

Al Long Ford has been serving customers in Warren, Michigan since 1945, making us one of the longest standing Ford dealers in the state. In recent years, maintaining a competitive edge in a neighborhood that has seen a steady rise in new dealerships has kept the pressure on to continue to offer one of the largest selections of pre-owned Ford inventory in the Detroit metro area. In order to guarantee the variety of vehicles that our customers expect, we looked beyond the traditional means of acquiring inventory, and explored another alternative for filling our lot.

When Ford first introduced online auctions ([www.fcaccelerate.com](http://www.fcaccelerate.com)) a few years ago, I was apprehensive about making the leap. This new technology caused many misconceptions. Our decision to incorporate online auctions into our traditional remarketing process came with the same hesitation many dealers that are considering the technology are now experiencing. Naturally, I had many questions and doubts when I first began participating in online auctions, but over time I found that my concerns and lack of confidence in this method were really a result of not knowing how to effectively use this new channel to easily and conveniently purchase and sell vehicles.

To help others that are considering using the Internet to buy and sell wholesale vehicles, here are several common myths that dealers often fall prey to when considering online auctions.

### **Myth #1: Online automotive wholesale auctions are more expensive**

One of the first concerns I had was cost. Many dealers assume that online auctions will cost more, because at the physical lanes you often get the first shot at fresh vehicles. Online auctions, however, are a cost-effective and efficient way of procuring and selling cars.

With more and more buyers and sellers going online every day, a true marketplace has

## Tall Tales And Truths From The Online Wholesale Marketplace

Written by Tony Gianfermi

Thursday, 29 November 2007 02:24

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emerged, ensuring competitive prices for dealers as well as substantial savings for sellers. Add the ability to access thousands of cars 24/7 without having to travel or leave the dealership to the immediate savings in time and money, and online auctions quickly become a very economical way of acquiring wholesale autos.

### **Myth #2: Without kicking the tires, I wont know what Im getting**

One of the more common myths about online auto auctions is that you can never be sure what you are going to get when the cars arrive. On the contrary, all cars available through online auction sites come complete with comprehensive condition reports from a third-party, including vehicle history and inspection reports. For example, on the ATC-Online sites that we use, the arbitration rates are lower than traditional physical auctions, so both the buyer and seller can be confident conducting transactions online. Much like realtors use an online MLS (multiple listing service) system to find the dream home for their client, online auctions can be used to find the right vehicle for a customer-which brings us to the next myth.

### **Myth #3: They dont have the vehicles I want**

My dealership purchases approximately 20 cars a month through online auctions and I anticipate that number will continue to grow. The right online auction will provide you with access to literally thousands of high quality vehicles at the push of a button. If I dont have the make and model a customer is looking for on the floor, I can easily take them into the office and find exactly what they want online. For customers with detailed specifications such as colors or miles, a quick online search can help me locate the right vehicle and close the sale.

### **Myth #4: The technology is too complicated**

Those of us who have been in the automobile business for years have faced many sales challenges head-on without hesitation, but incorporating a new technology into our processes often causes us to shy away. However, the idea online auctions are difficult to use and require technical finesse is a big misconception. All thats needed to get started is a computer and an Internet connection. With that, and a minimal amount of training, dealers can log on to a service just as they would an online bank account or email account. Once online, they can preview and purchase wholesale inventory with the utmost confidence, sell excess inventory by reaching out

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to a national network of thousands of would-be buyers, and provide customers with a wider variety of vehicles than ever before.

In addition, if knowing your competition is important to you, online auctions allow you to see what other dealers in your neighborhood are purchasing and what they're paying for a vehicle—all without leaving the comfort of your office.

### **Myth #5: My shop is too small to benefit from this type of technology**

Even smaller dealerships can benefit from working with online auctions because they dramatically level the playing field. Even if a dealer lacks the capital required to compete with bigger operations, there are financing options available through the online marketplace. These dealers will also have access to thousands of choice cars without sending a valuable employee off site for several days.

### **Get started today**

Each of the above myths was either an initial concern of mine when first evaluating online auctions, or misgivings I've heard voiced by my peers over the years. I believe, however, that once dealers make the leap they will quickly realize that the effort required to learn and work with online auctions is minimal in comparison to the convenience and savings they offer. Consider the costs associated with attending a physical auction. There is travel to and from the auction, the absence of a valuable employee from the sales floor, and no guarantee that you will pick the right line and come back with the cars you really need. Online auction sites can spare you these costs and frustration. Furthermore, the good auction sites provide finance options, arrange for vehicle title transfer and transportation, and have fully automated processes that help dealerships save on administrative time and paperwork.

The online marketplace continues to grow larger and more efficient every year. Companies like ATC

-Online and others provide the kind of variety and service I need to continue to keep my customers happy and maintain the competitive edge that has kept my dealership on top.

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