

# AUCTIONS 101

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If you are the type of person that will dig through bargain bins during the after Christmas sales and get giddy when you find just what you need in the kitchen for half of what so-so paid for hers, then you would definitely enjoy an auction! Likewise, if you are the type of person who relishes competition, thinks of people watching as a hobby, and likes to shop “outside the box” (so to speak), then an auction should be right up your alley! Additionally, if you are the type of person to whom price tags don’t mean a thing, who has no problem walking up to the counter and offering \$25 for an item bearing a \$40 price tag, then you are probably already an auction regular! On the other hand, if pushing a shopping cart down neat and tidy rows of pre-packaged goods with the prices clearly marked and paying that price regardless of market value is like a little slice of heaven to you, then you should probably leave the auctions to those of us who aren’t afraid of a good time.

Now if you don’t really fall into that last category, but are still doubtful that an auction is for you, please read on. Everything you need to know to prepare for your first auction experience is right here.

The first documented auction was conducted around 500 B.C. and auctions have since evolved into the most exciting and engaging form of transferring property from one person to another. No other form of trade offers the amount of transparency, energy and excitement that can be found in an Auction.

## **WHAT IS AN AUCTION?**

Simply put, an auction is an event in which property is sold to the highest bidder. The property sold can be real estate or personal property (cars, tools, antiques, collectibles, guns, etc. – basically those items that are not real estate). The bidders at an auction basically create their own market, determining on an individual basis how much they want to pay for an item rather than having the price dictated to them on a price tag or as a listing price.

Essentially, an auction is a negotiation between buyers and seller, moderated by an auctioneer; and the only negotiated term is price. The auctioneer and his staff take bid amounts on a designated item until the auctioneer determines that all bids have been received. The negotiation ends when the auctioneer declares the item as “Sold!”

## **THE AUCTIONEER’S CHANT**

“Whatcha gonna give for it? Forty dollar bid, give **forty-five, forty-five**, will ya make it **forty-five**, now **forty-five**? YUP! **Fifty**, give **fifty**, I've got forty-five give **fifty**, now **fifty**? YUP! **Fifty-five**, bid **fifty-five**, I've got fifty, now gimme five, **fifty-five**...

For some people that sound – the chant of an auctioneer – is a call to action. Their hearts start racing and they can’t wait to get a bidder’s number in their hands, search through the box lots and rows, and find their place in the crowd. For others, it’s downright intimidating and rather confusing. So let’s demystify the auctioneer’s chant...

The number you hear repeated the most is what the auctioneer is asking for the item. The lower number you occasionally hear is the bid amount he/she already has, everything else is “filler”

and is really not important. In the example above, the words in green represent the asking price. The difference between the bid and the asking price is the bid increment – that is the amount by which the auctioneer is increasing the asking price with each bid. Common bid increments on small items are \$2.50, \$5.00 or \$10. On larger items, it may be \$25, \$50, or \$100; and \$250, \$500, and \$1000 on big-ticket items. On real estate those bid increments could be \$2500, \$5000, \$10000... I'm sure you are seeing the quarter, half, and ten pattern here.

Regardless of the bid increment, the important number to listen to is the number being said the most – that's the asking price - the amount your bid will be if you say yes. A LOT of people who come to auctions think that number being repeated is the amount the auctioneer HAS; however, that is not the case. The number being repeated is the asking price. A quick search on YouTube.com will bring up several videos of auctioneers you can use to practice listening for the asking price.

### **BIDDING**

So, now that you know how to determine what is being asked for the item, you need to know how to bid. The best way to bid is to raise your bidder's card and nod while making eye contact with an auctioneer or ring man. If they can't see you, wave your arm OR say "YES!" in a clear, sharp manner, or whistle sharply, and they will find you. Subsequent bids can then be given with a simple nod or tip of your card. A common fear among auction newbies and those who have not ever attended an auction is that by scratching your nose, you may inadvertently buy a \$70,000 tractor! While it makes for funny TV, it just doesn't happen in the real world. You do, however, need to be aware of what you are doing with your hands and head while near the bidding. If you are intently watching the auctioneer while having a conversation with the friend standing next to you and you start nodding in agreement with that friend, there is certainly a chance that the auctioneer will put you in as a bidder. If this happens, stop the auctioneer or approach the ring man immediately to apologize and re-open bidding on the item.

Use common sense: don't wave to friends across the auction action; do have conversations away from the bidding; and if you need to scratch your nose, adjust your cap or swat a fly, just look away or move away from the auctioneer's line of sight. Keep in mind that entertainment is part of the appeal of an auction and by attending you become part of the show... keep your sense of humor in tact - if your swatting at a fly, results in being "called out" in jest by the auctioneer, it is best handled with a hearty laugh – maybe even jokingly offer a "post dated-third party check" as payment for the item.

### **I WON! NOW WHAT?**

Once the auctioneer says, "Sold," the merchandise generally becomes the immediate responsibility of the successful bidder. In some auctions, there will be a holding area for merchandise; however, in this area of the country, in MOST cases, you are responsible for keeping up with your own items as soon as they are sold to you. This basically means that if you leave the item where it is and come back for it later and it's gone, you must pay for it anyway. The best thing to do is to move the item to your vehicle, but if you need to continue bidding on items, just place your purchased items together under the table or away from where things are being sold. Generally items piled up in a group away from action are left alone, whereas items left in the row or on the table are more susceptible to curious eyes and sticky fingers.

Be sure to pay for your merchandise before you leave. Now, you may think this goes without saying, but sometimes people do forget, or fail to pay before they go to get a truck, a trailer, or a friend to help load up a large item.

## **GOING FORWARD**

In time you will develop your own style of bidding and buying. You will learn what sales to attend and which ones you want to avoid; as well as what auctioneers or auction companies fit your style and comfort level best; and perhaps the greatest personal benefit will be what you learn about property values, demand, and the market in general.

Whether you attend auctions for education, for entertainment, for camaraderie or because your life just won't be complete without that 1959 Comet 2-wheel travel trailer being offered, live auctions frequently feature great deals and almost always serve up a good time! Attend an auction along the corridor this year and let me know how it goes

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## **ABOUT THE AUTHOR**

Jeree Ball Milligan, spends nearly every weekend at auctions working side by side with her father, brother, and husband for Ball Auction Service. She has been an auction clerk for more than 20 years and currently manages the company's marketing and public relations. She is a graduate of Chandler High School and of the University of Central OK with a BA in Communications and a minor in Journalism.

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