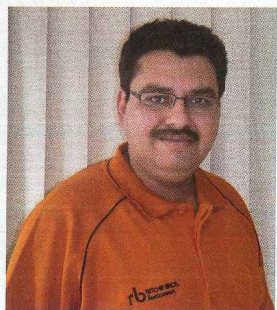


Auction, a cost-effective means of selling surplus equipment



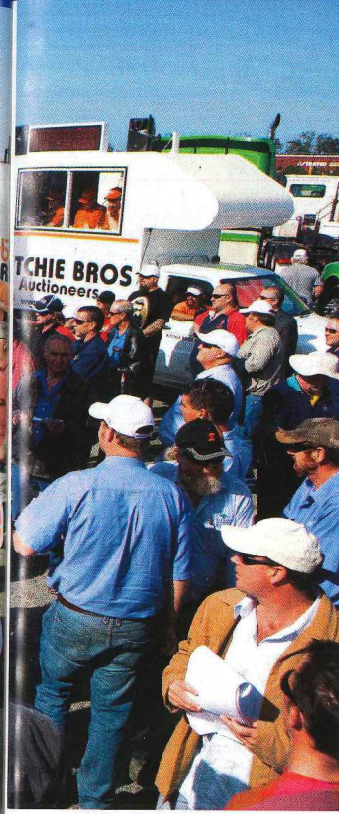
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Once regarded as the avenue of last resort, auctions are now one of the most cost-effective and efficient means of selling surplus trucks and equipment. The last few decades have witnessed many changes made in fleet management strategies around the world, and since there is an increasing global demand for good equipment, buyers are heading to auctions in droves, looking for good, quality trucks and equipment for their next project.

What is an auction? The process of buying and selling differ-

ent products by offering them to a crowd, taking bids (i.e., what will people willingly pay for the item) and finally selling them to the highest bidder is known as an auction. The auctioneer has a rapid-fire chant, the crowd is full of excitement, and the items sell in a quick and efficient manner.

An auction is one of the most effective methods for a seller to be able to have a large number of items sold within a very quick turnaround. And for buyers, an auction is a very efficient way to buy



At an unreserved auction where there are no minimum or reserve bids and everything sells to the highest bidders on auction day, prices are not set by the sellers but are set by the crowd during the competitive bidding process. It ends up being a fair process for both buyers and sellers, as everyone is treated equally and on an "even playing field."

However, some auction companies do not hold absolute or unreserved auctions, and they will place "reserves" or "minimum bids" for the items being sold (see "reserved auction" in the Talking in auction terms section). It's very important that you find out ahead of time which type of auction company you are dealing with.

The competitive bidding process provides one of the primary benefits of selling by auction – allowing buyers to take control of the process and the prices at which items are sold. Buyers travel all over the world to attend unreserved truck and equipment auctions because they know it isn't a waste of time, that the items will be sold on the auction day to the highest bidders regardless of price. They are treated fairly and on an even playing field with every other interested buyer at the unreserved auction.

a number of different items, all in one location. The cross-industry selection of equipment all in one place is something that is very enticing to people who are interested in buying trucks and equipment.

All sides of the gavel

The auction method sets itself apart from other methods of buying and selling by gathering items from many different sellers or many different items from one seller in one place in order to sell them through a competitive bidding process at an appointed time.

At the end of the auction, due to the amount of competitive bidding activity from all over the world, sellers of equipment receive the global fair market value for their items and don't need worry about local selling conditions.

It is also the certainty of the unreserved auction method that attracts both buyers and sellers to unreserved auctions. Both know that everything will be sold on the auction day. Sometimes more than 1,000 items are sold in one day

due to the quick chant of the auctioneer. No time is wasted on auction day so that items sell quickly and accurately.

Talking in auction terms

The auction industry, much like other mechanisms of exchange, has its own vocabulary and, for that matter, language. It is important to have a basic fluency in, and an understanding of the language of the trade and the special words used before becoming involved in the auction world.

Auctioneers are marketing professionals well versed in the field. They are detail-oriented, technology savvy and leaders in their community. As they improve through experience and become more knowledgeable in the industry in which they practice their trade, auctioneers become more valuable to both buyers and sellers. Many auctioneers attend auction school to learn their trade and then become licensed in their profession.

The practice of determining the value of an item or service is referred to as an "appraisal." In simpler terms, and in auction terms, appraisal provides an estimate of what an item should sell for, based on various factors (e.g., state of the market, condition of the item, age or model). A global auction company is often the best source for appraising equipment, due to its knowledge of what similar items are selling for in various economies around the world.

Usually a raised horizontal surface or platform or which the auctioneer will display the item being sold. The concept of "auction ramp" has changed in recent years with technological developments, allowing for a virtual auction ramp or a simulcast auction. Simply put, 'bid' is a price offering for an item

by a potential buyer at an auction. Simply put, 'bid' is a price offering for an item by a potential buyer at an auction. The winning bid is the highest price offered for an item.

The bid catcher assists the auctioneer in catching bids when there is a large crowd of bidders at the auction. The bid catcher will position him or her within the viewing range, allowing the auctioneer to not miss any bids coming from the crowd. The seller becomes a 'consignor' when a contractual agreement is signed with the auctioneer in order to place an item owned for sale during an auction. The consignor places the item owned in the hands of the auctioneer while retaining ownership until it has been sold on auction day. Dummy bid is also referred to as a "ghost" or "secret" bid. The consignor may place the dummy bid in order to raise the price of their own item during a sale. Buyers would do best to deal with auction companies that do not allow this type of practice.

Sets of goods or a single item are referred to as "lots" in an auction. Each lot is often numbered to facilitate the bidding process. Minimum bid is the smallest amount that can be bid by a buyer at a reserve auction. At unreserved auctions, there is no minimum bid.

An unreserved or no reserve auction is often referred to as an absolute auction. This is because items will be sold, regardless of price, to the highest bidders on auction day. To outbid is to offer a higher price or make a higher bid than another person. The opening bid is the starting bid at an auction. At an unreserved auction, the opening bid is started by the crowd.

The proxy bid is one bid placed prior to an auction by an interested bidder who will not be present to



make his or her bid(s) in person. Once an interested bidder places a proxy bid, the auctioneer will increase the price at the point of sale where the bid has the ability to increase the offer. A proxy bid is often referred to as an "absentee bid." The reserve price is a price set by the seller that buyers must meet before the seller is obligated to sell. This approach is more commonly used when sellers don't want to sell their item below a certain price.

As you can see, an auction is more than just another method of selling. It is a mechanism of buying and selling goods or services through a competitive bidding process that allows buyers to take control of the prices while instigating higher offerings in the spirit of competition. And although an auction may seem complex, it is a very easy way for both buyers and sellers to participate.

Most of the complexity of an auction actually takes place behind the scenes, days and weeks before the auction event actually takes place. There is quite a bit of preparation before an auction by the auction

company, so that on auction day it is a smooth process for everyone involved.

While auction companies and auctioneers differ in the services offered, and all have different capabilities within their structure and establishments, most try to provide some of the basic services that form part of the auction process. Every item sold at an auction should be subject to a thorough evaluation by the auction company. Thorough inspections are done to provide the seller with an estimate of what the fair market value is for each item.

Advertising

Part of the auctioneer's responsibility is to make sure that as many people as possible know about an upcoming sale. This means advertising in fliers, brochures, newspapers, radio, the web and sometimes even television. An auctioneer with a long history in business has the ability to market to a large customer list - customers that have asked to be kept informed of all upcoming auctions since they are serious buyers. The more people who bid at the auction the better the results.



All items need to be looking their best on auction day to ensure that sellers get the best price for their merchandise. Sometimes all that's needed is a fresh coat of paint, if anything. Auction companies often provide refurbishing services in addition to their auctioneering and marketing initiatives to help sellers get their items ready for auction.

When most people are looking to buy trucks or equipment, they are looking with a specific purpose or job in mind. They want to buy something that they can put straight to work. That's why many of them prefer to buy from auction companies that guarantee clear title on the items they have in their auctions. Some auction companies work to resolve ownership issues before the auction, which gives interested buyers more confidence when they bid.

One of the greatest benefits of selling by auction is that you can focus on your business and let the auction company take care of selling your equipment for you. Organized, professional auctions

conducted by reputable auctioneers attract large numbers of bidders, ensuring that sellers receive the greatest value for their surplus equipment. Conducting a successful auction is not easy: it requires expertise and resources that can only be gained with time and experience.

Choosing an auction company that takes care of all the details, from advertising to meeting with potential buyers and then collecting money from the new owners, is of great benefit to sellers. These details take up valuable time that could otherwise be spent operating a business. Well-established auction companies have vast resources at their finger tips - from accountants to legal professionals to advertising experts - that can be put to work for you.

Auction trends

In order to stay cost competitive, large companies are selling their idle equipment rather than waiting between projects or keeping equipment past its useful life. Smaller firms are buying and selling their equipment more often,

too; they are able to purchase used equipment with production value remaining and still realize a better return when their own used items are sold.

Stronger residual prices at auction help manufacturers realize stronger pricing. Financiers and contractors are also able to focus on what they do best with auctions available to them to manage their fleets or to enter and exit a market.

Auctions have also become an important part of an efficient global market. Many manufacturers, including those located in India, use auctions as a means to launch and distribute their new equipment and make it accessible to thousands of buyers in a variety of industries around the world.

If you haven't yet attended an equipment auction, as a buyer, seller or even as a bystander, you really should. One of the best ways to watch an auction for the first time is to log onto an auction online. You can spend a small amount of time from your home or office watching one of these equipment auctions and don't need to travel to attend. Of course, an online auction will never replace the feeling you get when attending a live equipment auction in person - there is nothing like it! But, in the meantime, I recommend you log onto www.rbauction.com and view one of the live auctions in progress. It will help you to understand the process a little more, and it can be done at a time that is convenient to you.

If you are considering buying or selling your trucks or equipment at an unreserved auction, please don't hesitate to contact me. I can answer your questions and provide you with all the details that you need.