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VROOM INC. SWOT & PESTLE ANALYSIS

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Company Name : Vroom Inc.

Company Sector : Automobile Retail, E-Commerce

Operating Geography : United States, North America

About the Company :

Founded in 2013, Vroom is a used automobile retailer and e-commerce company, headquartered in New York City, United States. It capacitates its consumers to buy, sell and finance cars online. It sells new as well as used cars, spare parts, and accessories, along with providing services like maintenance, repairing, funding, insurance, and vehicle renting. The subsidiaries of the company include CarStory, Texas Direct Auto Inc., Vast Holdings, Inc. The company was founded by Allon Bloch, Elie Wurtman, Scott Chesrown, Kevin P Westfall. Elie Wurtman and Allon Bloch joined the company as co-founders in November, 2014 and transformed the company into a technological platform. The company was thus renamed Vroom. It has a refurbishment facility in Stafford, Texas. Vroom is an e-commerce company that tackles and handles the entire e-commerce transaction, rather than functioning as a peer-to-peer marketplace and it does not indulge in haggle pricing. It offers financing from more than 12 banks, while it delivers cars to customers throughout the world. All the cars sold by Vroom are reconditioned. Proprietary RFID tracking along with prioritization software are used by the company to automate the process of refurbishment. This American ecommerce auto retailer, also provides a seven-day money back guarantee on purchases along with a 90-day bumper-to-bumper warranty. Customers, who receive a cash voucher after submitting photos and information about the car online, can also sell cars to Vroom. Vroom announced the successful completion of its acquisition of United Auto Credit Corporation (UACC), a recognized leader in automotive finance, on February 20, 2022. Vroom's strategy of establishing a captive finance arm to support sales growth, improve unit economics, and create long-term value for its shareholders is being accelerated by this acquisition.

Vroom's Unique Selling Proposition or USP lies in it providing an end-to-end e-commerce platform to its consumers for buying and selling used and second-hand automobiles. Vroom's mission statement states, "help people find their drive".

Revenue :

\$ 3.184 billion - FY ending 31st December 2021

\$ 1.357 billion - FY ending 31st December 2020 (y-o-y growth 13.94%)

\$ 1.191 billion- FY ending 31st December 2019

SWOT Analysis :

The SWOT Analysis for Vroom Inc. is given below:

| Strengths | Weaknesses |
|---|---|
| <p>1.Has gained competitive advantage by using data science over traditional methods.</p> <p>2. Very large inventory backed by high quality products.</p> <p>3.Very strong national brand presence results in geographically widespread sales.</p> <p>4.Selling value added products helps in better customer satisfaction.</p> | <p>1.Has not declared a profit since commencement of business in 2012.</p> |
| Opportunities | Threats |
| <p>1.Acquisition of CarStory will significantly improve its technology.</p> <p>2.Consumer buying patterns are changing favorably towards used goods.</p> <p>3.Expansion of logistics network will shield company from third party losses and reduce costs.</p> | <p>1.Intense and increasing competition in the market.</p> <p>2.Adverse impact of Covid-19 expected to continue through 202</p> |

PESTLE Analysis :

The PESTLE Analysis for Vroom Inc. is given below:

| | |
|---|---|
| <p style="text-align: center;">Political</p> <p>1.White House's \$174 billion stimulus proposal to the EV industry could harm traditional vehicle sales.</p> | <p style="text-align: center;">Economical</p> <p>1.Rise in prices of used cars due to global semiconductor shortage.</p> <p>2.Increasing demand for ride hailing and ride sharing services a threat to car selling companies.</p> <p>3.US's used car market is expected to be valued over \$800 billion by 2026.</p> |
| <p style="text-align: center;">Social</p> <p>1.Public divided over buying cars online.</p> <p>2.People prefer buying used cars over new ones.</p> | <p style="text-align: center;">Technological</p> <p>1.Prevalence of automated vehicles will harm demand for traditional vehicles.</p> <p>2.Usage of AI will improve market advantage.</p> |
| <p style="text-align: center;">Legal</p> <p>1.Class Action lawsuit for misreporting business details is a threat to operations.</p> | <p style="text-align: center;">Environmental</p> <p>1.Increasing environmental regulations on traditional cars.</p> |

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