

TradeFlow: Integrated Trade-In and Inventory Platform Product Requirements Document (PRD)

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1. Background & Market Context

The U.S. automotive dealership market is experiencing robust growth, with new-vehicle sales projected to reach 16.3 million units in 2025, the highest since 2019. Used vehicle sales remain strong, driven by affordability concerns and supply chain disruptions affecting new inventory. The market is rapidly shifting toward digital transformation, with omnichannel sales, online trade-in evaluations, and virtual showrooms becoming standard.

- Key Market Trends:
- Digital transformation is accelerating, with online sales, digital F&I, and virtual trade-in appraisals now expected by both consumers and dealers.
- Trade-ins are a critical source of inventory, especially as new vehicle supply remains volatile and tariffs impact imports.
- Dealership profits remain historically high, with average pre-tax profits per dealership at \$4M in 2024 and blue sky values averaging \$20.9M.
- The market is consolidating, with large groups and digital-first players (Carvana, Vroom) increasing their share, but independent and family-owned dealers remain vital, especially in used vehicles.
- Electric vehicles (EVs) are a growing segment, requiring new appraisal, inventory, and service capabilities.
- User Demographics:
- Sales agents: Average annual earnings range from \$54,000 to \$85,000, with top performers exceeding \$100,000, especially in high-volume or luxury markets.
- Power buyers/sellers: High-volume, often B2B actors who rely on rapid, accurate trade-in valuations and seamless inventory acquisition/disposal.

2. User Needs & Business Objectives

- User Needs:
- Accurate, real-time trade-in valuations reflecting current market and auction values.
- Seamless integration with existing inventory management systems (notably Cox Automotive), DMS, and CRM tools.
- Mobile and desktop access for both on-lot and office use.
- Omnichannel support for initiating, tracking, and completing trade-in and sales processes both online and in-store.
- Transparency and compliance, including clear documentation and digital contracts.
- Analytics and reporting on trade-in performance, inventory turnover, and market trends.
- Business Objectives:
- Increase trade-in conversion rates.
- Reduce inventory acquisition costs.
- Enhance customer experience.
- Drive SaaS revenue through subscription tiers, transaction fees, and value-added integrations.
- Support EV and new market segments.

3. Competitive Landscape

Competitor	Strengths	Weaknesses/Opportunities for Differentiation
Cox Automotive (vAuto, Kelley Blue Book, Manheim)	Deep market data, DMS integration, auction network	Limited flexibility for independent dealers, legacy UI/UX
Carvana/Vroom	Fully digital, consumer-friendly, fast process	Focused on retail, less B2B, limited trade-in transparency
AutoNation	National scale, omnichannel, strong F&I	Slower to innovate, less open to third-party integrations
Dealertrack	DMS/CRM integration, compliance tools	Not trade-in focused, less mobile-first
TradePending, ACV Auctions	Niche features, fast innovation	Limited scale, fragmented integrations

- Key Differentiators for TradeFlow:
- Deep, real-time integration with Cox Automotive and other leading inventory platforms.
- Unified experience for both retail and wholesale (B2B) trade-in and sales.
- Advanced analytics and AI-driven valuation tools.
- Mobile-first design with robust compliance and documentation features.

4. Product Features & Requirements

- Core Features:
- Trade-In Valuation Engine: Real-time, market-driven appraisals using auction, retail, and wholesale data.
- Inventory Integration: Two-way sync with Cox Automotive, vAuto, and other major inventory/DMS platforms.
- Deal Management: End-to-end workflow for trade-in, appraisal, offer, negotiation, and contract execution.
- Mobile App: Native iOS/Android app for on-lot appraisals, VIN scanning, photo capture, and instant offers.
- B2B Marketplace: Power buyers/sellers can list, bid, and transact on trade-in vehicles, with configurable access controls.
- Digital Documentation: E-signature, digital contracts, and compliance tracking.
- Analytics Dashboard: Real-time reporting on trade-in conversion, inventory turnover, gross profit, and market trends.
- EV Support: Specialized workflows for electric/hybrid vehicles, including battery health and charging infrastructure checks.
- Integrations:
- Cox Automotive (vAuto, Dealertrack, Manheim)
- CRM/DMS (Reynolds & Reynolds, CDK Global, DealerSocket)

- F&I Providers
- Logistics/Transport Partners
- Security & Compliance:
- SOC 2 compliance, data encryption, and audit trails.
- State and federal regulatory compliance for digital contracts and trade-in disclosures.

5. Success Metrics

- Trade-In Conversion Rate: % of appraisals resulting in completed trades.
- Inventory Turnover: Days to sale for trade-in vehicles.
- User Adoption: Number of active dealership agents and power buyers/sellers.
- Integration Depth: % of users leveraging Cox Automotive and other platform integrations.
- Customer Satisfaction: NPS and CSAT scores from dealership and buyer/seller users.
- Revenue Growth: SaaS and transaction-based revenue.

6. Go-to-Market & Rollout

- Pilot with key dealership groups (top 100 dealership groups and leading power buyers).
- Partnerships with Cox Automotive and other inventory platforms.
- In-app onboarding, live support, and compliance training modules.
- Quarterly feature releases based on user feedback and market trends.

7. Risks & Mitigations

- Market volatility (tariffs, supply chain, EV adoption): Mitigate by supporting both new and used segments and rapid feature iteration.
- Integration complexity: Deep partnerships and robust API documentation for seamless DMS/inventory sync.
- Competitive response: Differentiate through speed, user experience, and analytics.

8. References

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