



How much of the used vehicle market will traditional Auto Auctions like Manheim be left with after disruption?



SITUATION:

1) Auction Sales Volume Dropping as much as 40%:

Here is what was heard on the Tower Auto Sales radio talk show... owner Mike Fanto was discussing Manheim Auctions in Harrisburg PA ... *"in 2009, 10,000 used cars would cross the auction block on a Friday... in 36 lanes... by 2019 that number is down to 6,000"* or a 40% drop.

Some used car dealers like Fanto are becoming more efficient... they go online and target the cars they want to buy for inventory... they pay and close the deal and get the title...there is a guarantee and arbitration if there is a problem... and he doesn't have to spend all day at an auction...

2) Finding the Car Customers Want:

Fanto called this *"browsing per his sense of the market"*... finding the used cars his customers want... he uses MBondemand.com to find 'cherry' Off Lease Mercedes-Benz vehicles.

3) Auction Channel is Now Online:

Used car auto auctions are nothing special anymore.. to quote Fanto: *"Auctions have been mainstreamed by TV, for example Mecum,"* ... nothing will stop the transition to online purchase.

4) Mercedes Benz Credit is selling off-lease vehicles directly online by themselves.

WHY SIGNIFICANT:

Preowned or Used Vehicle Sales Volume – Over 40 Million

... “*for the year, almost 41 million used vehicles are expected to be bought in the U.S.*”, according to Cox Automotive. Dec 5, 2016.

Of Which Over 4 Million Sold on Online:

According to Edmunds, **eBay Motors** sold 4.1 million passenger vehicles online ... 10% of all Used Car sales... I would add in other used car online sales but that information is difficult to find... but 10% is significant...

WHAT TO DO ABOUT IT:

Not sure you can do anything but **embrace the online bidding and online auctions**. We know the Mecum Auctions are taking on-phone bids. The top 30% of used car dealers who are more astute will continue to find cars for their customers’ needs online.

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Mike was co-founder of LeaseTek, an application software company which was in 22 countries with offices in Pittsburgh, London, Stockholm and Sydney. Some of LeaseTek’s industry customers were Toyota Motor Finance Ltd. Ford Credit Europe plc, BMW Financial Services USA, VW Credit Canada, Hyundai Motor Finance, Volvo Finance A/S, and Porsche Credit.

Send responses, rebuttals, & reaction to mpochan@edgsys.com or just yell loudly out your window.

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How many cars are sold on Ebay each year?

More than 4.1 million passenger **vehicles** have been **sold on eBay** Motors, and more than 14.2 million unique visitors come to the site **each** month. A passenger vehicle sells every 90 seconds, with classic **cars**, meaning those that are at least 20 years old, **selling** every 4 minutes.

[World's largest auto auction is in Lebanon's backyard](https://www.idnews.com/story/news/local/2016/...largest-auto-auction.../84222240/)

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May 18, 2016 - Manheim **Auto Auction** - which within the company is called Manheim ... "They produce significant spin off benefits by bringing in people on a **weekly** basis who stay in hotels, eat at ... "Start at 9 a.m., spend five hours, move 8,000 **cars**. ... "People have to have confidence in **us** to purchase online," he said.