
Chapter 4

Best Practices for Obtaining Inventory

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Dealer Auctions



Auto dealers in California can attend various types of dealer auctions, including:

1. **Dealer-Only Auctions:** These auctions are open only to licensed auto dealers and not to the general public. Dealers can bid on vehicles that are being sold by other dealers or by manufacturers. These auctions may offer a wide variety of vehicles, including new, used, and salvage.
2. **Online Auctions:** Some auction houses allow dealers to bid on vehicles online. This allows dealers to participate in auctions from anywhere in the world, without having to physically attend the auction.
3. **Government Auctions:** These auctions are conducted by federal, state, or local government agencies and offer vehicles that have been seized or confiscated.
4. **Salvage Auctions:** These auctions offer vehicles that have been damaged and may need repairs. Salvage auctions can be a good source of affordable vehicles for dealers who have the expertise to repair them.

Advantages of attending dealer auctions:

1. **Access to a wide range of vehicles:** Dealer auctions offer a wide variety of vehicles, including new, used, and salvage, that may not be available elsewhere.
2. **Competitive Pricing:** Dealers can often purchase vehicles at auction for a lower price than they would pay at a dealership or private sale.
3. **Quick Inventory Turnover:** Dealers can quickly purchase and sell vehicles through auctions, allowing them to turn their inventory over quickly.
4. **Opportunity to Build Relationships:** Attending dealer auctions can provide dealers with the opportunity to build relationships with other dealers and auction staff, which can be beneficial for future business.

Disadvantages of attending dealer auctions:

1. **Competition:** Dealer auctions can be highly competitive, with many dealers bidding on the same vehicles.
2. **Lack of Transparency:** Dealers may not have access to detailed information about the vehicles being sold, such as accident history or mechanical problems.
3. **Risk of Purchasing Damaged Vehicles:** Some vehicles at auction may have hidden damage or mechanical issues that are not apparent during the bidding process.
4. **Additional Costs:** Dealers may need to pay additional fees, such as buyer's fees, transportation costs, and auction fees, which can increase the total cost of purchasing a vehicle.

Especially since early 2020, the auto industry has started a major trend towards digital auctions versus physical auctions for various reasons. There are several reasons where there can be advantages and disadvantages to each.

Digital Auctions

Digital auctions are conducted online through various auction platforms. These auctions offer dealers the ability to participate in auctions remotely from their computer or mobile device. Here are some advantages and disadvantages of digital auctions:

Advantages of Digital Auctions:

1. **Convenient:** Digital auctions offer dealers the ability to participate in auctions from the comfort of their own home or office.
2. **Access to National and International Markets:** Digital auctions allow dealers to bid on vehicles from across the country or even internationally.
3. **Reduced Travel Costs:** Dealers don't need to travel to an auction site, saving them money on travel expenses.
4. **Efficient:** Digital auctions are typically faster than physical auctions as dealers don't need to wait for the auctioneer to physically move from one vehicle to the next.

Disadvantages of Digital Auctions:

1. **Limited Inspection:** Digital auctions often don't offer the opportunity for dealers to inspect the vehicles in person, making it harder to assess the complete condition of the vehicle.
2. **Technical Difficulties:** Technical issues can arise during online bidding, such as internet connection problems or website glitches, which can impact a dealer's ability to bid.
3. **Lack of Personal Interaction:** Digital auctions lack the personal interaction that comes with a physical auction, such as building relationships with other dealers.

There are several digital auto auction platforms available in California. Here are some of the top digital auto auctions in California:

- **Manheim:** Manheim is one of the largest auto auction platforms in the world, offering both physical and digital auctions. Their California locations include Manheim Southern California and Manheim San Diego.
- **ADESA:** ADESA is another large auto auction platform that offers both physical and digital auctions. ADESA's California locations include ADESA Los Angeles, ADESA Sacramento, and ADESA San Diego.
- **Copart:** Copart specializes in salvage vehicle auctions and offers both physical and digital auctions. They have several locations in California, including Copart Sacramento, Copart Los Angeles, and Copart San Diego.
- **IAA:** IAA (Insurance Auto Auctions) is a leading auto auction platform specializing in salvage vehicles. They offer both physical and digital auctions, with locations throughout California, including IAA Los Angeles and IAA Sacramento.
- **ACV Auctions:** ACV Auctions is a digital-only platform that offers live, online auctions for used vehicles. While they don't have any physical auction locations in California, they do operate across the country, making it possible for dealers to buy and sell vehicles from California.
- **SmartAuction:** SmartAuction is a digital-only platform that focuses on off-lease and rental vehicles. They don't have any physical auction locations in California, but they do operate across the country, making it possible for dealers to buy and sell vehicles from California.

It's important to note that the availability of these auction platforms may vary depending on the specific location in California, so it's recommended to check with each platform to see what is available in your area.

Although there is a certain ease of use with digital auctions, it is important that you become familiar with how each company conducts business. Important key factors that dealers should be aware of is:

- **Condition reports** – Almost all digital auctions do not allow for dealers to physically inspect the vehicles, that is why it is important to understand and develop a trust for whatever digital auction you're planning to do business with.
- **Buy and transport fees** – Buyer fees and transport fees are how a lot of auctions make their profit. Make sure that you understand what the buyer fees are before buying at an auction, what it includes and if the fees are negotiable. Transport fees through the auction can be convenient but also costly. Sometimes it is in the dealer's interest to work with a few local transport companies. There can be pros and cons to this as well.
- **Arbitration policies**- Always make sure that you understand what the arbitration costs are for the auction that you are working with. Many auctions offer an extended arbitration period – for an additional fee – that can give a dealer a longer period from the purchase of the vehicle in order to get it inspected by a repair shop.

Physical Auctions

Physical auctions are held at auction sites, where dealers attend the auction in person. Here are some advantages and disadvantages of physical auctions:

Advantages of Physical Auctions:

1. **Opportunity to Inspect Vehicles:** Dealers can physically inspect the vehicles before bidding.
2. **Personal Interaction:** Physical auctions allow for face-to-face interaction with other dealers, which can lead to building relationships and networking opportunities.
3. **Full Transparency:** Physical auctions provide dealers with complete transparency about the condition of the vehicle, such as any visible damage or defects.
4. **Live Auctioneer:** A live auctioneer can create a more exciting and engaging atmosphere, increasing the chance of higher bids.

Disadvantages of Physical Auctions:

1. **Limited Access:** Physical auctions can be limited to a certain geographic area, limiting the number of vehicles available to dealers.
2. **Higher Costs:** Attending a physical auction may be more costly for dealers, as they need to pay for travel, lodging, and other expenses.
3. **Limited Time:** Physical auctions can be time-consuming, as dealers need to spend time traveling to and from the auction, as well as waiting for the auction to begin and for their desired vehicle to come up for bidding.
4. **Competitive Environment:** Physical auctions can be highly competitive, with many dealers vying for the same vehicles, leading to higher prices.

There are several physical auto auction sites in California that auto dealers can attend to bid on vehicles. Here are some of the top physical auctions in California:

1. **Manheim Southern California:** Manheim Southern California is located in Fontana and is one of the largest physical auction sites in California. It offers both in-person and Simulcast bidding options.
2. **ADESA Los Angeles:** ADESA Los Angeles is located in Mira Loma and offers in-person bidding as well as online bidding through ADESA's Simulcast platform.
3. **Brasher's Sacramento:** Brasher's Sacramento is located in Sacramento and offers in-person bidding as well as online bidding through their website.
4. **ServNet Auctions:** ServNet Auctions is a network of independent auto auction sites located throughout the country, including several locations in California, such as Bay Cities Auto Auction, Norwalk Auto Auction, and Dealers Choice Auto Auction.
5. **Golden Gate Auto Auction:** Golden Gate Auto Auction is located in Fremont and offers in-person bidding as well as online bidding through their website.
6. **Norwalk Auto Auction:** Norwalk Auto Auction is located in Norwalk and offers in-person bidding as well as online bidding through their website.
7. **Metro Auto Auction of Phoenix:** While not located in California, Metro Auto Auction of Phoenix is a popular auction site for California dealers looking to expand their search for inventory. They offer in-person bidding as well as online bidding through their website.

It's important to note that the availability of these auction sites may vary depending on the specific location in California, so it's recommended to check with each site to see what is available in your area.

Auction Access

Auction Access is a program that provides auto dealers with a universal registration system that allows them to participate in auctions across the country. By signing up for Auction Access, dealers can gain access to hundreds of auction sites and thousands of vehicles, making it easier to find the inventory they need for their dealership.

To sign up for Auction Access, dealers must first apply for a dealer's license in their state. Once they have their license, they can visit the Auction Access website and complete an online registration form. The registration process typically takes a few business days, and once approved, dealers will receive a unique Auction Access ID number that they can use to participate in auctions across the country.

Auction Access is useful for auto dealers for several reasons:

1. **Universal registration:** With Auction Access, dealers only need to register once to gain access to hundreds of auction sites across the country. This eliminates the need for dealers to complete multiple registration forms for different auction sites, saving time and hassle.
2. **Increased inventory options:** By gaining access to more auction sites, dealers have a wider selection of vehicles to choose from. This allows dealers to find the specific makes and models that they need for their dealership, increasing their chances of finding the right inventory.
3. **Streamlined bidding process:** With a universal registration system, dealers can use their Auction Access ID number to participate in auctions across the country. This eliminates the need for dealers to complete separate bidding forms for each auction site they participate in, streamlining the bidding process and making it more efficient.
4. **Reduced costs:** With increased access to inventory, dealers can find vehicles at competitive prices. This can help reduce costs for the dealership and increase profitability.

Overall, Auction Access is a useful tool for auto dealers who are looking to expand their inventory options and streamline their bidding process.

Dealer auctions can be a great place to purchase inventory, however some of the best places to purchase vehicles are directly from the public.

Make sure to check out our videos on:

- How to properly inspect a vehicle
- How to book out a car
- Example of digital auction interaction