MOTOR VEHICLE TRADING

FIELD OF THE INVENTION

This invention relates to a system for motor vehicle trading, in particular over the internet or another computer network.

For a car owner, selling his car often involves publishing information about the car through some kind of print medium that reaches a large pool of readers and hopefully from there some interested buyers will approach the seller to view and eventually to purchase the car. Car dealers and brokers may respond to the advertisements. The car owner will most likely meet up with a handful of these potential buyers, and eventually choose the one with the highest offer price to sell the car to. Sellers who transact this way often feel that they may not have obtained the best possible price. Further, the trouble of having to meet up with multiple potential buyers for test driving the car, and the inevitable bargaining, is a great inconvenience.

Internet trading is becoming established. Online buying and selling is attractive, because it allows transparency amongst a large marketplace of potential buyers. However, selling items over the internet which are either inexpensive, or which are brand new, or with very clear specifications, which have no or minimal ambiguities to the buyer, is relatively easy. When the actual value of an item is less easily defined, and cannot easily be determined by a non-expert, it becomes more difficult.

SUMMARY OF THE INVENTION

An object of the present invention is to provide a system which establishes sufficient trust in members of the buying public, that they are prepared to buy vehicles online.

Thus, more specifically, the present invention

relates to an evolutionary introduction of an online motor vehicle trading system. This evolutionary approach aims to put in place numerous elements which are essential to establish consumer confidence in the online system.

According to one aspect of the invention, there is provided a method of trading motor vehicles, comprising:

in a first phase, offering an intermediary service to sellers and to corporate buyers;

in a second phase, offering an intermediary service to sellers and to corporate or private buyers, the private buyers being able to access the service only in corporate premises; and

in a third phase, offering an intermediary service to sellers and to corporate or private buyers, the private buyers being unrestricted in their ability to access the service.

Thus, the present method for facilitating the sale of used vehicles aims to create a fair process/system that protects sellers and improves buying efficiencies. It provides a platform that fairly collects and presents information about vehicles for sale online to a pool of online member buyers who in turn will bid for vehicles that interest them. This platform also increases the chances of sellers selling their vehicles, because there will be a sizeable group of member buyers which will have a combined buying power of greater magnitude than any other buyers. This process is also a platform for other value-added services, which facilitate directly or indirectly the complete process of selling and buying. With all the needed services for sellers and buyers online, the entire platform can eventually act as a neutral service for consumer-to-consumer transactions.

BRIEF DESCRIPTION OF DRAWINGS

Figure 1 is an entity interaction diagram, illustrating the three phases of the invention.

Figure 2 is a flowchart of a part of the method according to the invention.

Figure 3 is a flowchart of a further part of the method according to the invention.

Figure 4 is a flowchart of a further part of the method according to the invention.

Figure 5 is a flowchart of a further part of the method according to the invention.

Figure 6 is a flowchart of a further part of the method according to the invention.

Figure 7 is a flowchart of a further part of the method according to the invention.

Figure 8 is a flowchart of a further part of the method according to the invention.

DETAILED DESCRIPTION OF PREFERRED EMBODIMENTS

Figure 1 illustrates how the method of the invention is divided into three phases. The method can involve a seller 101, who submits his vehicle to an inspection process 102, and deals with an online trading platform 103. A corporate buyer 104, such as an existing car dealer, and a private buyer 105 can also interact with the trading platform 103.

The invention also provides access in preferred embodiments to various value-added services, to be described later, such as financing, insurance, workshop facilities and warranties.

In operation of the system, the seller has his vehicle inspected by a neutral inspection centre, as described in more detail later. Information about vehicles for sale is made available online, and member buyers can browse the information. Then the member buyers can participate in online bidding for vehicles which they wish to buy. On completion of a purchase, buyers can be offered online the chance to obtain

financing for their purchase. Cars that have been purchased, and which require work to be carried out on them can then be offered online for tendering for the work. These aspects of the invention are discussed in more detail later.

In the first phase of operation of the system, the buying part of the system is targeted at the corporate member buyers 104 (car dealers). Thus, sales are made only to such buyers. This gives car dealers more choices to select from, lower replenishing costs and also the assurance that the vehicles are well inspected by a reputable and neutral inspection center. Corporate dealers will typically be required to pay a subscription to become members. For this first phase, some of the value added services that can be directly tapped off the platform which make for total online buying of used cars are dealer financing which helps dealers finance some of the purchasing costs, workshop services for improving the condition of the used car and so on. Dealers who subscribe online are given a password, allowing them to access the relevant internet addresses, where the information is available. In addition, the system provider can supply suitable browser software to subscribing dealers, allowing them to see the necessary private links in the internet pages.

Thus, dealers will be able to completely purchase used cars online with all the miscellaneous services in place. The dealers will thus become habituated to this new business practice.

In a second phase, the network of corporate member buyers 104 (car dealers) is opened up for access by private consumers 105. More specifically, the system can be accessed by private buyers 105 through terminal facilities provided by corporate members 104, with the member car dealers 104 providing assistance for the

consumers. In this way, car dealers can provide more choices (virtual) for walk in customers, while reducing their capital commitment for floor stock, because they need to buy a vehicle only when they have a buyer for it. The price to be paid by the customer is made up of the price to be paid to the seller, plus the member car dealer's profit margin. The rate of this profit margin can be adjusted, for example the profit margin can be reduced by the dealer, to increase the chance that a bid by the prospective buyer will be successful.

Again, consumers who use this service with the assistance of the car dealers can enjoy all the value-added services that are provided for by this platform. For example, consumers can be offered financing and motor insurance to make online purchasing more convenient. It is also economical because of the volume traded over the platform.

This second phase serves to increase consumers' familiarity with online car buying.

The third phase is intended to begin when consumers have become familiar and comfortable with buying online with the help of the car dealers and with all the warranty and other conveniences built into this platform. It is advantageous for all these value-added services to be in place before total consumer-to-consumer selling/buying of automobiles can take place online.

In the third phase, private buyers can participate directly in an online auction for vehicles in which they are interested, without the intervention or assistance of car dealers.

Advantageously, an inspection warranty can be supplied, guaranteeing the quality of the initial inspection. This provides additional security for the private buyer.

This evolutionary introduction of the system

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allows the establishment of a reputable service, as well as public familiarity with the mechanism.

The process of selling a vehicle starts with a car owner who wants to sell his used car. The preferred method according to the invention requires him to get his car inspected at a pre-qualified inspection centre, or a mobile inspection unit, that uses a set of inspection standards that are agreed upon between the inspection centre and the member buyers (car dealers). Upon successful inspection, the inspection centre will value the car based on the inspected results of the car and other relevant information about the car (which will differ from country to country or region to region). The valued price will be used as the hidden reserve price that decides whether the car is sellable or not during the online reverse auction. The start price of the reverse auction is usually lower than the reserve price to cater for market variance. The seller can also choose to forego the reserve price and sell at whatever price the auction service can fetch at the end of the reverse auction. Once the inspection is completed, the information captured about the car will be transmitted to the central auction server and relevant information about the car will be presented online. Member buyers will be able to browse online to assess these cars and also to bid for them. Sellers (owners of cars) who are not member buyers will be given a limited access account to the online service to monitor the selling process, selling results and also delivery schedule for sending the car to the centre for handing over to the buyer. Sellers, while monitoring the selling process, can decide to lower the reserve price of the car to improve the chances of selling the car if he thinks that the market demand is not likely to bid above the reserve price.

Figure 2 is a flow chart illustrating the

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operation of the neutral inspection process. An inspection centre will have a number of data capturing terminals (depending on the size of the inspection center) for inspectors to input the inspected data of the used car into the central reverse auction system. These terminals can either be linked to the central auction system via leased line or direct dialup access. The inspection scope differs from country to country depending on what are more relevant to the local buyers based on the climate, country's policies, usage pattern, etc. Generally, the engine condition, the overall chassis condition, the undercarriage condition, the wheel condition, the road test condition and the non physical attributes of the car (such as age, mileage, COE, PARF, OMV, etc.) are the main areas that form the basis for an online valuation report (step 201). External and internal photos of the car will also be taken as part of the online valuation report. All this information will be used to value the car, which is then used as the reserve price for the online reverse auction. Sellers can also choose (step 202) to forego the reserve price selling condition and sell the car at whatever price that is shown at the end of the reverse auction. Once the inspection data of the car has been captured (203) and the reserve price determined, the data would then be inputted into the terminal and a receipt with the seller's information, inspection data of the car, reserve price and a limited access ID/password pair will be generated (step 204). Seller and the inspector will both endorse the document by signing on it (step 205) and the seller will keep the original copy while the inspection center will keep the carbon copy (step 206). The terminal that captures the inspection data will automatically transmit the information to the central auction system (step 207) and it will be made available online for all member

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buyers to preview and bid on.

Figure 3 is a flow chart illustrating the interaction between a vehicle seller and the system platform. The seller can make use of this online service to participate in monitoring the bidding process for his cars (step 301) and controls by lowering the reserve price (step 302) whenever he feels that the bidding momentum is not likely to cross over or to equal the reserve price. There are two ways in which the system will consider the car as sellable. The first way is when the final bid price crosses over or is equal to the reserve price and the second way is to consider the car as sellable so long as there is a bid for it. The sellable conditions are to be determined by the seller during the vehicle inspection (step 208). Once there is a sellable condition, the winner will then be determined by who has the highest and earliest bid submission. The closing of the reverse auction is firstly determined by the presence of a sellable condition. If so, the second condition is whether the difference of the last bid submission time and the current time has exceeded a predefined threshold (idle time). If the condition is again positive then the reverse auction for that car lot will be closed. The default closing condition that is true for all car lots is the predefined closing time. All cars that are not closed before this time will be closed under this condition. This service facilitates the seller to keep track of when he should be sending any car to the inspection center for collection by the buyer (step 303). Historical selling data is also kept by the system to facilitate the sellers in analysing buying patterns, market trends and so forth (step 304).

Figure 4 shows the interaction by member buyers, that is, corporate buyers such as car dealers, with the system. The system provides them with two functions,

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namely buying and stock management. The buying portion facilitates the member buyers in browsing (step 401), assessing, bidding of used cars, notification when they are outbid and analysing of historical buying data. On the browsing part, member buyers are given car search functions (steps 402, 403) to quickly locate the cars that they want to purchase. The system provides for comprehensive information for the member buyers to do their online vehicle assessments. Vital car information that is presented online (step 404) comprises of digital photos of the exterior and interior of the used car, the engine and wheel conditions, the exterior and interior conditions of the car, the chassis and undercarriage conditions of the car and other non physical attributes (e.g. year, COE value, etc.). The system also facilitates the member buyers to do speed browsing by providing them with a "shopping basket" (step 405) that will store cars that they might be interested in studying more in-depth later on. When a member buyer decides to place a bid for a used car (shown in more detail in Figure 5), he will be presented with the detailed car information as well as a bid panel (step 404). Within the bid panel, the current highest bid or start price (in the event that there is no bid yet) amount will be shown and he has to bid more than that amount to secure a temporary win position in the reverse auction. He can also make use of a proxy bid (shown in more detail in Figure 7) to instruct the system to bid on his behalf until a certain specified ceiling amount is reached. This way, the system can maximize his chance of getting the car as well as minimize his cash commitment. Another part of the bidding process allows the member buyers to create groups of cars that they want to bid on (shown in more detail in Figure 6). And within each group, the member buyers can specify (step 601) how many cars

he wants the system to try to win for him. This is to maximize the chance of securing a certain type of car out of a pool of cars that are similar to his requirements. The notification service provided by the system is to notify the member buyers (step 501) in the event they are outbid for a particular vehicle. Member buyers can assign the system with pager number, fax number or email address and instruct the system to notify them when they have been outbid by another member buyer. This provides the member buyers good control over cars that they particularly wish to buy. The last part of the buying process is to allow for the member buyers to analyse the data from the system by using the historical data (step 406).

On completion of a purchase, the buyer typically becomes liable to pay commission to the service provider.

The stock management part of the process provides member buyers with information on the collection (step 303) and delivery (step 407) schedules of cars (depending on whether they are selling or buying cars). It also helps to keep track of their credit standing (optional) based on the credit line that they were given.

Figure 8 shows the interaction with providers of additional value-added services, which can be marketed to online buyers and sellers while the system is in use, for example when a purchase is completed.

Providers of such value-added services are typically required to pay a commission to the service provider in respect of each sale, in return for the provision by the service provider of the marketing opportunity.

In particular, Figure 8 shows one specific value-added service, namely the workshop service. Pre-qualified workshops will be allocated a terminal each,

which shows potential servicing jobs and the inspection reports of the used cars that were associated to these jobs. For example, when a buyer completes the purchase of a vehicle, he seek assistance in returning the vehicle to a roadworthy condition, or may seek to improve its condition to maximise its resale value (step 801). Workshops will then, based on these reports, tender for jobs they are interested in doing (step 802). Users of the service will then receive all the tender results (step 803). If any of the service offer is suitable, users of the service can acknowledge with a confirmation to the selected service provider (step 804) and the central system will then notify the service provider that was selected as well as the rest of the tender participants of their unsuccessful attempts (step 805).

The system of the invention therefore provides an online system for dealing in used vehicles, which makes the process more transparent. Moreover, the introduction of the system in phases allows potential users of the system to become familiar with it before it is fully implemented.



CLAIMS

1. A method of trading motor vehicles, comprising:

in a first phase, offering an intermediary service to sellers and to corporate buyers;

in a second phase, offering an intermediary service to sellers and to corporate or private buyers, the private buyers being able to access the service only in corporate premises; and

in a third phase, offering an intermediary service to sellers and to corporate or private buyers, the private buyers being unrestricted in their ability to access the service.

2. A method as claimed in claim 1, wherein the intermediary service comprises:

receiving details of a vehicle from the seller;

displaying said details of the vehicle on a computer network; and

receiving offers for said vehicle from potential buyers.

3. A method as claimed in claim 1, wherein the intermediary service further comprises:

offering a neutral inspection of said vehicle; and

displaying results of said of neutral inspection on the computer network.

4. A method as claimed in claim 3, wherein the intermediary service further comprises:

offering a warranty of said results of said neutral inspection.

5. A method as claimed in claim 1, further comprising:

offering financing to buyers of vehicles.

6. A method as claimed in claim 1, further comprising, in said second phase:

offering financing to private buyers through operators of said corporate premises.