

TAA QUARTERLY

Volume I, Issue I

August 2013

TENNESSEE AUCTIONEERS ASSOCIATION



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Upcoming Events

December 1
Board Meeting
Annual Meetnig
Grand Champion Bid
Competition

December 2
6 Hours of CE

This newsletter is published by the Tennessee Auctioneers Association as a service to its members and supporters in the auctioneering industry. Suggestions are welcome for articles in future editions.

Message From The President...

Greetings to all TAA members.

Hope your summer has been great. Want to thank each of you that attended the summer convention at Paris Landing. There was lots of discussion regarding the bid calling contest and also the election of officers at the board meeting. There will be some changes in the bid calling contest to make it more like the International Contest. Justin Ochs is working hard on this issue so please contact him if you have any ideas or questions. The election of officers will change. In the past the vice chair from each division of the state rotated to president when it was that division time. The President elect position will remain so that person will automatically move to president the following year. David Cole is finalizing the draft and the language change will be presented to the membership in December. Had a great evening with entertainment from Bluesberry Jam Band and a bid calling contest and fun auction to follow.

There were many Tennesseans in Indianapolis, IN. for the National Auctioneer Conference and Show. The education was top notch. We were well represented by our state as JJ Dower finished his year as NAA president. The International Auctioneer Championship celebrated the 25th anniversary, with Justin Ochs serving as reigning Champion and Marvin Alexander & Terri Walker past champions. We had two contestants Patti Baldini & Edward Knight that represented our state. Numerous instructors taught including Wendell Hansen, Will Mclemore, and Terri Walker. Kim Ward is the National Auctioneer Auxiliary Chair and Traci Dower will serve as Vice chair this year and serve as chair next year. The auxiliary long range planning meeting will be held in Gatlinburg in September. The 10 member board and the NAA President Paul Behr will meet there to discuss and plan how the auxiliary will continue to support the auction profession. As you can see Tennessee is very involved in the NAA and hope those of you that did not come to Indianapolis, IN make plans to attend next year's NAA C&S which will be in Louisville. KY. July 8-12 2014.

Look forward to seeing everyone in Nashville in Dec 1st & 2nd for the winter convention. We will again be at the Inn at Opryland Hotel across from Opryland Hotel. Be sure to come and celebrate with the new inductees into the Tennessee Auctioneer Association Hall of Fame. I appreciate the opportunity to serve you this year. Please contact me if you have any questions, concerns, or comments. This is your association and we are here to serve you the members.

Rick Hinson, President

TAA ANNUAL WINTER CONVENTION

WHEN: Sunday and Monday, December 1-2, 2013

WHERE: The Inn at Opryland Hotel, Nashville, TN

DETAILS: Please visit our website, www.tnauctioneers.org, for registration.

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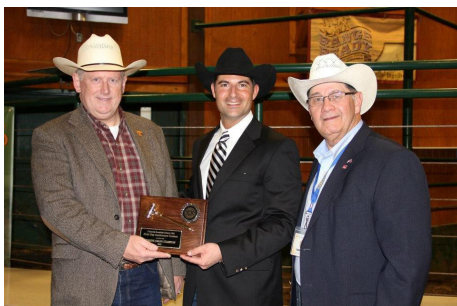
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2013 Mule Day Auctioneers Contest

The Columbia Breakfast Rotary held its 2013 Mule Day Auctioneers Contest April 5, 2013 at the Tennessee Producers Livestock Barn in Columbia, TN. A crowd of 250 plus filled the sale barn to see which of the auctioneers from Tennessee, Kentucky and Alabama would be named the 2013 Mule Day Grand Champion Auctioneer and wear home the Belt Buckle plus \$250.00 in spending money. These auctioneers left nothing on the auction block each one doing an outstanding job. The auctioneers were: Trey Morris, Mayfield, KY, Woody Woodruff, Shelbyville, TN, Phillip Traylor, Clarksville, TN, Drew Carter, Athens, AL, John Thorpe, Fayetteville, TN, Van Massey, Fayetteville, TN, Ed Stallings, Knoxville, TN, Daniel Culp, Ardmore, TN, Jonathan Hickerson, Columbia, TN, David Roberts, Lewisburg, TN, and Jacob Massey, Fayetteville, TN.

The final tally from the four judges named Jacob Massey of Fayetteville, TN the Grand Champion and Trey Morris of Mayfield, KY as Reserve Champion. Last year's Champion Justin Ochs came back and delighted the crowd by auctioning one a 2013 Mule Day Knife. The Columbia Breakfast Rotary Club is looking for auctioneers to make the 2014 contest even bigger. Any auctioneer who has a valid auctioneer license in any state is welcomed to enter. For more information on the contest you can contact Eddie Ables at Eddie.Ables@fbitn.com. The 2014 contest will be held April 4. Submitted by Eddie Ables



Trey Morris, reserve champion



Jacob Massey, 2013 Grand Champion, accepting the championship belt buckle from Eddie Ables on left and Darrell Ailshie (Tennessee Livestock Producers).

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PUBLICATION DATES

Articles and ad deadlines:

FEBRUARY 1 APRIL 1
AUGUST 1 NOV. 1

Any and all TAA members are encouraged to send information on past or coming events they have conducted or news articles that would be of interest to other members. Please send profiles of members that you feel deserve to be highlighted in our publication.

CHOOSE "CHOICE" CAREFULLY

By Steve Proffitt

“High bidder’s choice” (“choice”) is an auctioneering technique that auctioneers frequently employ when they have multiples of items to sell within the same category – e.g., art, jewelry, movie posters, lamps, watches, pottery, glassware, militaria, and similar collectibles to name a few. Typically, the items will be close in type and quality. That is the attractiveness of allowing the highest bidder the right to choose amongst them.

Marketing tool.

“Choice” selling is a marketing tool auctioneers use to maximize selling prices. The items are put up as a “variable” lot. The bidders compete on this lot and the highest bidder gains control. This bidder has the right to choose any one piece from the lot for her high bid. She also has the right to pick additional pieces from the lot, paying the amount of her high bid for each additional piece selected. This is what makes the lot variable. The highest bidder ultimately defines the content of the lot she purchases. So if a choice winner selects more than one piece from the variable lot, the selling price is calculated by multiplying the amount of the high bid by the number of pieces chosen.

The auctioneer often doesn’t know who has the most interest in what piece, or how much that bidder might be willing to pay to own it. The auctioneer wants to push bidders as far as he legally and ethically can. Choice offerings sometimes generate higher prices than item-by-item offerings, because they may force bidders to compete who would not otherwise do so.

By example, a lot that contains three paintings might be very attractive to three bidders who each, unknown to the others, covet a different painting. If the auctioneer offered the paintings separately, since each of the three bidders would be interested in a different painting, there would be little competition to drive prices up for the individual pieces.

Bidder competition.

A choice offering could change that by forcing these bidders to compete against one an-

other. That is because (theoretically) each bidder would not know that the other two did not want the same painting he did, so each would have to bid to “control” the lot to be certain he got what he wants. This competition could drive prices for at least two of the three paintings to levels beyond what an item-by-item offering might generate.

When a lot is exposed to choice bidding, the bidders compete for the right to choose from the items in the lot. As demonstrated, there is real value in making this first selection.

Example.

Consider an example. A lot contains six oil lamps that are different, but of similar value. After the initial bidding cycle, the highest bidder has bid \$100 and is in “control” of the lot. She can take her choice of any one lamp from the lot for her bid of \$100. She can also take any other lamps she desires from the remaining five, paying an additional \$100 for each lamp selected. If this bidder chose three lamps, she would pay \$300 for them.

While the winning bidder has the right to take all of the items in the lot, some pieces are frequently not selected. The auctioneer has several options for selling these remaining items. Here are six common ways to sell the remaining pieces in a choice lot, once the winning bidder has finished selecting.

The remainder.

First, the auctioneer might offer choice of the remaining pieces to the back-up bidder for the amount of the winning bidder’s bid.

Second, the auctioneer might offer choice of the remaining pieces to anyone in the audience, for the amount of the winning bidder’s bid.

Third, the auctioneer might expose the remaining pieces to a second round of choice bidding.

Fourth, the remaining pieces might be offered and sold individually to the respective highest bidders.

Fifth, the remaining pieces might be offered in a “times the money” sale. The bidders would bid for the remaining

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pieces as one lot, and the amount of the highest bid would be multiplied by the number of pieces in the lot to determine the selling price.

Sixth, the remaining pieces might be offered in an aggregated (“one-money”) lot to the highest bidder.

Bidder complaints.

Auctioneers must be mindful that many bidders do not like choice selling. The complaints I hear about the practice typically break down into two categories.

One group complains that choice offerings bog down auctions. Auctioneers are frustrated when a

winning bidder wrings his hands over the contents of a lot while trying to decide what to choose. Auctioneers who use choice should maintain tight control to avoid upsetting other bidders or boring their crowds. The importance of a steady selling clip in modern auctions cannot be overemphasized. Remember – the great majority of the bidders did not even bid on the choice lot, so they are interested in wasting time over it.

A second group complains that choice is an illegal auctioneering “trick.” But a trick is a practice designed to deceive or defraud and choice selling does neither. It is a lawful means for an auctioneer to leverage bidding into higher selling prices. What

these bidders are really saying is that choice requires them to pay more to purchase than item-by-item offerings of the same pieces would require. To that we should all say ... good! The purpose of an auction is to get as much as reasonably can be had for the seller.

Conclusion.

Choice is another tool in the auctioneer’s box. The determination of whether and when to use it will depend upon a number of factors, including the quality of the merchandise, the crowd’s interest, the selling goal for the pieces, and the amount of time that a “choice” offering would require. Do not hesitate to use choice, but choose it carefully.

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BIG CHANGES COMING TO THE TENNESSEE BID CALLING CHAMPIONSHIP

Bigger prizes, prestigious judges and a brand new format are just a few reasons to enter the 2013 Tennessee State Bid Calling Championship! At this past summer convention your Board of Directors reviewed the format and importance of the bid calling contest and decided it needed to be revamped in order to increase interest and effectively prepare contestants for competing in the International Auctioneer Championship hosted by the National Association.

The Board appointed 2012 International Champion Auctioneer Justin Ochs to oversee the contest sponsors, format changes and the selection of judges. Ochs has been hard at work to ensure that this contest will become one of the most prestigious bid calling championships in the nation.

"It is imperative that we not only prepare our members to compete in the IAC, but also produce a contest that our professional men and women auctioneers are proud to win," Ochs commented.

The judges slated for this contest are a list of world renown auctioneers and sale managers. Judge's credentials include past International Auctioneer Champion, past World Automobile Auctioneer Champion, Regional Operations Manager for Ritchie Bros., and World Live-stock Auctioneer semi-finalist to name a few. "In order to

keep the contest fair, our judging panel must be as diverse as our membership," Ochs stated. "Mission accomplished."

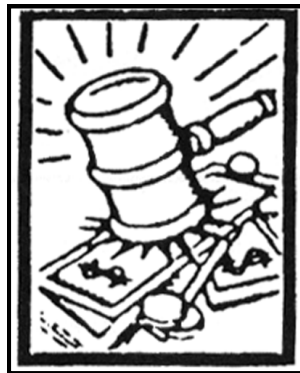
Bigger and better prizes are being added to make sure the new champion will receive royal treatment. Some of the new prizes include more prize money, 2 VIP passes to a Mecum Collector Car Auction Event, a 2 hour one-on-one practice session with IAC champion Justin Ochs, and media blasts to promote the champion. "I am very excited to announce that we have secured a special opportunity for the winner," said Ochs. "We have been granted permission for the new champion to attend a sale at Ritchie Bros Nashville, dress for the sale and receive a personal tour behind the scenes of a Ritchie Bros Equipment auction!"

Format changes include adding an interview portion to this year's competition. Ochs knows the importance of learning to speak clearly and effectively in front of a buying audience. "The interview process is a must for our contest. Contestants should be judged on their ability to be an ambassador for our association," commented Ochs. "Therefore, there will be 2 interview questions that contestants will be scored on in the final round."

We hope that the changes to the contest will not only increase interest in participation, but allow our champions to use the contest to promote themselves and further their career. We look forward to seeing you at the Winter Convention in Nashville this year! Any questions concerning the new contest format can be emailed to Justin@TennesseeAuctioneer.com.

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TAA Annual Winter Convention

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TAA Summer Convention

June 1-2, 2014
Chattanooga, TN

Online auction licensing is here ...

While live auctions have been around since 500 B.C., I believe it's fair to say that eBay originated the online auction concept.

AuctionWeb (soon after to be www.eBay.com) was opened for business September 5, 1995 and the first item sold via an online auction was a broken laser pointer for \$14.83.

Ever since eBay.com (and even before I suppose) states in the United States have been looking at the need to license those selling items in an online auction.

This need would seemingly stem from two basic premises:

Consumer protection

Revenue

8 notable efforts to-date to license or otherwise regulate online auctions are listed here:

1. Since 1991, Georgia — per their Attorney General citing O.C.G.A. §43-6-9(c); 91 Op. Att'y Gen. 15 (1991) — has concluded that online auctions need to be licensed with the Georgia Auctioneers Commission.
2. On August 12, 1999, the New Hampshire Board of Auctioneers posted a notice in the Manchester Union Leader concerning folks selling items for “others” at online auctions and via catalog, basically saying it was illegal unless these folks were licensed auctioneers in New Hampshire. (See #7)
3. In 2004 the Tennessee Auctioneers Commission determined that persons and/or companies that were selling on electronic auctions for someone else did fall under the Tennessee Code Annotated for a “Gallery License” designation.
4. On September 16, 2004, Illinois enacted a law requiring Internet Auction Listing Services to register with the state.
5. On May 2, 2005, Ohio passed a law requiring a license for anyone conducting an online auction (SB 209) — until it was repealed 4 days later (May 6 by SB 99.)
6. On October 8 2008, Pennsylvania amended the Auctioneer and Auction Licensing Act to include the Trading Assistant Registration Act — those who for a fee or commission accept personal property to sell on behalf of another through an online Internet bidding platform.
7. On January 1, 2011, law in New Hampshire began to require most online auction (providers) to be licensed as auctioneers.
8. On May 26, 2013, the Texas Senate passed HB3038 requiring all types of auctions (online, silent, live, etc.) to be conducted by a licensed auctioneer — signed by the Governor July 14 and expected to be in effect by September 1, 2013.

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All in, All done?



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And, there will be more ...

Other efforts have died in state legislatures, in committee, and/or did not receive a governor's signature.

Lastly, a few efforts began, but were abandoned.

Nevertheless, with the increasing strain on state budgets, and the increased use of online auctions, it's fair to say that online auction licensing is here.

Is this online auction licensing good or bad? Probably. We explored this same subject regarding live auctioneer licensing here:

<http://mikebrandlyauctioneer.wordpress.com/2009/12/25/auctioneer-licensing-good-or-bad/>

If a state licenses live auctions, it appears that online auction licensing is largely the same in most regards ...

The typical online auctioneer:

1. Advertises the property (as does the live auctioneer)
2. Accepts or coordinates the acceptance of bids (as does the live auctioneer)
3. Collects payments from the buyers (as does the live auctioneer)
4. Provides a net settlement to the seller (as does the live auctioneer)

So why license one and not the other? This same question is likely being discussed in virtually every state legislature which has enacted auctioneer licensing.

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