

Estate Sales vs. Online Auctions: How To Get The Most For Your Stuff





Introduction

We're all going to get there one day, the day where the things that we have collected over the decades of our lives have to find a new home and a new owner. Whether you are a senior that is downsizing or a family member settling an estate, one of the biggest physical challenges that you'll face is "what do I do with all my stuff?"

If you've ever had to downsize your parents to a retirement community or deal with the estate after their loss, then you know how daunting the task can be. It's an already emotional and traumatic time, and between dealing with this alongside family and work obligations, it can become extremely stressful.

This guide deals with "what do I do with all my stuff?" but adds "in a way that minimizes stress and makes the process more efficient and effective". To do this, we compare the differences between two common approaches to this problem - the traditional estate sale and the relative newcomer that has started gaining in popularity over the last 8 years, online auctions.

The Lessons We Learned (And Want To Share)

Transition Squad started back in 2006 helping people with organizing, packing and moving. However, the biggest challenge clients had was "what do I do with all my stuff?" After scratching our heads wondering how other companies handled this, our research determined that those in the industry were simply packing everything up and shipping it to physical auction houses. So we followed suit. After all, why re-invent the wheel, or so we thought.

Through our experience with our first two clients, we found out that in most cases, buyers at these auctions were paying pennies on the dollar from which the auction house was taking their cut. The auction houses had difficulty selling big items so they were disposed of, the cost charged against our clients' proceeds. On these first few projects, our clients were getting back approximately \$20 for their whole houseful of beautiful things, which didn't even cover our charges to pack up or ship. Ridiculous! "Surely we could figure out a better way!"

So we set out to design a process which would take away the burden of downsizing, find a good home for our clients' belongings and also get more money back for them. We were determined, however, not to be a liquidator like many other companies in this space.

The most inefficient and expensive parts of the process were the packing and shipping. We realized that it would be much more efficient and cost effective to bring the buyers to the items rather than sending the items to the buyers. So we decided to start holding estate sales right from clients' homes. There would be no packing or shipping costs as buyers would take their purchases with them and our clients would get much more immediate cash to cover the costs of disposing of anything that was not sold. We would pull everything out of cupboards and price it all individually. We would put signs up at all nearby



street corners. And we would have a team of people situated throughout the home to negotiate prices with buyers.

Our first estate sale was packed with buyers. Our seller client had come home from Spain to handle his mother's affairs. He couldn't stay long so he just gave us his keys and we handled everything from selling the contents to managing repairs and even putting the home up for sale. We sold well over half of the items and generated more than enough to cover removal of the rest. The customer was thrilled. So this became our new model.

Our estate sales were often like Black Friday at a major department store. We would hand out tickets on a first come, first serve basis. Our doors would open at 8:00 AM and we would only let a certain number of people through at a time due to fire regulations and trying to control the mayhem. People often came at 3:00 or 4:00 AM to be the first in line to get their choice of the best items. Many times, people slept outside overnight in their cars to beat everyone there. When the doors finally opened, there was a mad rush into the home and sometimes fist fights would even break out as to who got to a particular item first. There was little negotiating this early but as we approached midday and beyond, our staff were more flexible with pricing just to empty the place out.

However, after every estate sale, there were still things remaining, not because they were junk but because the right buyer just hadn't come along that Saturday or Sunday morning. So we built an online auction system to do "flash" auctions of any leftover items. After each estate sale, we would take pictures of anything not sold, lower the prices and post them on our website for our buyers to bid on. Bidders would have 24 hours to bid and the highest bidder won.

Over the years, our process of estate sale followed by an online auction became a very effective tool. The on-site physical sale from the weekend typically cleared out 50, 60, 70% of the home, depending on what people had. Then, the post-sale online auction cleared out another 10, 20, 30%, thus leaving very little to be donated or disposed of, which meant huge cost savings for our clients. In most cases, our clients were receiving more from the sales than the cost of removal so they were in a positive position without having to do any work.

Then one day, we got a client who lived in a high-rise condominium building. The management would not allow an estate sale due to logistics and traffic congestion but did allow us to do an online auction. We were very nervous as this was the first time our two-part process would not be followed. Everything was priced exactly the same way as we would the estate sale. But when the auction started, bidding went crazy and prices started to fly upwards. It was a tremendous success, made much more money than anyone expected and required a lot less staff overall to set up and run.

The lightbulb went off and we realized what happened. **We were doing it backwards.** When doing the estate sale first, people came in with a garage sale mentality. If you priced something at \$5, they would offer 50 cents and our staff would have to negotiate somewhere in between. It was all first come, first



serve so all the best things went early at lowball prices. The items that remained were not as popular but still commanded some bidding. However, when we started with an online auction first, it was a competitive environment over an entire week. Buyers could bid from far and wide and only show up if they won. Most importantly, buyers had to fight over all the desirable items which drove prices up, and the enthusiasm carried over onto many other everyday and garage sale items. Whatever was not bid upon, we then put into an estate sale to sell even more.

The end result from our auctions: our clients made far more money, the process required a lot less staff, and the entire process was much more efficient and rewarding. We've now done well over a thousand online auctions over the years and won't ever look back.

Selling Basics

No matter what you're selling, be it furniture, a car or even a house, there are four elements that must be present to make the sale happen quickly and efficiently:

1. Exposure
2. The right price
3. Desirable item
4. Structured selling process.

And there are three criteria for selling anything:

1. A willing buyer
2. A willing seller, and
3. A mutually agreeable price.

As a buyer, the world is your oyster. You can always find what you are looking for, if one seller doesn't have it, then someone else does. However, being a seller is much harder because not everyone is interested in what you have to sell. For example, if you are looking to buy a certain type of used car, there are usually a multitude of dealers and private sellers that have just what you are looking for to choose from. However, if you are looking to sell your car, say it is a Honda Civic, then the world is no longer your oyster as the total car buying audience gets narrowed down by multiple steps. You have to find someone that:

1. Wants a small car, from that group narrow down to
2. Wants an import, from that group narrow down to
3. Wants a Honda, from that group narrow down to
4. Wants a Civic, from that group narrow down to
5. Wants your year and mileage range, from that group narrow down to
6. Etc.

At each step, the total target audience at any given time shrinks by a significant factor. This is why exposure is so important. You have to cast a very wide net in the hopes of catching the eye of one or more prospective buyers. If your net is big enough, then narrowing down still reaches enough potential buyers such that one of them may make the purchase, assuming the vehicle is in good shape (ie:



desirable) and priced right. If all of these conditions exist, then you simply need to follow the execution steps of a structured selling process (take several quality photos, write a good description for your listing, post listings in several different places where potential buyers will be, handle inquiries, show the car, have a proper purchase and sale agreement ready, get a deposit, have the vehicle certified, etc.) and then wait for the right buyer to come along.

With any system that sets an asking price, such as a price tag at an estate sale or a classifieds ad, you set a ceiling which limits how much you can make, especially with second hand items. For example, if you set an asking price of \$20, nobody will ever pay \$25. However, someone may offer \$5 or \$10 and a price somewhere in between may be negotiated. As well, you better know the actual market value because if you price it too low, you will leave money on the table, and if you price it too high, you won't get any inquiries.

With an online auction process, you do not set a ceiling. You set the minimum that you would be willing to accept and let the market decide what it is worth. As the saying goes, something is only worth what someone is willing to pay for it. Without that upper frame of reference, the bidding could take the price well beyond what would originally have been set as the asking price. We have seen this happen time and time again. See Appendix A - Auction Highlights for examples of this. Of course, this is based on what you have for sale.

What Are Estate Sales

Estate sales have been around for many, many years. Technically, the term "estate" refers to the real estate and personal property of someone who has passed away. "Estate Sale" technically refers to the selling of such property, especially the contents of the home. Over the years, the term estate sale has become more generic to include selling the contents for those who also have not passed away, whether they are simply empty nesters, getting divorced, downsizing or moving to a retirement home.

We're all familiar with garage sales, where people put their household effects that they no longer want out on the driveway on a weekend morning and afternoon and haggle with prospective passersby who are looking for a bargain. An estate sale is very similar except it deals with many more things throughout the home. It is often required as a result of a health related matter rather than a desire to simply purge.

Estate sales are also known as tag sales or contents sales. All items are pulled out of the cupboards and put on display along with all other household contents that are for sale. Items are typically priced individually or as groups of items, and prices are typically negotiated in an effort to clear out as much as possible from the home.

As soon as the price for an item is negotiated and accepted, that item is no longer available for purchase by anyone else who may come a little later in the day and really want the item. This first come, first serve approach helps to liquidate contents however for desirable items where others would have been willing to pay more, it limits the amount of money that a seller can earn.



There are often a large number of people that go through the home with limited supervision. Only those who personally attend the estate sale, or their representatives who personally attend the estate sale, are eligible to make a purchase. Therefore, the reach is limited only to those that go through the home on the day of the sale. The address must be displayed to the public openly as visitors have to visit the property in order to buy.

Keep in mind that the market is constantly changing. Prices could go up or down from one day to another depending on who is looking, how much they are willing to pay and how good of a negotiator the staff at the estate sale are. Even with a competitive bidding environment, there are limits to what people are willing to pay. The second hand market has dropped tremendously in value over the last several years, above and beyond normal depreciation levels.

What Are Online Auctions

An online auction is a competitive bidding process that accepts bids (or offers) from a variety of people over a longer time, such as a week or more.

A “lot” is a grouping of one or more items that are being sold together as a unit. Photos of each lot are posted online along with descriptions and minimum bids which are the starting prices for those that are interested. Bids are placed online and can be done from virtually anywhere, at any time of day or night, from the comfort of the bidder's home. This approach opens up the number of prospective buyers and the highest bid wins. The purchase is typically charged to the winner's credit card so it is paid for before it is picked up.

With an online auction, there is no negotiation possible. Minimum bids are set and multiple bids may occur, driving the price up as each subsequent bid would have to be higher than the current bid. Some online auction sites start the bidding at \$1, regardless of what the item is worth, and if any bids are received, the item must be sold. These are typically liquidation websites where the seller just wants everything gone. Transition Squad uses a minimum bid approach where sellers can set the minimum that they would be willing to accept in order for the item to be sold. This protects the seller if a reasonable amount is not obtained for a more valuable item. This system was put in place because of seller feedback that if something didn't sell for a reasonable amount, these sellers would rather donate their items to someone in need rather than have it sell for a dollar to someone that will flip it for much more elsewhere.

Only the winners are sent receipts and know where the actual premises are. This provides additional security to the premises, especially if it is unoccupied. There is also a level of contact tracing as the winners' contact information is recorded. A pickup period is typically established for 3 -4 hours on a weekend and all winners come to the premises to pick up the items they have won.

With an online auction there is a complete inventory with photos and descriptions of what is being sold and sale prices. This is especially useful for probate when settling an estate.



Due to the reach of the internet, you may find that buyers from far away who cannot come pick up may also find your items on search engines. Some online auction companies get involved in shipping but that is a hassle and not typically worth the effort. Transition Squad recommends pickup at the premises only, however there was one instance where a buyer from Kansas found an auction we were hosting in Tampa and asked if a few lots could be shipped if they won. As a courtesy, the items were dropped off at a Fedex store across the street, and the buyer made all their own arrangements directly with Fedex. This act helped push the value of this lot up tremendously as the distant buyer created a bidding war with a local buyer.

Pros & Cons

As noted above, there are several advantages of online auctions over estate sales but online auctions are not always the better solution. This depends on what is being sold and how much is being sold.

Estate sales are better when there are a large number of very low value items. There is time and effort involved in setting up the lots, taking the photos, writing the descriptions, setting the prices and managing the pickup. This time and effort is worthwhile when you can fetch a reasonable amount more from a bidding process. However, if most things are only worth \$5 and \$10, it may not be worthwhile to do an online auction.

Note that we said “if most things are only worth...”. With an auction you want to set up the lots such that they are worth more than the starting bid so as to create excitement. However, nobody has a crystal ball to predict what will sell or how much it will sell for. The final results will still depend on what the items are, their condition, how much there is and whether the items are desirable or not.

Think Like A Buyer

Regardless of whether you conduct an estate sale or an online auction, rule #1 when selling anything is to think like a buyer. Putting yourself in a buyer's shoes will help guide you on the amount of information you should provide and the price you should set.

If you were a potential buyer with no prior connection to your items, then what would you need in order to make a knowledgeable buying decision. Be upfront and transparent with material information such as item and damage details.

Set your expectations of price and condition realistically and don't be swayed by emotional attachment. Something may be worth more to you than on the open market. You may be willing to accept the condition because you're used to this item but others may not when they have to pay for it.



Creating Trust With Buyer Protection

This is the internet. It is great for many things but there are also a lot of bad things that happen. With an online auction, people are making purchases on a sight unseen basis, relying only on the photos and descriptions that are posted. Especially with second hand items and estate sales, buyers cannot typically rely on a warranty or a money back policy. This makes buyers skittish about purchasing second hand items online. That is why Transition Squad has implemented a Buyer Protection Policy such that if items are misrepresented, then the buyer does qualify for a full refund upon return of the item. This simple policy creates a level of positive trust that makes buyers feel confident of making these purchases sight unseen and therefore enables prices to go up.

Do It Yourself or Hire Someone To Help

There are two parts to conducting an online auction:

1. The onsite work required to pull things out of cupboards, set up lots, take photos, write basic descriptions, set minimum bids and manage the pickup after the auction is over, and
2. The “back office” work of conducting the auction, marketing and collecting credit card payments for items that were bid on.

The Transition Squad Online Auction Platform is designed to enable just about anyone to conduct their own online auction and save a lot of money. With a comprehensive training guide, a video library and start to finish, one-on-one training and support with your own dedicated auction instructor, anyone can become reasonably proficient quickly and easily. Our Do-It-Yourself Seller Managed Auctions deliver the most amount of money in your pocket. You are only charged on what is sold so you are guaranteed to be in a positive cash position after the auction.

Some people, however, are not comfortable with using a computer or don't have the time or desire to run their own auction and estate sale. If you need help in doing some or all of the onsite work, our team is available to help or to do it all with our Transition Squad Managed Auction where we have a corporate or franchised location in the area.

Either way, we start with a consultation first to understand the scope of the project. Call us to discuss your situation and options.

Contact Us For A Free Consultation & Transition Action Plan

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Appendix A - Auction Highlights

Here are real examples of things that went through a bidding frenzy at past online auctions conducted on our platform. You can see many more at https://transitionsquad.com/auction_highlights.php. Please note that past performance does not guarantee future performance as nobody has a crystal ball to guarantee what will sell or for how much during the short window of time that an auction runs.



Iranian Rug
Min. Bid: \$40
Sold At: \$3,060



George Paginton Landscape Painting
Min. Bid: \$200
Sold At: \$3,760



Vintage Jewelry
Min. Bid: \$5
Sold At: \$260



Vintage Birks Carving Set Never Used
Min. Bid: \$10
Sold At: \$60



59 Pieces Birk's Sterling Cutlery
Min. Bid: \$40
Sold At: \$1220



Vintage Goebel Hummel Figurines
Min. Bid: \$10
Sold At: \$170



Danish Teak Table & Chairs
Min. Bid: \$40
Sold At: \$1320



Teak Dresser & Mirror
Min. Bid: \$40
Sold At: \$360



Table
Min. Bid: \$5
Sold At: \$140



China Teacups
Min. Bid: \$5
Sold At: \$100



Birks Sterling
Min. Bid: \$20
Sold At: \$260



Aynsley Laurel Wreath Bone China Set
Min. Bid: \$40
Sold At: \$211



8 Sterling Dresser Pieces
Min. Bid: \$40
Sold At: \$160



Vintage Jewelry
Min. Bid: \$5
Sold At: \$490



Camera Lot
Min. Bid: \$5
Sold At: \$340



SONY Turntable
Min. Bid: \$10
Sold At: \$155



Queen Sized Bed
Min. Bid: \$50
Sold At: \$570



Leather Chair
Min. Bid: \$20
Sold At: \$295



Prada Purse & More
Min. Bid: \$40
Sold At: \$226



Console Table and Stepstool
Min. Bid: \$20
Sold At: \$160



Upholstered Arm Chair
Min. Bid: \$20
Sold At: \$305



Upholstered Chair by Bassett Furniture
Min. Bid: \$20
Sold At: \$335



Federal Style Sideboard
Min. Bid: \$100
Sold At: \$170



3 Wooden Chests
Min. Bid: \$10
Sold At: \$125



2 Door Wood Half Moon Hall Table
Min. Bid: \$20
Sold At: \$50



Coach & Burberry
Min. Bid: \$50
Sold At: \$401



Basketball Net
Min. Bid: \$40
Sold At: \$210



New Lego Sets
Min. Bid: \$10
Sold At: \$315



Bureau
Min. Bid: \$50
Sold At: \$210



Chairs
Min. Bid: \$20
Sold At: \$200



Tufted Ottoman
Min. Bid: \$20
Sold At: \$270



Sectional Sofa by Bassett Furniture
Min. Bid: \$40
Sold At: \$620



Buffet and Cabinet
Min. Bid: \$100
Sold At: \$535



Stationary Exercise Bike
Min. Bid: \$100
Sold At: \$452



Vintage Cabinet
Min. Bid: \$80
Sold At: \$160



Dyson Cyclone V10 Vacuum
Min. Bid: \$100
Sold At: \$440



Specialized 24 Speed Bike
Min. Bid: \$100
Sold At: \$445



Wicker Chair
Min. Bid: \$15
Sold At: \$150



Oval Coffee Table With Removable Glass Tray
Top
Min. Bid: \$10
Sold At: \$250



Framed Painting on Canvas
Min. Bid: \$10
Sold At: \$460



Birks Sterling Silverware Set
Min. Bid: \$400
Sold At: \$1410



Mid Century Desk
Min. Bid: \$5
Sold At: \$430



Set Of Drums And Percussion Instruments
Min. Bid: \$50
Sold At: \$610



Assorted Mix & Match Bone China
Min. Bid: \$5
Sold At: \$176



De Rosa Columbus SLX Bike Frame
Min. Bid: \$35
Sold At: \$470



L-Shaped Sectional Sofa
Min. Bid: \$20
Sold At: \$605



Round Red Cozy Couch
Min. Bid: \$25
Sold At: \$310



Macey Barrister BookCase
Min. Bid: \$10
Sold At: \$285



Spode Maritime Rose China Set
Min. Bid: \$40
Sold At: \$420



Kitchen Aid Pasta Roller Set
Min. Bid: \$10
Sold At: \$145