Automotive News

New software helps dealerships track safety recalls better

Automotive News FIXED OPS JOURNAL

August 21, 2017

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Last year, 53.2 million cars and trucks were recalled in the United States — the third straight year the figure topped 50 million. A dealership can get in trouble for selling a used vehicle, knowingly or unwittingly, that is covered by a safety recall.

New digital tools are helping dealers manage the bewildering array of recalls. They enable retailers to identify recalled vehicles sooner and more accurately, reduce potential liability and customer hassle and recondition used cars and trucks for sale more efficiently.

Software providers AutoAp and Recall Masters offer products that enable dealers to closely monitor safety recalls and automate tracking of used vehicles in their inventory. The vendors give customers daily updates on recalled vehicles.

Carfax offers a similar recall checking service, but delivers its reports twice a week. AutoAp partners with Rapid Recon, a provider of reconditioning workflow software, to deliver automated recall alerts. Several other vendors limit their recall updates to data provided by a federal agency.

However they do it, dealerships — including their service departments — need to know whether the vehicles they acquire to remarket face recalls.

Selling a vehicle with an undisclosed safety problem makes for dissatisfied customers and can have legal repercussions, even if the dealership was unaware of the recall.

Potential liability

"There are theories of liability that plaintiff attorneys may attempt to attach to these vehicles, even if dealers are using good-faith efforts to identify potential open recalls," says Shawn Mercer, a partner at Bass Sox Mercer, a Tallahassee, Fla., law firm that specializes in dealership franchise law. There is no federal law against selling a vehicle with an open recall. But "depending on the jurisdiction," Mercer says, "potential liability can stem from violations of state laws or common law tort claims."

At Honda of Fife in suburban Tacoma, Wash., the dealership's process for checking recalls used to include ordering vehicle history reports from Carfax, monitoring recalls of Honda cars and trucks from the automaker's Web portal for dealers and clicking on safercar.gov, a website operated by the National Highway Traffic Safety Administration, for information about recalls of non-Honda vehicles.

Chris Wolfe, the dealership's general manager, says employees assigned to keep on top of recalls often felt they were flying blind.

"We were juggling between different [Web] pages," Wolfe told Fixed Ops Journal. "You get different information from different sources."

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So Honda of Fife bought AutoAp's recall software last year. "AutoAp catches everything," Wolfe says. "They catch stuff before we get alerted from the manufacturer sometimes."

The software liberates dealership employees from time-consuming searches of vehicle identification numbers to identify recalls, Wolfe says. It also eliminates the possibility of slowing a used-vehicle sale or delaying a delivery if a recall is discovered during or after reconditioning.

"We're able to catch that, take them off the line and get them fixed quickly," he says.

Paul: Vendor data beats NHTSA

Data discrepancies

Mark Paul, CEO of AutoAp in Beaverton, Ore., says his company works with roughly 400 dealerships. Paul would not disclose pricing, but says it varies by volume.

"For less than a dealer spends on washing each car on their lot every month, they can be covered for recalls on those cars," Paul says.

He calls AutoAp's data more comprehensive, accurate and timely than other sources of recall information, claiming "there is a significant error rate for NHTSA's database." A NHTSA spokesman did not respond to requests for comment.

Automakers sometimes describe recall campaigns as "field service advisories," Paul adds, giving dealers the impression they may not need to take action.

Paul says AutoAp gets recall data from multiple sources; he would not disclose how many. Machine-learning tools resolve simple data conflicts about such things as spelling and model years. Research teams address more- complicated discrepancies.

"We resolve 90 percent of those conflicts, typically, within an hour," Paul says. "If we have to call an OEM, then it's usually 24 hours."

Recall Masters, of Aliso Viejo, Calif., offers customers similar daily alerts and inventory management tools related to recalls. The vendor charges a one-time $1,795 setup fee and a monthly $750 fee for monitoring, reports and support services.

About 90 dealerships use the monitoring software. Recall Masters' software also aims to identify owners of vehicles with open recalls in a dealership's market, to generate service lane sales leads and possible trade-ins.

Need for speed

AutoAp has formed a partnership with Rapid Recon, of Palo Alto, Calif., which works with dealerships to improve their reconditioning workflow. The companies jointly offer Integrated Recall Management, an automated recall alert system.

The program costs about $1 per vehicle identification number, with a minimum monthly charge of $150, on top of Rapid Recon's $499 standard monthly cost. About 160 dealerships use the service.

Among the product's customers is Ricart Automotive, a family-owned group that operates seven new-vehicle dealerships and a used-car outlet in Columbus, Ohio.

Jared Ricart, the group's director of fixed operations, says the software has saved service employees "a lot of time."

"Before, we were getting notifications from Carfax and a lot of times, the cars were already on our lot," Ricart says.

Pulling an otherwise retail-ready used car or truck for recall work means repeating reconditioning steps, he says. The group views 21 days in inventory as the cutoff for profit on the sale of a used car, Ricart adds.

Just-in-time parts

Schomp Automotive Group, which operates four dealerships in Colorado and Utah, uses software from Rapid Recon and Recall Masters in concert. Michael Dunlap, Schomp's director of business development, says using both systems enables the group's dealerships to plan for recall repairs.

Alerts from Recall Masters begin as soon as a dealership books a used car or truck into inventory, and often before it arrives on the lot, Dunlap says.

Rapid Recon is then used to notify the dealership's parts department of the parts needed for repair work, enabling just-in-time ordering, Dunlap adds.

"In a lot of cases, the parts are sitting here waiting before the car ever gets here," he says. "It's sped things up quite a bit."

The systems also enable Schomp to advertise used vehicles for sale as soon as they reach the dealership, before they are reconditioned.

"We take a couple of quick photos and get that vehicle online, even if it's not through the reconditioning process," Dunlap says. "If somebody contacts us on that car, sales [employees] can log into Rapid Recon and see where the car is in the process."

But even with the fastest notification, some recall work must be delayed because parts are unavailable. Takata's massive airbag inflator recall is a prime example, says Wolfe of Honda of Fife.

"I have a VW with a Takata airbag that's [been in stock for] 480 days," he says. "There's no fix in sight."

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http://www.autonews.com/article/20170821/RETAIL05/170829993/ new-software-helps-dealerships-track-safety-recalls-better