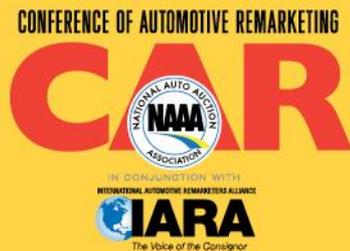




# WHERE CONSIGNORS CONNECT

March 26-27, 2019

Caesars Palace Las Vegas



# The Pros & Cons of Creating an Online Reputation for Buyers & Sellers Who Abuse Online Buying

**Presenter:**

**Kelly Bianchi**

- President
- AuctionVcommerce



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# The Pros and Cons of Creating an Online Reputation for Buyers & Sellers



## Over 95 Million Members

- Amazon has created cult following
- We are buying things we never thought we would buy online
- Age or ability to touch the merchandise, not a factor
- What does this mean for vehicle remarketing?

# The Game Has Changed

- Amazon, eBay, Yelp, Google - Online Success Models
- Changed the Psychology of the Online Buyer
- Personalized Email Strategies, Loyalty Reward Programs
- Customer Service has evolved to 'Customer Experience'
- Humanizing the Digital Transaction
- Ratings = Transparency = Conversion

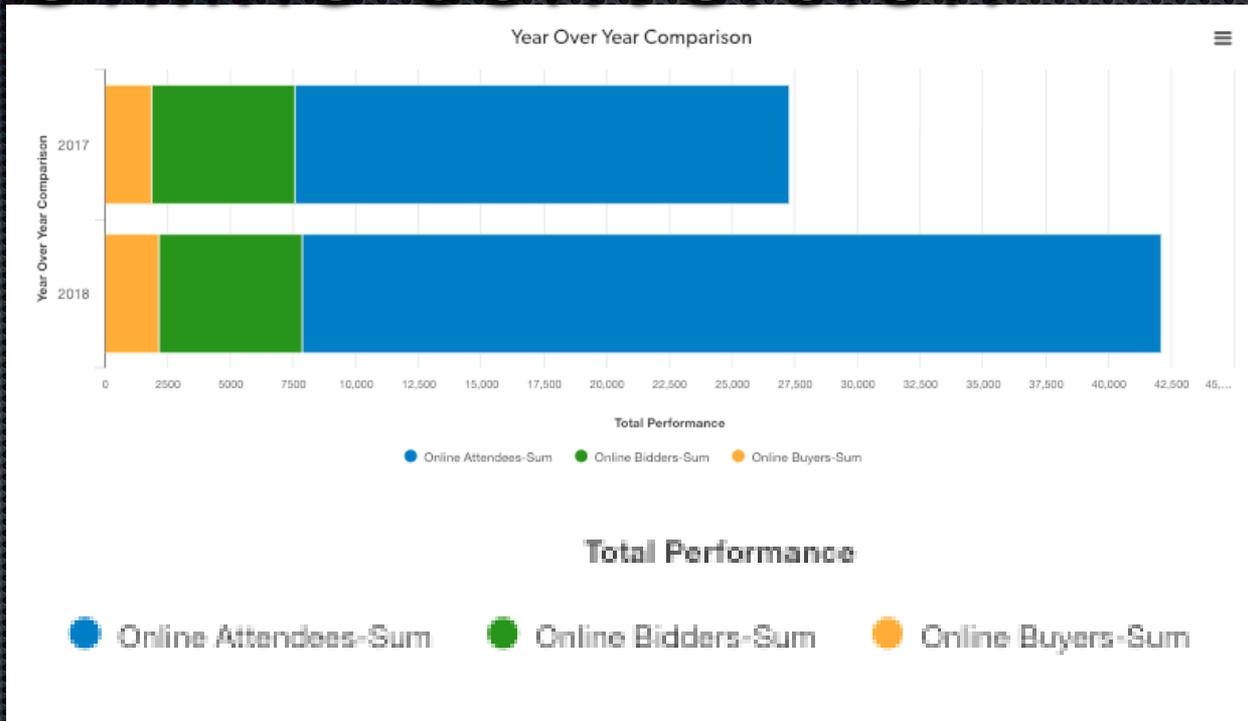
# The Power of Online Ratings

- Online shopping is no longer a **last** resort
- Combined organic strength of testimonials and word-of-mouth advertising - fueled by the speed of online communication & audience
- 95% of Shoppers look at reviews to guide their decisions
- Displaying reviews can increase conversion by 270%
- Customers are willing to spend more with consignors who have a favorable track record



*Source: Spiegel Research Center 2017*

# Auctions Failing At Online Conversion



# Reputation - Not New to the Auction Culture

- Dealers have always been held accountable by their peers
- Sellers with poor reputations would attempt to remove their identity from their inventory to deceive buyers
- Online, dealers have anonymity
- Dealer Consignment - least desirable inventory
- You can sell ANYTHING online with the right strategy

# CRs - Falling Short

- Inconsistent
  - Not available on every vehicle
  - Reporting depends on writer perception
- Incomplete - Not enough disclosure or pictures
- Under-qualified Writers
  - Limited mechanical knowledge
  - High Turnover Rate

# Online Rules of Engagement

- Learn the culture
- Understand the needs of the customers (digital customers vs lane customers)
- Establish Digital Credibility
- Build a life for your business online
- If you don't control your online business, your customers will

# Auctions Under Fire

- Auctions blamed for inventory quality, the wait for titles, vehicle pricing, etc.
- Amazon & Auto Auctions: both neutral - facilitate transaction process
- Rating Systems help to separate the facilitator from the conduct of its participants and promote integrity



Map data ©2019 Google, INEGI

Rating ▾ Hours ▾

**Texas Lone Star Auto Auction Carrollton**  
4.1 ★★★★★ (89) · Auto Auction  
Carrollton, TX · (214) 483-3597  
Closed · Opens 8AM Mon



**Insurance Auto Auctions**  
3.6 ★★★★★ (72) · Auto Auction  
Dale, TX · (512) 321-8075  
Closed · Opens 8AM Mon



**Gate Way Auto Auction Texas**  
4.2 ★★★★★ (13) · Auto Auction  
Pharr, TX · (956) 781-1431  
Open · Closes 8PM



Google Search Results

# Customer Ratings/Reviews

- Customers Provide a personal critique of the product, service, or business accompanied by an overall rating
  - Most common approach
  - Based on emotion rather than objective viewpoint
  - Inaccurate - not everyone participates
  - Difficult to Manage - Requires monitoring and response strategy (aka Reputation Management)

Question:

Should online ratings be driven by customer feedback for wholesale online auctions?

# Buyer Ratings/Feedback

- Attempted by Amazon / Ebay
- Negative impact on profit
- Sellers could rate the buyers
- Reduced buyer's ability to damage seller's reputation
- Sellers could reduce the risk of being scammed
- Transparency from both sides
- Final Determination: Buyer's marketplace

Question:

Should we implement a bi-directional ratings system?

# Data Driven Ratings System

- Based on vehicles bought/sold vs disqualified units
- Requires a universal arbitration tracking system
- Requires integration with AMS & Online Bidding Platforms
- Would provide transparency online and at the block

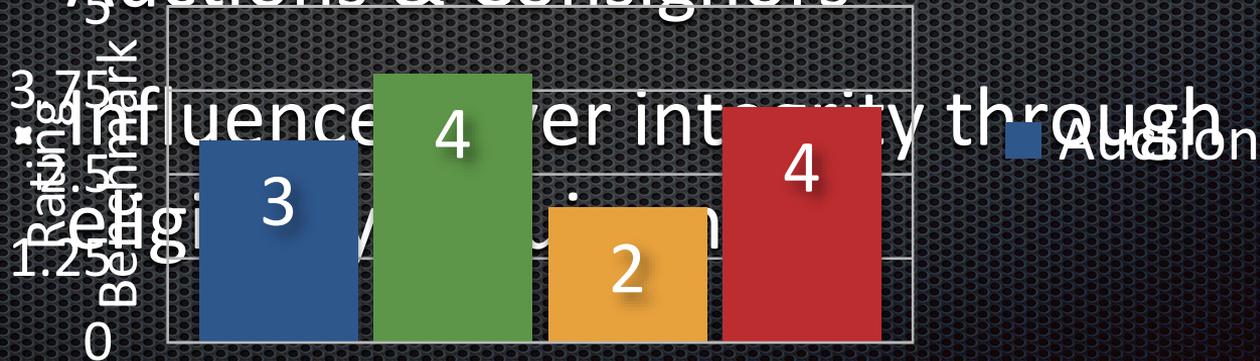
■	Full Name	Qualified Seller Grade	Total Sold	Disqualified Units (Seller)	Seller Rating	Qualified Buyer Grade	Total Purchased	Disqualified Units (Buyer)	Buyer Rating
🗄️ ✎️ 👁️	Joe Dealer			<u>0</u>		0.90	<u>10</u>	1	★★★★★
🗄️ ✎️ 👁️	Kelly Bianchi	0.60	<u>5</u>	1	★★★☆☆	0.77	<u>34</u>	3	★★★★★
<b>TOT</b>		<b>0.60</b>	<b>5</b>	<b>1</b>		<b>1.67</b>	<b>44</b>	<b>4</b>	
<b>AVG</b>					<b>1.5</b>				<b>4</b>

# Benefits of Data-Driven Ratings

- Removes bias
- Globalizes Customer Reputation
- Reputation Management powered by customer activity
- Leverages a proven method for increasing conversion
- Ability to set benchmarks for participation

# Buyer Eligibility

- Qualify customers based on score
- Benchmarks for eligibility set by Auctions & Consignors



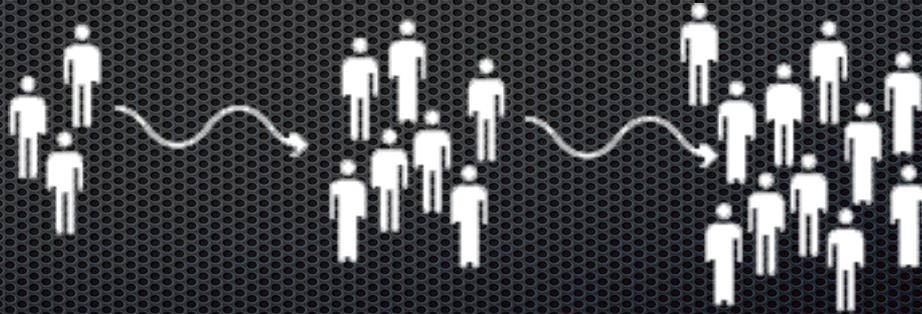
# Seller Success Driven By Reputation

- Enforces the Seller responsibility to represent inventory honestly
- Reputation standards could alleviate some of the burden on the Condition Report



# Benefits to the Auction

- Customers improve reputation through increasing auction participation
- Helps brick & mortar auctions establish online credibility



# Summary

- Rating Systems are a proven method for increasing online conversion
- Society has adopted the rating system to make decisions in their personal lives
- A data-driven solution could provide an unbiased approach for the auction industry to generate online success
- It's time to evolve!

Questions/Comments?