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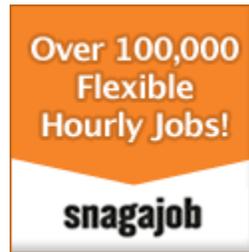
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## Selling Tips:

### Buying and Selling Cars on eBay Going Once, Going Twice...

From

Edmunds.com



Don Culver wanted that 1988 Mercedes 420 SEL in the worst way, but placing a bid on an eBay Motors auction went against his better judgment.

The photos looked nice; the description was everything he wanted. The newbie eBay seller, Charlie Liggan, sounded pleasant enough over the phone, answering questions in a thick Alabama drawl.

Culver, living in a small town in northeast Indiana, had been surfing eBay listings for six months to

find the right rust-free Mercedes. But still, he couldn't bring himself to tap the "enter" key on his computer and send his bid.

"I'm used to kicking the tires," Culver told me. "It was a real stretch for me to want a Southern car bad enough to do what I did. To this day, I don't know what caused me to trust Charlie."

This particular purchase had happened several months ago, and Liggan had no track record on eBay at the time. Buyer feedback, which provides critical references for most on-line car sellers, was absent. Usually, Culver would tell buyers to avoid an auction where the seller has no eBay feedback. But he wanted this car, so it was time to get creative. He started calling around Liggan's tiny central Alabama hometown to do a background check on the seller.

"I got a hold of the Pell City sheriff's department and this very nice lady answered," said Culver, an auto industry engineer. "She said nobody had ever complained about Charlie, that it's not a very big town and that if he'd done something wrong, everybody would know about it. That was enough to convince me."

Many buyers have the same kind of doubts about eBay buying, and I experienced the same apprehensions recently when I bought a 1995 Volvo 960 wagon from Liggan using the service. But I've never had such a retail head rush as when I was poised over my eBay bid. Four years of credit union deposits riding on a vehicle I'd never seen being sold by a stranger five states away from my Wisconsin home. I had also called Liggan, and he wasn't particularly reassuring.

"I gotta tell you the truth, Jim. I sell cars on eBay, but I don't know if I'd have the guts to buy one over the Internet," he told me.

But adventure was one of the elements attracting me to car shopping on eBay. What other reason would I have to travel to Alabama during the hottest time of the year? People do this every day, I told myself. All the tools I needed to check this car out could be found with a few keystrokes.

I'd been toying with the idea of buying a car from the popular on-line auction site for more than a year and had bid unsuccessfully on another Volvo in Texas. My thinking was that I could buy a rust-free Southern car and get a good deal because most people in the auto market would be too skittish to bid on a car without taking a test drive.

I'm apparently not the only risk-taker out there. The eBay Motors site is on pace to reach \$3 billion in sales this year, continuing a dramatic rise from \$750 million in auto-related sales for eBay in 1998 before it spun those items into the auto-specific area. The eBay Motors area launched in April 2000, and current sales activity ranks the site among the largest U.S. marketplaces.

Meg Whitman, eBay chief executive officer, earlier this year told the business press that a sports-utility vehicle sells on the site every 21 minutes. Auto sales started on eBay with collectible cars selling side by side with Matchbox cars and other auto-related memorabilia. Autos and accessories

— the majority of them daily drivers like the Volvo I sought — now represent 20 percent of eBay gross merchandise sales. I'm like 70 percent of eBay Motors auto buyers who cross state lines to buy. According to eBay stats, the most popular cars sold on the site are Ford Taurus, BMW 3 Series and Honda Civic.

The San Jose, Calif., company hosts a total of 7 million items in 18,000 categories listed at any time, and total projected sales of \$30-\$40 billion in 2005 would equal those of retail giant Sears, Roebuck & Co. Bidding competition should have been no surprise to me, as 6 million people log onto eBay Motors monthly, making eBay the top on-line automotive site based on the percentage of minutes users are surfing auto listings. Simon Rothman, eBay Motors vice president and general manager, said the average user spends 40 minutes per month at eBay Motors, a conservative figure considering my hours staring at the tube for cars and parts. Rothman contends 60 percent of eBay Motors users don't visit other auto sites.

Settling on a Volvo wagon made it easier to wade through ads posted on eBay. My requirements narrowed the search to a few dozen possibilities each week. I limited the search to the Southern United States to find a car that hadn't been exposed to harsh winters. I also decided to search out a seller who would allow me to decline the car once I arrived for an inspection. It's difficult to imagine, but many eBay car sellers offer buyers no way to back out when they see the car in person. Photos and lengthy descriptions found on the auction postings are nice, but I wasn't comfortable accepting a car without driving it first.

When I found the Alabama car, it was the sixth day of a seven-day auction. I called Liggan and he had no problem letting me out of the deal after I looked at the car. In fact, he offered to give me \$150 to defray the cost of the trip home if I backed out. The auction listing included several photos of the car and Liggan offered to e-mail me 20-30 more images showing spots where the leather seats were worn and minor parking lot dings. He also provided a clean Carfax vehicle history report, which turned up no prior crash damage, odometer rollbacks or other problems.

The prospect looked even better when I delved into eBay's "buyer feedback" column on Liggan and his wife, Myra. Unlike Dan Culver, who bought from Liggan when no feedback existed, about 100 buyers had since praised the couple effusively in the column linked directly from the auction posting.

After I won the auction, Charlie called and offered to pick me up at the Birmingham airport and drive me 45 miles back to his place. I agreed to send him a cashier's check for the \$8,100 purchase price. My wife, Judy, and I flew out of Milwaukee with a backpack and a camera.

Charlie and his buddy Jerry met us at the airport in the evening and drove us to a motel, where Charlie had already paid for the room.

"When can we expect you for breakfast?" he asked, leaving us with our new car. The next morning we followed country roads to the couple's house and were greeted with a Southern spread of eggs,

sausage, biscuits and gravy and grits.

"These biscuits, I don't know what it is with them. They stick with you," Charlie said. He talked about others who came from across the country to sit down for a meal and leave with a car. The majority of the eBayers are "Yankees" looking for rust-free cars, the couple commented. They're all ages and from all tax brackets. A hippie from California picked up a van. A businessman in Ireland shipped a camper across the Atlantic. A preacher and his daughter came from Texas to buy her first car. The couple keeps a map of the United States with stickpins placed where each of their cars have gone. The map is being covered quickly and there are clusters of pins around several major Northern cities.

The Liggans netted about \$28,000 last year on eBay auctions. Liggan buys the vehicles at auction, has them inspected and repaired and keeps them on his front lawn. According to him, the eBay auctions are revolutionary because they eliminate the part of the car buying experience many people dislike: the in-person haggling over price with a salesman.

"You and me all of our lives go to a car lot and play this stupid game," he explained. "What will you give? What will you take? We've all been there. On eBay, finally, if somebody's got a no-reserve auction, they don't have to give none of that bull. [The buyers] are going to have the final say and nobody is arguing with them."

Unlike many eBay sellers who set a minimum opening bid or a reserve price, Liggan sets no reserve for any of his auctions. The high bidder gets the car. Period. Following eBay rules, he occasionally cancels an auction before it's over because there's little bidding action, but he usually follows through regardless of whether he turns a profit.

Liggan is something of a hybrid between the "for sale by owner" sellers and storefront auto dealers, each of which account for about 50 percent of the eBay Motors listings. Liggan has a dealer's license, but lower overhead than most dealers. He doesn't need to move as many cars as the usual dealer, either. All eBay sellers, whether a dealer or neighbor Ned selling the old Buick, pay the same amount to move a vehicle. The fee is \$40 at the time of posting and another \$40 at the time of sale. The fee was raised from \$25 and \$25 earlier this year.

The eBay system is good for buyers as long as they can get a car for \$2,000 less than they would pay from a local source, Liggan said. Without the savings, it's not worth the gamble of buying a car sight unseen and traveling to get it, he continued.

How did I fare? The retail value of the Volvo ranges from \$9,800 to \$12,100, according to three popular on-line auto valuation services. The Edmunds.com True Market Value® system is the most realistic of these free valuation services, according to Liggan. Edmunds came in with the lowest valuation for the Volvo, taking into account actual sales for the region where the car was purchased. Travel expenses of about \$500 raised my cost to \$8,600 for the Volvo.

"You gambled roughly \$500 versus \$2,000 in savings and a rust-free car, and that's a good gamble," he said. "Why would you take a chance on making a trip if you're not saving anything?"

As we were about to leave with the Volvo, Charlie handed Judy \$40 through the window to buy an extra key for the car. We tried to give it back, but he waved us away.

"You can't take it with you. I ain't never seen a Brinks truck following a hearse," he said as we rolled out the driveway and headed 966 miles home.

### **eBay car buying tips:**

**Narrow the search:** Choose a make and model, then hit eBay. It's easier to make frequent checks on the auction market by using an exact model in the eBay search field.

**Don't get an itchy finger:** Watch the auctions for a while before bidding. Hit the "watch this item" feature to track sales and search "completed items" to track final sale prices.

**Use the eBay buyer tools:** Be sure to check the feedback from other buyers regarding the seller. Make sure the individual is rated as a seller, not a buyer. Read the auction description carefully and request more photos by e-mail if necessary.

**Call the seller:** It can be reassuring to develop a rapport with the seller, and sale terms may be more flexible than you think.

**Look for no-reserve auctions:** Find the seller who doesn't set a minimum winning bid amount, which often is as high as the car's retail value.

**Make sure you have an out:** Bid only on auctions where sellers allow you to cancel after you inspect the car.

**Cash is king:** While the banking industry is getting more creative about financing on-line purchases, most interstate transactions are cash sales.

**Have the car inspected by a mechanic:** Contact a mechanic in the city where the car is being sold and arrange for an inspection when you arrive. The eBay site offers inspection services in 50 major metro markets, as well as a free limited warranty for the drive home for many cars.

**Use Carfax:** The company's \$19.99 on-line vehicle history report can tell you where the car has been, its accurate mileage and whether it has been damaged in a crash or flood.

**Use on-line pricing services:** Free services like the True Market Value system at Edmunds.com give a quick, realistic idea on retail and wholesale values of used cars.

**Bid and walk away:** Decide on a fair price for a car, then bid and walk away. Don't get caught up in a bidding war and end up paying too much.

**Factor in travel or delivery costs:** Remember you have to pick up the vehicle or have it shipped when you win the auction. Include gas, hotels, food, lost work time and plane tickets in the cost.

**Buy round-trip plane tickets:** A discount round-trip fare is often cheaper than a one-way ticket, and it gives you flexibility if you decide you don't want the car when you see it.

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