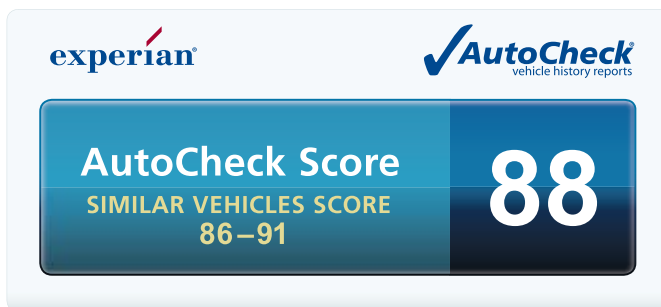


Figure 1

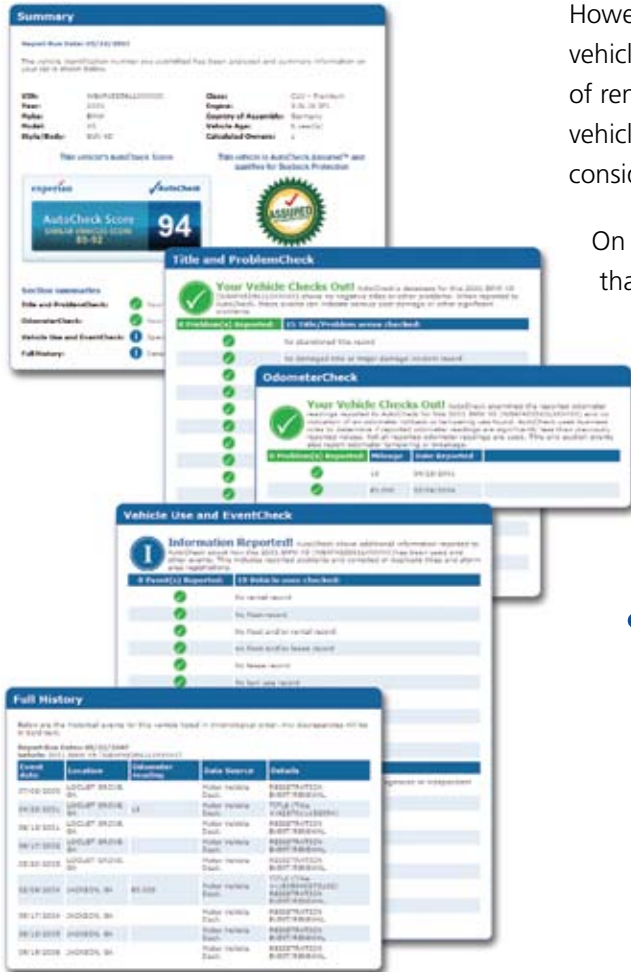
Fig. 1 illustrates how an AutoCheck Score is displayed. The large number shows the final score, based on all of the factors included in the vehicle history report. The smaller numbers below it display the range of scores for vehicles of similar age and class. In this example, the AutoCheck Score is well within the range, which should act as a confidence-booster in the purchase.

The AutoCheck Score is built on a scale of 1-100. Its patent-pending algorithm measures the impact of a large number of

parameters that pertain to the history of events related to that vehicle and reported to AutoCheck®. The following parameters are weighted and factored into the final score:

- **AutoCheck Assured™ status, which states a vehicle is free of problems such as:**
  - ✓ Salvage titles
  - ✓ Lemon issues
  - ✓ Rebuilt/reconstruction
  - ✓ Broken odometers
  - ✓ Water damage
  - ✓ Auction "announcements", such as an "auction announced as frame damage"
  - ✓ Reported at a recycling facility
- Vehicle age
- Mileage (actual or estimated)
- Vehicle class
- Number of owners
- Lease history
- Emissions testing history
- Police, taxi or government use
- Repossession or theft history
- Reported accident events
- Geographic location (factored into the mileage)

Some factors are weighted more heavily than others, either by themselves or in combination with others. For instance, having been in an accident has a greater impact on a newer vehicle's score than does the



However, the actual data on millions of vehicles over time indicates that a history of rental usage has virtually no impact on vehicle longevity. Thus, AutoCheck Score<sup>SM</sup> considers rental usage a neutral event.

On the other hand, it's often believed that a vehicle with only one owner is automatically superior to another with several. That may not be the case. It depends on how the vehicle was driven and whether or not it was in an accident, etc. As it turns out, for vehicles eight

• • • • •  
***On the other hand, it's often believed that a vehicle with only one owner is automatically superior to another with several. That may not be the case. It depends on how the vehicle was driven and whether or not it was in an accident, etc.***  
 • • • • •

number of owners. The latter issue does not become a significant determinant until the vehicle is more than eight years old.

It is important to note that each factor's weight comes not from assumptions or "common knowledge," but from detailed analysis of the impact each parameter has on a vehicle based on sophisticated data modeling techniques. For example, having a history as a rental vehicle is often perceived to be a negative event. Conventional wisdom might respond, "I know how I treat a rental car, and it isn't good."

---

years old or less — which account for most of the vehicles on franchised dealer used car lots today — many other vehicle history events significantly impact its favorability more than the number of its owners.

Each parameter in the vehicle history report has undergone similar analysis to ensure the predictive reliability of the final number. Since each AutoCheck Score<sup>SM</sup> is created in real time, any changes to a vehicle's history are automatically factored in when you pull up the AutoCheck report. Dealers and shoppers are always searching for the most current information to make the best possible selling and purchasing decisions.

## Relatives rather than absolutes

**E**ven though AutoCheck Score consolidates all pertinent factors into a single number that summarizes the history of a vehicle, it must still be taken in context with other similar vehicles. The AutoCheck Score is a relative evaluation of a vehicle's history, not an absolute measure of the vehicle's roadworthiness.

Taken as an absolute, it would be logical to conclude that if a higher number is good, a lower number must be bad. Closer scrutiny, however, may yield a different result entirely. For example, a given vehicle may show a score of 50 because of its age, class or both. A comparison to similar vehicles may indicate an AutoCheck Score Range<sup>SM</sup> between 45 and 55. In that case, 60 is an outstanding score — pointing to a vehicle that is potentially

more deserving of a higher price for that age and class. If the vehicle appears to be in good cosmetic condition (no dents, rust, tears in the upholstery, etc.) and if it otherwise qualifies to be a certified pre-owned vehicle, it could command a premium price.

The AutoCheck Score is most useful when comparing vehicles of similar age, model,

• • • • •  
***Even though AutoCheck Score consolidates all pertinent factors into a single number that summarizes the history of a vehicle, it must still be taken in context with other similar vehicles. The AutoCheck Score is a relative evaluation of a vehicle's history, not an absolute measure of the vehicle's roadworthiness.***  
• • • • •

---

• • • • • • • • • •

## *An AutoCheck Score<sup>SM</sup> can be a valuable asset to dealers during auctions.*

• • • • • • • • • •

make, class, etc. The more these factors vary, the more important it is to scrutinize them.

Think of it this way. Suppose a comparison of two luxury sedans with similar age and mileage. If one has an AutoCheck Score of 92 and the other scores an 85, it means that the one with the AutoCheck Score of 92 has the more favorable history. But if the shopper is looking at a luxury sedan with a score of 85 and a standard mid-range car with a score of 80, it may not be as clear. It then comes down to shopper preference — and price — since the luxury sedan will likely cost more.

An AutoCheck Score can be a valuable asset to dealers during auctions. Seeing the AutoCheck Score and comparing it to the Range will provide a good indication of how well it will show from a vehicle history standpoint versus similar vehicles. This information can be used to select store inventory with confidence, knowing that the score will support the sale at the decision point, helping selected vehicles sell faster.

## **Know the score**

**T**he difficulty and uncertainty involved in the interpretation of a vehicle history report can make it less effective than it can or should be. As a result, while manufacturers, dealers and shoppers all agree that having a history report is a good thing, the complexity and lack of agreement on what the data means may not do as much as it could to help instill confidence and close sales.

The AutoCheck Score does the heavy lifting behind the scenes to create a single, easily interpreted number that simplifies comparison between similar vehicles within a specific age and class. By providing clarity, it helps accelerate the decision-making process. Ultimately, it helps dealers select retail vehicles with the greatest market potential, derive more margin from those vehicles, reduce days-to-turn, and provide greater customer confidence and satisfaction.

**Suffice it to say,  
the AutoCheck Score truly  
does a number on the traditional  
vehicle history report.**

---

## About the authors

### **David Nemtuda *Director, AutoCheck Solutions, Experian Automotive***

David Nemtuda is director of AutoCheck Solutions for Experian Automotive. In this role, he leads the sales and marketing efforts for Experian Automotive's AutoCheck vehicle history solutions. Dave is also responsible for developing and directing strategic partnerships involving AutoCheck vehicle history solutions.

Prior to joining Experian Automotive in 2001, Dave worked 14 years with DaimlerChrysler in various sales and marketing roles. He holds a bachelor's degree from the University of Pittsburgh, and a master's degree from Central Michigan University.

### **Jeffrey Anderson, *Director, Consulting and Analytics, Experian Automotive***

Jeffrey Anderson is director of Consulting and Analytics for Experian Automotive. Jeff is responsible for optimizing the use of Experian's data assets in support of custom analysis initiatives. These consultative analyses focus on the automotive industry as a whole, with additional analyses completed for specific OEM's and their agencies.

Prior to joining Experian Automotive in 2004, Jeff held key positions in research, data analysis and consulting roles focused on the automotive industry. These positions include director of Database Research and Analysis for Hamill, Thursam & Everett, Performance Marketing; vice president, Modeling and Research Manager, BBDO / InterOne Marketing Group; and consultant to the Analytical Consulting group of the Polk Company. Jeff holds bachelor's degrees in Marketing and Advertising from Central Michigan University.

## About Experian Automotive

Experian Automotive, a business unit of Experian® Group Ltd. (LSE:EXPN), delivers information solutions to manufacturers, dealers, finance and insurance companies, and consumers. Experian helps automotive clients increase customer loyalty, target and win new business, and make better lending and vehicle purchase decisions. Its National Vehicle Database, housing more than 500 million vehicles, along with Experian's credit, consumer and business information assets, meets the industry's growing demand for an integrated information source. Experian's advanced decision support services help clients turn this information into improved business results. Experian technology supports several top automotive Web sites including eBay Motors, Yahoo! Autos, CarsDirect.com, CarMax.com and NADAguides.com. For more information on Experian Automotive and its suite of solutions, visit our web site at [www.experianautomotive.com](http://www.experianautomotive.com).



Experian and the marks used herein are service marks or registered trademarks of Experian.  
Other product and company names mentioned herein may be the trademarks of their respective owners.

955 American Lane  
Schaumburg, IL 60173  
888 211 5803

©Experian 2007  
All rights reserved

[www.experianautomotive.com](http://www.experianautomotive.com)