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CarGurus, Inc.

Second Quarter 2026 Earnings Conference Call

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CORPORATE PARTICIPANTS

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Sam Zales, *President and Chief Operating Officer*

CONFERENCE CALL PARTICIPANTS

Andrew Boone, *Citizens JMP Securities*

Jash Patwa, *JPMorgan Chase & Co.*

John Babcock, *Barclays*

Ryan Powell, *B. Riley Securities*

Chris Pierce, *Needham & Company*

PRESENTATION

Operator

Good day, and welcome to the CarGurus' Second Quarter 2026 Earnings Conference Call.

Please note this event is being recorded.

I would now like to turn the call over to Javier Zamora, General Counsel and Corporate Secretary. Please go ahead.

Javier Zamora

Good afternoon, and thank you for joining us.

With me on the call today are Jason Trevisan, Chief Executive Officer and Sam Zales, President and Chief Operating Officer.

We will be making forward-looking statements which are based on our current expectations and beliefs. These statements are subject to risks and uncertainties, and our actual results may differ materially. Information concerning those risks and uncertainties is discussed in our SEC filings. We undertake no obligation to update forward-looking statements except as required by law.

Please refer to our press release and our Investor presentation on the Investor Relations section of our website for reconciliation of GAAP to non-GAAP measures.

I'll now turn the call over to Jason.

Jason Trevisan

Good afternoon.

We delivered strong second quarter results with revenue growing 13% year-over-year to $251 million, above the midpoint of our guidance range, including another robust quarter in our international business which grew 28% year-over-year. Adjusted EBITDA increased 7% year-over-year to $85 million at the high end of the guidance range, at a 34% margin, reflecting disciplined investment. We also generated strong cash flow, converting 103% of our Adjusted EBITDA, or $88 million, to free cash flow in the quarter.

In the first half of this year, dealers have taken a more deliberate approach to incremental spending decisions. We believe market trends like dealer margin pressure and fewer days on lot, coupled with one-time developments like recent FTC-mandated all-in price transparency requirements, made dealers more cautious about spending. We view these factors as temporary, not structural.

Despite these pressures, dealer engagement continued to grow on our platform. Average sessions per dealer on our platform were up 28% year-over-year in Q2, driven by increasing AI functionality in our products and expanded capabilities across more of the dealer workflow. We continue to grow wallet share, which we believe is driven by our strong ROI and new dealer product introductions. We believe we remain well-positioned to continue capturing a disproportionate share of incremental spend as the environment improves.

Our full year revenue growth guidance is unchanged, and we remain confident in our long-term opportunity. We've also begun to realize meaningful benefits from our investments in AI, which is helping us accelerate the pace of innovation, enabling our teams to bring new products to market faster while improving engineering efficiency and operating productivity across the business. Combined with our focus on operating discipline and organizational efficiencies, these productivity gains have generated greater leverage than we anticipated at the start of the year.

As a result, we are raising our full-year profitability outlook and now expect full-year non-GAAP Adjusted EBITDA margins to compress approximately 50 to 150 basis points in 2026 relative to 2025. We believe our ability to accelerate innovation thoughtfully and operate more efficiently positions us well for all market environments. More importantly, the investments we've made are reinforcing a virtuous cycle across our platform. As we have used AI to innovate faster and bring new products to market more quickly, we are seeing deeper engagement with our platform from both dealers and consumers.

In addition, we continue to capture rich first-party shopper signals, nearly half a billion signals each day across demand, pricing, inventory and shopper behavior that inform and continually improve our dealer software and analytics and consumer experience. This creates a differentiated data advantage that we believe helps dealers make better decisions while enabling a more personalized and trusted consumer experience. We believe faster innovation leveraging our proprietary marketplace data makes CarGurus increasingly valuable to both dealers and consumers and strengthens our competitive position by providing a better car shopping experience for both consumers and dealers.

As we continue to expand beyond our leading marketplace business, our strategy is built around three value creation drivers. First, we're expanding CarGurus offerings into integral parts of the dealer workflow, connecting inventory, marketing, lead conversion, and data pillars through mutually reinforcing products. Second, we're focused on transforming car shopping into a trusted AI-led journey from research through consideration and purchase, giving consumers greater confidence and increasing the value they get from CarGurus. Third, we are deploying capital with discipline with the aim of growing long-term earnings power and stockholder value.

I will now walk through our second quarter progress across each of those drivers. Driver number one, expanding CarGurus' offerings into integral parts of the dealer workflow, connecting inventory, marketing, lead conversion, and data pillars through mutually reinforcing products. We have increased dealer engagement with our platform, reflecting our focus on embedding data and insights into more of the dealer's daily decision making.

We're leveraging our differentiated data on retail dynamics, pricing and inventory trends, and deep consumer insights to inform smarter and more predictive dealer decisioning, which we believe results in an ultimately stronger ROI for our dealer customers. In fact, among subscribing independent dealers, those in the top quintile of engagement with our platform had a 78% higher leads per unit than those in the bottom quintile, suggesting that use of our expanding dealer product suite not only drives adoption among more people at the dealership, but also drives performance on our platform and ultimately dealer profitability.

Within the inventory pillar, our focus remains on helping dealers source, stock, appraise, merchandise and price inventory more effectively. In the second quarter, PriceVantage bookings grew more than 50% sequentially with a higher AOS as the product has continued to prove its value. Dealers that adopted PriceVantage saw a median 15% lift in VDPs and 9% lift in leads per listing after adoption.

In our marketing pillar, we recently introduced VINMax, our newest AI-powered product that helps dealers improve merchandising performance and achieve turn-time goals without dropping price and sacrificing margin. VINMax identifies high potential but underperforming VINs and dynamically boosts them across organic sort, highlight, and audience targeting. Since we began rolling out VINMax to early access dealers in February, promoted listings have sold 23% faster and received 34% more leads per day than comparable non-promoted listings.

In the conversion pillar, we introduced a new competition filter to shopper signals that helps dealers understand how many other dealers a shopper has submitted leads to, allowing them to better assess urgency, allocate sales resources more effectively and convert customers to sales at a better rate. Within the data pillar, we're building on our data advantage by equipping dealers with deeper competitive insights, helping them benchmark their performance to competitors on metrics like leads per vehicle or recently sold vehicles on competitor lots so they can make more informed pricing and inventory decisions. We've seen a greater than 80% open rate on the weekly competitive digest email illustrating how our data has become a critical input into dealers' daily operations.

Collectively, these new products have extended CarGurus beyond our marketplace and into daily dealer decision making, which we believe will fuel growing dealer engagement, greater product adoption, stronger retention and more dealer wallet share over time.

Driver number two, transforming car shopping into a trusted AI-led journey from research through consideration and purchase, giving consumers greater confidence and increasing the value they get from CarGurus. Buying a vehicle remains one of the highest consideration purchases a consumer makes, a process that often lasts several months as they research, explore, select, and negotiate their final deal. Consumers want confidence in their search, transparency in their results, and trusted guidance throughout that process.

In July, we launched Guru, our end-to-end consumer facing brand for all of our AI capabilities across the CarGurus platform. Guru currently exists in two forms, as an AI-native experience, formerly known as Discover, and as a seamless overlay to our existing site. Together, fueled by real-time dealer feeds and a robust methodology and ontology, they serve as a trusted guide that helps shoppers research better, understand and compare their options faster, make more informed shopping decisions, and complete their purchase in the dealership with greater confidence.

Engagement with Guru continued to grow rapidly, with Guru-driven leads up 60% sequentially in the U.S. In addition to better shopper-to-lead conversion rates, Guru provides much richer signals about user preferences and intent that bolster the depth and quality of the lead we send to dealers. Given the strong usage in the U.S., we recently launched our conversational AI experience in the U.K. and Canada, allowing shoppers to shop by describing their needs and use cases, which is not solved easily with traditional one-size-fits-all filters, rather than searching by vehicle specs.

In the consideration step of car shopping, Sell My Car continued to gain traction, improving the selling experience for consumers as we made enhancements to the consumer experience that increased funnel conversion and drove significant incremental leads. These improvements also gave dealers more efficient access to sourced inventory at a time when acquiring used vehicles remains a top dealer challenge.

At the point of purchase, Dealership Mode extends the CarGurus experience into participating U.S. dealer lots by putting pricing transparency, deal ratings, payment estimates and Guru-powered vehicle comparisons directly in shoppers' hands. Consumer engagement with Dealership Mode in our app more than doubled in the second quarter, further cementing us as a trusted tool for both consumers and dealers, which we believe will deepen engagement and facilitate more closed deals and cars sold on our expanding platform.

Driver number three, deploying capital with discipline with the aim of growing long-term earnings power and stockholder value. We believe our subscription business model is resilient, and we expect it will continue to generate strong free cash flow that will fund our long-term growth initiatives while also allowing us to return capital to stockholders. In 2026, we have increased our investment in product, technology and development to continue accelerating AI expansion on our platform and supporting a faster pace of product innovation. We've also increased our investment in sales and marketing to support the launch and adoption of new dealer products and create consumer awareness of our Guru and other AI user experiences.

In addition to organic investment, we plan to maintain the flexibility to pursue disciplined M&A for compelling strategic opportunities. Finally, we remain committed to returning capital to stockholders through share repurchases. In the second quarter, we bought back $29 million in shares, increasing our year-to-date repurchases to $204 million of the $250 million available under the 2026 share repurchase program. Since 2022, we have repurchased approximately $925 million in shares, representing more than 30% of shares outstanding, reflecting confidence in our long-term strategy, strong financial position and commitment to disciplined capital allocation.

We are excited about our accelerated innovation velocity and how that has translated into progress across all three value creation drivers. By introducing new AI-driven products and features that help dealers operate more effectively and give consumers greater clarity and control throughout their shopping process, we believe we will continue to deepen our role in the car shopping journey. We have embedded our data and AI more deeply into dealer workflows, driving deeper engagement from more people at the dealerships.

Our expansion into software and data, all unified by our underlying data layer, is demonstrably improving the marketplace performance of adopting dealers and growing our TAM and wallet share potential. Among consumers, we are creating more personalized, trusted and transparent experiences across more steps of the shopping journey. Backed by strong free cash flow and disciplined capital allocation, we will continue investing in the product innovation and AI capabilities that we believe will generate the greatest long-term returns and create durable long-term value for our customers and our stockholders.

Now let me walk through our financial results, followed by our guidance for the third quarter and full year 2026. Second quarter revenue grew 13% year-over-year to $251 million, above the midpoint of our guidance range, driven by adoption of add-on products. Our OEM business outperformed our expectations, benefiting from consumer interest in certified pre-owned vehicles amid ongoing new car affordability challenges. In the second quarter, U.S. QARSD grew 8% year-over-year, and we added 673 paying U.S. dealers year-over-year. We continued to increase our dealer base while taking greater wallet share. In the second quarter, adoption of add-on products was the largest driver of year-over-year QARSD growth, followed by listings upgrades, like-for-like price increases and higher lead quantity and quality. For the third consecutive quarter, add-on product adoption was the largest driver of the sequential increase in QARSD.

Our international business had another robust quarter, with second quarter revenue up 28% year-over-year, driven by strength in listings and Sell my Car in Canada and OEM advertising in the U.K.

I'll now discuss our profitability and expenses on a non-GAAP basis. Second quarter non-GAAP gross profit grew 12% year-over-year to $231 million. Second quarter non-GAAP gross margin was 92%, down about 90 basis points year-over-year. Second quarter non-GAAP-Adjusted EBITDA grew 7% year-over-year to $85 million, toward the high end of our guidance range, and Adjusted EBITDA margin was roughly 34%, down about 200 basis points year-over-year. Second quarter non-GAAP operating expenses totaled $154 million, up 16% year-over-year, reflecting higher sales and marketing expense and increased investment in product technology and development expense to continue the accelerated pace of AI product introductions.

Second quarter non-GAAP net income per diluted share attributable to common stockholders was 0.66, up 16% year-over-year. We generated strong cash flow, converting 103% of our Adjusted EBITDA, or $88 million, to free cash flow in the quarter. We ended the quarter with $122 million in cash and cash equivalents, an increase of $50 million from the end of the first quarter, as $29 million in share repurchases was more than offset by our cash generation.

Since 2022, we've now repurchased approximately 30% of our shares outstanding, while we continue to grow revenue and profitability. As of the end of Q2, we have $46 million remaining on our 2026 authorization, and we will continue to repurchase shares when we believe it is an attractive investment and consistent with our capital deployment priorities.

I will now turn to our guidance for the third quarter and full year 2026. We expect third quarter revenue to be in the range of $253.5 million to $258.5 million, up between 9% and 12% year-over-year respectively. Our guidance reflects a more measured pace of dealer decision making, which we view as temporary, not structural. We believe dealer engagement and retention remain healthy, and we expect contracted new product revenue to layer in through the second half, supporting our full year outlook.

For the third quarter, we expect our non-GAAP Adjusted EBITDA to be in the range of $82 million to $90 million. We expect third quarter non-GAAP earnings per share to be in the range of $0.63 to $0.69 and diluted weighted average common shares outstanding to be approximately 90 million.

Turning to the full year, we are reiterating that we expect 2026 revenue to grow in the range of 10% to 13% year-over-year. We are raising our full year profitability outlook. We now expect full year non-GAAP Adjusted EBITDA margins to compress approximately 50 to 150 basis points in 2026 relative to 2025. Our updated guidance reflects more efficient execution within our investment year plan, while preserving our ability to invest in the most attractive growth opportunities.

With that, let's open up the call for Q&A.

Operator

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two to remove yourself from the queue. For participants using speaker equipment, it may be necessary to pick up your headset before pressing the star keys.

First question, Andrew Boone with JMP Securities. Please go ahead.

Andrew Boone

Thank you so much for taking the question. I wanted to double-click in terms of the macro. Is there anything else that you can help us understand about what dealers are seeing and what those conversations are looking like?

Secondly, how do we think about the duration in terms of this downturn? Are you guys seeing any improvement of late, or has it been more of the same? Just a bigger picture question, as we think about users and the greater adoption of AI and your guys' transition to more of a natural language search, can you just provide us an update in terms of what that is doing to the consumer experience? Is that improving conversion? What else are you guys seeing as you guys unlock more of an AI experience for consumers? Thank you.

Jason Trevisan

Thanks, Andrew. Jason here. On macro, what we saw in the first half was that the data would support all this. At dealers, units tended to be up, prices tended to be up, and days on lot tended to be down. What inventory they did have, especially lower-priced inventory, tended to sell well. When that happens, they tend to be a little less reliant on marketing.

At the same time, there's been margin pressure at dealer groups, and there's been GPU pressure at dealer groups. They have been looking for opportunities to save on OpEx. Then you throw in some of the FTC activity, and that's what's led to them just being a little slower in decision making.

A lot of the trends that I just mentioned in terms of units and prices and days on lot, those fluctuate. They change by the month and by the quarter. I would say some of those factors improved over the course of that first half of the year. As we look at how we're executing, we still are introducing a lot of products. We are still number one from a listings perspective, still number one in leadership and ROI, lead quality, lead quantity. We're gaining market share.

Then we're growing outside of listings too. You heard us talk about some of the products that we're introducing in inventory and conversion. As a result, you may have heard the stat about engagement is up significantly on our platform because more people at the dealership are using us more frequently. How long will it last? Like I said, it improved over the course of the first half. I don't know if there's a binary. It's happening and it's not, but it did start to improve in the first half. What is AI natural language search doing to our search? We've given some stats that those that are engaging deeply with Discover tend to convert a lot higher.

I think the bigger and more exciting thing is that we're gaining just so much more information on the users and we're able to leverage that that they're giving us in the course of the conversation. We're leveraging that to A, give them a better search result and experience on our site. Then B, pass that information along to the dealer so that the dealer can give them a better experience as well. We're seeing that the dealers that are engaging with that, like in shopper signals and things like that, are converting those leads much better.

The beauty of that is that the dealers and our customers get a lot more value out of the platform, like the same platform and the same users as before, without having to pay more and without us having to invest more because we invested in a better search experience.

Andrew Boone

Thank you.

Operator

Next question, Rajat Gupta with JPMorgan Chase. Please go ahead.

Jash Patwa

Hi, good evening. This is Jash Patwa on for Rajat Gupta. Thanks for taking our questions. I was just curious about the profile of the dealer signing up for PriceVantage. Are these primarily dealers already on the higher priced premium tiers, or is adoption more broad-based? Just trying to gauge whether the uptake suggests a potential standalone market for some of your other products that are currently being bundled. Thanks, and I have a quick follow-up.

Sam Zales

Thanks, Josh. It's Sam Zales. Appreciate the question. It is a mix, and that's really exciting for us on PriceVantage. You saw the 50%-plus growth in bookings, the breadth of our opportunity there. Remember what the value proposition here is. It's the first product in market that provides predictive analytics to dealers and has them look at the difference between wholesale and retail pricing. It uses consumer trends and demand to say to a dealer, where is there more demand for specific vehicles in your market? What should you be stocking up?

The opportunity is broad-based. It's independent to franchise dealers across all segments. Those that are looking for a way to grow their profitability, Jason talked about the challenges in the economics in the market. Thinking that you're offering a product that combines with our listings package, we're now able to help you provide a profitability increase to your business is working phenomenally. That's what is part of the engagement story that Jason shared. It's really broad-based, and it says to us this is a product that gets us to a broader set of decision makers within the dealership.

If it compels both sides of the marketplace, independents and franchises, we feel like that's a value proposition we're excited to take forward.

Jash Patwa

Awesome. That's very helpful. Thank you for that. I appreciate the initial color on AI leads, Jason provided to the prior question, but just as a follow-up to that, with the traction you're seeing with Guru, are you at a point where you're starting to monetize AI search results or AI search placements?

Jason Trevisan

We've woven AI into many of the search paths right now and search features. It's not about monetizing an AI search result separately from how we monetize other user activity on our site. It's instead creating a better user experience on our site so that they ultimately have a better chance of finding a car that's great for them and converting to connecting with a dealer.

Unlike, say, Google traditional search results and Gemini being two different things, we've woven AI into our core user experience, which allows it to get leveraged by and exposed to a broader portion of our audience and just improve any search that's done. The volume that you heard sequentially was up significantly. More users are using what we call the deep AI search features. But it's really affecting all searches now. It's not separate.

Jash Patwa

Great. Thank you. Good luck.

Operator

Once again, if you would like to ask a question, please press star, one on your telephone keypad. Next question comes from John Babcock with Barclays. Please go ahead.

John Babcock

Hey, good afternoon, and thanks for taking my questions. Just first, I was wondering, you did talk about more efficient execution on the plan. I was just wondering if you could elaborate more on that and what the drivers were.

Jason Trevisan

Sure. We have, I would say, pretty aggressively looked at how we can infuse AI and agents into workflow across our business. It's working well. I would say it's largely been focused on how we increase our product velocity and our productivity. But we've also found it to help with efficiency in other parts of the org outside of product and engineering. We've found that we're able to save in software versus where we expected we would.

Now some of that's offset by AI, by token usage and other AI software. But it's largely coming through productivity and efficiency. There are some areas that including in go-to-market efficiency as well. There's some areas like in customer support where it is—this is a form of software replacement, but where we're able to get a lot more efficient than what we were able to do with third-party software, third-party partners or services with our own internally built agents. There's some concrete ones there.

The thing that we're really excited about is we've been able to do that without in any way sacrificing on the product velocity and accelerated product introductions that we talked about at the beginning of the year. In fact, if you look at all the new products we've introduced in the last 12 months, it's a very long list. That has helped fuel—on both the dealer and consumer side. That has helped fuel that add-ons is our biggest driver of QARSD. We have such great traction with things like PriceVantage where bookings were up 50% sequentially.

John Babcock

Got you. Thank you. Then just quick follow on here, just on the M&A side, you did talk about that very briefly, but I'm just curious if you could remind us what deals you might be looking at, what skill sets and capabilities you might be looking at?

Jason Trevisan

We always have our radar up for good opportunities that fit into our strategic plan. Our strategic plan is pretty ambitious on both the dealer and consumer side, but I would say from a threat or like a richness of opportunities, mingled with our strategic focus, I would say the more likely opportunities are on the dealer side. It would be a technology solution software that helps serve the dealer that likely tend to be smaller, more point solutions, but that would help us accelerate our expansion into our four dealer pillars faster.

We have a really exciting organic roadmap in all four of those, and we have products in all four of our pillars already, but we want to go faster, and we also want to make sure that we're tying these four pillars together through our common data set and through integrations with other systems. There is quite a bit of work to get to the robust platform that we see ourselves getting to. If we can get there faster with an acquisition, we will.

This isn't anything too novel, but the important things to us are great technology and a great team.

John Babcock

Okay. Thank you.

Operator

Next question, Naved Khan with the B. Riley Securities. Please proceed.

Ryan Powell

Great. Hi. Thank you for taking the question. This is Ryan Powell on for Naved. I wanted to drill into the sales and marketing investments. You would frame them as both focused on product or focused on dealer and consumer reach. I guess first, any difference in traction from franchise versus independent dealers, and then also good to see some growth in the unique users and sessions in the quarter. How much of that was driven by organic traffic versus paid? Thank you.

Jason Trevisan

Thanks, Ryan. It's Jason. No, I would not, on your first question, I would not say there was—there is a difference on our traction between franchise and Indie. We've always served both of those segments and top to bottom, large to small within each of those segments really well. That's one of the benefits of our platform.

As Sam mentioned or answered earlier, PriceVantage has been broadly embraced. Even a product like that, that's in a new pillar for us is not all that segment specific at all. I would say it continues to be market wide, the appeal of our products.

In terms of users and sessions, just as a reminder, we don't focus on driving upper funnel traffic. We focus on the value we deliver to dealers. If we achieve that by having more traffic and more sessions, that's fine, but we can also achieve that without doing it because it's really a small percentage of our total traffic that converts to connecting with the dealer.

But we did grow our investment in marketing as well as in sales. I would say more of that growth has been on brand and brand building. Our direct and owned and app and organic traffic can continue to be our fastest growth. Yes, beyond that, I would say at the channel level, we don't get into that.

Ryan Powell

Understood. Thank you.

Operator

Again, please press star one if you would like to ask a question. Next question, Chris Pierce with Needham and Company. Please go ahead.

Chris Pierce

Hey, good afternoon. I just wanted to get a sense, as you've been introducing these new products, can you—for a lot of us, maybe we don't specifically know how many products or the level of detail that dealers are really taking when you get down to, except we hear that they take lots of different products, but they don't really talk to each other. Are you guys like, I think I know the answer, but I just love to hear you guys talk about this.

PriceVantage, is it a novel solution or is it the uniqueness is that you're able to leverage the data you have to offer much more powerful solutions versus what's on the market now? Because if it's door number two, I guess, does that imply that there's a long tail of products you can take share from, from like legacy one-off, like tougher products that dealers are taking? Like what are some other areas you might be able to push into if that assumption is correct?

Jason Trevisan

Sure. Hey Chris, it's Jason. Yes, I mean, well, let me, let me back up to just offer a reminder, which is the four pillars, the four categories of dealer products that we see huge opportunity in our inventory, marketing, lead conversion, and then market and competitive data. Most of our products historically have been in marketing. All of our products across—and we have products in each of those pillars and I'll give some examples. All of those products benefit from the data that we have in our marketplace and the specific data in the marketplace that is so helpful are the retail trends, the inventory trends and the pricing trends. Embedded in retail is demand.

The reason that that's so important to call out is because every decision a dealer could make in any of those pillars is going to be much smarter if they're able to say how much that car will sell for and how to best sell it. The example is if a dealer is able to know that a particular car can sell in 10 days for $32,000, then they'll know that they're willing to spend $30,000 for it at wholesale because they're looking for a $2,000 GPU. That's an oversimplified example, but hopefully you get the point.

Any products that we build related to inventory are informed by this, like golden piece of data, which is how much that car will sell for 30 days out when they're ready to retail it. Similarly in conversion, if we're able to tell them how to convert interested parties to buy that car better than anyone else, because we see the demand trends and we have the deep information on the consumer because they engage with our conversational AI, then they're going to convert those much better and make much more money on their same investment in our marketplace.

We're bringing this data set that's borne out of the $0.5 billion data points a day that we garner in our marketplace to each of the pillars. If you look at inventory as an example, we talk about five or six key things that need to be done in inventory, which are sourcing, stocking, appraising, pricing, merchandising and syndicating. PriceVantage is just the first step in that, and we believe we have that same data advantage in all of those categories within inventory, and inventory is north of a $1 billion business in the U.S. alone. When you look at how is PriceVantage value prop today, it uses real-time data and recommendations.

It's predictive, not reactive, and the results are proven in real time, which is another benefit. You make a pricing decision, you make a pricing change, we tell you we think this will grow your leads by 30%, and you see those leads grow by X% the following day. VINMax, another product that we introduced in marketing, VINMax says we can see the retail demand trends, and we know it's going to be hard for you to sell this

VIN if you don't market it more aggressively. VINMax says we don't need you to make the decisions at the dealership anymore. We will make the decisions for you and prioritize the toughest to sell VINs based on the demand data that we have.

When you look at, the new products we've introduced to dealers in the last 12 months, PriceVantage, new car exposure, again, new car exposures based on knowing the demand trends for new cars, VINMax, which I just mentioned, shopper signals and performance insights, those all are based on having a better sense of what's going to sell at what price and to whom than anyone else. That's why dealers, more people at the dealers are tapping into our system, 28% more activity in our system versus a year ago, because it's giving them the intelligence to make these smarter decisions.

Chris Pierce

Okay, yes, thank you for the detail. Can you just talk about then dealer perception of data and dealers trust in data versus three, five years ago and how things have come to where they are now, and is there room for dealers to even become more data dependent? On a scale of one to ten, are dealers at like a six now, or are they at a two? Like where have they been and where are they going to, and where are they now?

Jason Trevisan

I think it depends on the dealer, maybe to state the obvious. I think the dealers have always—dealers tend to be data driven. I think the challenge that many of them would say they face is they get disparate data from disparate systems, and it doesn't always fit, it doesn't tie together. That's one of the key things that we think a platform like ours that has this singular data layer across all of it helps solve. I think sophisticated dealers have been a seven, eight, nine out of ten user of data, but the challenge they would say is this source data says one thing, and this source data says something else.

In our products, when there's a recommendation made in PriceVantage, it's the same recommendation that would be made in our listings product. Or if it's making a suggestion to do something to a price on a particular VIN, because that VIN's not moving well, that is coordinated with the VIN max system, which says, actually, you know what, don't move price on this. It's more economical for you to market it more.

Again, this is where the quick feedback loop comes back in, because with a lot of other disconnected systems, if something says you should do that, you merchandise a car this way, and they make a change, they may not see the results, whereas on our platform and with our products, any change they make is directly observable in their leads and listings performance.

Chris Pierce

Okay. Perfect. Thank you.

Operator

Thank you. I would like to turn the floor over to Jason for closing remarks.

Jason Trevisan

Thank you. Thanks, everyone for joining the call this evening. Thank you very much for the questions. As always, we always want to thank our customers for their trust in us and also our employees that work so hard to build and deliver all of these wonderful products and the great results. Thanks, everyone. Have a great evening.

Operator

This concludes today's teleconference. You may disconnect your lines at this time, and we thank you for your participation.