



Going...Going...Gone! How To Spend Your Money Wisely At Auctions
By M.L.Kelly

Public Opinion: Auctions are a great place to get deals.

Reality: Auctions are competitions to see who will spend the most money to “win” the bid.

How does that translate to getting a great deal? It doesn't.

I worked for a traveling auction company for over a decade in the United States, and Canada. We held warehouse auctions, hotel auctions and auctions at estates of art, oriental rugs, home furnishings and jewelry. The people who usually got the best deals were the auctioneers. But I did meet some buyers who knew what they were doing and I tried to pass these tips on over the years.

1) Find out if it is a traveling auction/auctioneer, or a local company. A traveling company will have a higher overhead and have a greater need to make deals. This can be most useful when negotiating after an auction with little bidding.

2) Go to the preview before the auction. This is the best time to use your SmartPhone, or SmartPad to do research on the pieces you're interested in.

Make your list of first and second choices and your price limit for each.

Don't request these pieces be brought up until right before the auction so you can see if anyone else

has shown interest. If there's a small crowd, many will leave early and you'll have less competition if your items come up later.

Don't request your second choices be brought up at all. You don't want them coming up before your first choices. Request them after your first choices have gone up, or wait and see if you can buy them after the auction.

3) Assess the crowd. A smaller crowd means fewer bidders and a greater need for the auctioneer/company to make some sales to cover costs and eek out some profit. If the crowd is too small, and there isn't much bidding, wait until after the auction to make a one on one deal with the auctioneer. He probably gets paid a percentage of the gross, so he may be very pliable.

4) Also with small crowds, if there seems to be a lot of bidding with few people, you probably have an auctioneer who is "pulling bids" or "selling to the wall." He is performing and giving the impressions there is bidding. Often he may have one bidder in front and is pretending to have another in the back. I had one auctioneer that worked with a table covered by a carpet separating the back half of the crowd so it was much easier for him to do this. He one time ran an auction that only had one couple sitting on one side of the carpet and he was bidding them up with no one else in the room. Pulling bids may or may not be legal in your area, but shills usually are illegal.

6) What is a shill? If you see someone in the crowd who looks like they are winning a ton of the bids, but they look too young, or are a little nervous, chances are you have a shill. This person works for the auction company, and they are pretending to bid to get the prices up. If you pick out a shill in the crowd, I'd suggest waiting until after the auction to make and deal.

7) If you are at an auction with a large crowd you may want to sit back and watch. A large crowd is partly determined by the size of the room. For a small hotel ballroom, 30 people can make a large crowd. In a larger room, or warehouse 100 people will most likely kill the chances of anybody getting a good deal during the auction. Wait to see what is left and negotiate later.

I was once at a U.S. Customs auction that had close to 2,000 buyers. I was there to check out how much the Rolex's were going for and everything sold for way above retail. I stood to the side and watched the professional buyers and when they'd shake their heads and stop bidding it was just a matter of waiting to see who the sucker in the crowd was.

9) Always be prepared to let things go. An emotional connection to an item is the way to spend too much. If you have to have it for yourself and the price doesn't bother you, fine. Buy it. But if you are getting something for an investment, or intend to try to resell it for a profit, your emotions will cost you money.

10) Don't forget that most auctions include a Buyer's Premium. This could be an extra 10-25% tagged onto your bidding price at the purchase table. That premium will be forgotten about by many of the buyers, even though it is printed on the card, posted on the wall, and spoken about by the auctioneer before he starts selling. It will kill any good deal you may make if you forget this.

11) Educate yourself. Educate yourself. Educate yourself. Never trust the words of an auctioneer. He's a salesman and you're on safer ground expecting him to lie, or at least exaggerate the qualities of any one piece.

After September 11, 2001, the auction business quadrupled for the company I worked for. Many people lost money on the stock market and didn't want to invest in it for some time, so they began buying durable goods, art and jewelry that they thought of as investment pieces. Few of them made good purchases and the items they bought over 15 years ago may still be worth less than they paid for them. Protect yourself. Be an educated buyer and have a little fun if it's there to be had.