

Items of Value, Inc.

A Full-Service Appraisal and Estate Sale Firm

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Buying and Selling at Auction

WHAT AUCTIONS ARE ALL ABOUT

“Come experience high tension and drama; experience the extremes of anxiety and excitement; thrill to the joys and sorrows of winners and losers; share the agony and ecstasy of getting or losing something against competition over an amount of money in a short time period.” Emotional factor: High. Sense of competition: High. Financial risk factor: High - if you do not control yourself.

THE MYTH OF AUCTIONS

Items sell very high and you get paid right away; items sell low and you get great buys.

WHAT ACCOUNTS FOR A HIGH AUCTION PRICE?

Unique item desired by two people with equal money to spend.

BUYING

1. **Auction preview/presale inspection** – a must to avoid overpaying. Look especially for degradation and defects. Contemplate your bid ranges with maximum bid you consider affordable before the item comes up for bid.
2. **Reserves** – minimum selling price set by owner/consignor. Some auctioneers bid against the public up to the reserved amount. You can sometimes buy at a price below reserve after the auction.
3. **“Buyer’s premium”** – traditional percentage of bid automatically added to successful bid. The buyer’s premium is retained by the auction house.
4. **Who is bidding against you?** – individual collectors, dealers, the house. Watch to see when numerous bidders drop out simultaneously (often dealers). Watch out for “chandelier bids” (bidding against the house) when there is only you and one other bidder. Be aware of silent bidders and telephone bids.
5. **Auctioneer tactics**
Bidding frenzy – high-speed chatter

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Suggestive descriptions versus factual assertions

Fraudulent statements

Chandelier bids

Initial asking price

Bid increments set by auctioneer

6. Bidding tactics

Follow the pack by bidding incrementally.

Jump the gun by accepting the bid request of the auctioneer.

Wait out bids then jump in later – be sure auctioneer sees and acknowledges you.

Respond quickly to show determination.

Exceed bid request.

Signal auctioneer to cut increments in half.

SELLING

Review contract thoroughly and get satisfactory answers to all of your questions:

What are all possible charges? – pickup, insurance, advertising, catalog, storage, arbitration

Who has insurance liability until items are paid for?

Who is to provide the inventory?

What kind of publicity will be devoted to your items?

Are items to be sold individually and/or by lots?

What is deadline for payment?

How will payment be made?

Check contract for dated signatures.

What are the guarantees?

BEST AUCTIONS

For seller: specialized auction, specific advertising, high attendance, good weather

For buyer: general auction, minimal/poor advertising, low attendance, bad weather

Best buying time: bad weather and near end of auction

BUYING/SELLING ALTERNATIVES TO AUCTIONS

Dealer shops: galleries, antique shops, consignment shops

Estate and consignment sales

Advertising and selling by yourself: local newspaper, internet listing services, internet auctions