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**FEATURE**

September 2006

eBay Motors - A Viable Remarketing Option for Fleet?

By Claire Atkinson

Some claim average returns of \$1,000 over wholesale. The tradeoff is the time spent researching pricing, managing listings, and building a reliable reputation.

According to eBay, a car is sold every minute on its eBay Motors Web site in the U. S., and Nielsen/NetRatings reports that 39 percent of all online automotive minutes are spent on the site.

Tom Oâ€™Leary, senior manager of eBay Motorsâ€™ Dealer Marketplace, says that sellers usually get returns somewhere between the wholesale and retail price of a car.

With these impressive statistics, eBay Motors seems like an obvious choice to sell a car. But for fleet administrators, will posting listings and monitoring online auctions be too time-consuming? Are online auctions too much of a gamble?

\$1,000 More Than Auction

Jim Sketch, executive sales manager for VSPI Inc. in Detroit, specializes in selling commercial vans. Although successful in the local market, Sketch started selling on eBay Motors to take advantage of the national exposure the Web site offers. Sketch finds that selling inventory on eBay Motors is more economical than selling at a wholesale auto auction, where the cost of meeting overhead can be more than three times the cost of listing a vehicle on eBay.

“Generally I’m making about \$1,000 better than auction,” he says. “When you’re dealing with an auction, the wholesalers have a \$200 buy fee right from the get-go. By the time they get transportation to the building, it’s another \$50 to \$100 depending on how far.”

Ken Ost, owner of Kenny’s Auto Sales in Huntingdon Valley, Pa., started listing cars on eBay Motors when it was launched in 2000. He sold about two cars a month then, and now sells 40 to 50 cars a year on eBay, in addition to 200 sales annually out of his dealership in Huntingdon Valley. He creates the listings and monitors the auctions himself, making sure to begin and end auctions at night, when he’s at

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home and available to respond to inquiries.

Ost says he gets top dollar for specialty vehicles thanks to eBay's broad audience. He also turns conventional vehicles for a profit if they are not getting interested buyers on his lot.

The Pristine and the Unusual Sell Well

Sketch lists vehicles on eBay that are mostly undamaged and ready to drive, with low mileage and no accidents.

"The vans that have dents, bangs, bruises are the ones I take directly to auction," he says. "They're not worth the hassle. We pick the cleanest units to market on eBay," Sketch explains. "Many of our buyers come from out of state to pick up their purchase. We offer them our best so there are no surprises."

"I don't put a vehicle on eBay that I wouldn't really stand behind," Ost says. "I try to post unusual vehicles because somebody can go down the street and buy your basic run-of-the-mill vehicle unless you're offering a really good price. If you're looking to get a retail figure, it's not going to work on eBay."

Ost has success with customized wheelchair vans, selling to buyers from as far away as Washington state. According to eBay Motors, 71 percent of vehicles sold on eBay Motors in the U.S. are interstate transactions.

Customer Service: Seller's Rating is Everything

The key to successfully selling on eBay Motors, according to eBay University instructor Steve Lindhorst, is communicating with buyers and responding promptly and in detail to serious inquiries about the vehicle.

Ost's experience confirms this notion. He says that to make a sale, it's important to make voice contact with buyers. He includes his phone number in his listings so that prospective buyers can call, make a personal connection with him, and build a reliable relationship from the beginning. With two or three phone calls and a few e-mail inquiries each day, Ost says the time he spends on replies is less than an hour.

Sketch says that with a seven- or 10-day listing on eBay, he will get three or four e-mails per day and two or three calls. O'Leary says feedback is the mechanism that gets people to buy cars sight unseen.

"You can't underestimate the importance of building feedback when selling in the eBay marketplace," he explains. "Feedback allows people to see that [sellers] are trustworthy. I can see that other people have bought from them and I can trust them."

"Reputation is important," Ost says. "The first or second negative feedback you get [on your profile], people get suspicious and it will hurt your business on eBay."

Buyer and Seller Beware

The open market and transparency of the system helps give customers an accurate picture of the seller, but it's also a draw for those looking to take advantage of the anonymous nature of the Internet. eBay offers safeguards against misuse of the site, but it still happens.

Because of the threat of identity theft and other scams, eBay imposes limits on users' interactions on the site and encourages users not to handle sales transactions offline.

There's been a lot of crazy stuff going on with second chance offers, a recent report. He says he sold a car recently and a week later got a call from another bidder who claimed to have received an e-mail saying he could come pick up the car if he sent the payment.

The caller said the e-mail offering a second chance at the car was suspicious because it requested that the money be sent to California, while Ost is in Pennsylvania. Ost told the caller to report the e-mail to eBay. eBay will suspend or ban users who abuse the system.

What if the buyer doesn't pay? Sellers can file an Unpaid Item Dispute through eBay, and eBay will contact the buyer and manage the dispute until it is closed. eBay's dispute policy, however, states that the quickest way to resolve disputes is through direct communication between buyer and seller. As far as disputes go, Ost's policy is to do whatever you can, or take the car back. Resolving disputes to avoid negative feedback is a top priority for eBay sellers.

Do Your Homework

By monitoring activity on the site, sellers can see which types of cars have the most volume, what prices dealers are listing, and which cars sell the fastest. Researching the open marketplace in this way can help reveal an untapped niche and determine pricing.

Those remarketing fleet vehicles must choose wisely which vehicles to sell. Under most state regulations, nondealers can only sell up to five vehicles per year without a license. The Help section on eBay Motors has links to both the Federal Trade Commission's (FTC) Used Car Rule and to each state's DMV Web site so sellers can check regulations in their state.

Leary suggests that sellers take the time to create a professional looking listing, with multiple photos and details. If you're not a Web expert, plenty of online companies offer listing software. CARad (www.carad.com) is the tool eBay owns and recommends. It could take some trial and error before someone new to eBay finds the auction format and pricing that works best. However, if bids aren't high enough or if the car sells through another venue, sellers can cancel the auction before its official closing as long as that possibility was stated in the listing.

A good way to make sure sellers get their money's worth is to set a reserve

price and relist the vehicle later if it doesn't sell the first time. Ost says that in his experience, the average vehicle is listed twice before it sells.

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