



The New Deal(er)

Thousands of people scour the nation for vehicles, 24 hours a day. What's happened to the used-car business?

By John Carroll

Gregg Bertram looked at lots of pretty pictures on the Internet before he met his latest love.

Cruising a variety of sites, he felt inclined to click on every high-performance

Porsche he could locate. But it was a 2001 Jaguar XKR convertible with “extremely low miles” that finally won his heart.

In the end, he agreed on a price and had the car shipped from Southern California to his home near Seattle — before ever actually touching it. And he hasn't regretted it for one moment.

“It really is a beautiful car,” says the attorney, with more than a hint of sheer delight. Even factoring in the \$1,000 he spent to have it delivered, says Bertram, shopping about 200 vehicles assured him that he got a fair price. And the next time he goes looking for a car — probably “sooner rather than later” — he'll head back to the web.

Says Bertram: “The Internet is an incredible way to scan inventory over the entire country.”

Bertram is far from the only buyer who met his metal match over the Internet. After getting off to a slow start in the late '90s, Internet auto sales have shifted into high gear. Last year, 7.2 million vehicles were peddled on the web, 27 percent of the country's 42.5 million-auto used-car market — almost twice the rate of just three years ago. What started as a digital marketplace for individuals wanting to do more than tape “For Sale” signs in their car windows has become an online used-car megabyte-lot for thousands of dealers around the country.

“Dealers have basically [taken over] the whole lineup of online used-car sites,” says Art Spinella, who runs CNW Marketing Research, which keeps track of online sales trends. Sites like eBay Motors, Cars.com, and Autotrader.com are now a virtual substitute for the asphalt-capped used-car lot of the past.

The way eBay handles its vehicles shows

how online purveyors have worked to overcome ingrained car-buying habits. Its growing collection of buyer feedback allows shoppers to find a dealer with a track record of delivering the cars as promised. To overcome buyers' initial reluctance to plunk down cash for a car they've never actually seen, let alone driven, eBay lets dealers post anywhere from 20 to 30 digital pictures

of one vehicle. “We call it a virtual walk-around,” says eBay Motors' Rob Chesney.

It also helps that companies have stepped in to help buyers research the wares. Dealing over the Internet doesn't take a complete leap of faith. Title services like carfax.com troll auto records to piece together a history of where a car has traveled since it rolled off the assembly line. Third-party inspectors will, for a fee, do what long-distance buyers can't: kick the tires and check under the hood.

Chesney puts eBay, which made \$6.2 billion in gross sales during 2004, on the cutting edge of a trend that is refashioning the way secondhand cars find new owners. The Internet is demolishing the old boundaries that restricted the used-car business to a handful of local lots. In three out of four of the sales completed via eBay Motors, he says, money travels across state lines. “That,” he says, “is a fundamental shift in the business.”

THERE ARE LOTS OF reasons why shopping for a car online has become commonplace — and, by extension, why so many dealers are turning to the Internet to do business. The biggest advantage for car buyers, Spinella says, is a much bigger selection. Shoppers armed only with the Sunday paper had to limit their search to about 20 sport utility vehicles. Now they can get online and search through photos and descriptions of 80 or 100 cars in their area. Someone who couldn't find a single secondhand Hummer within 200 miles of home now can find several in a neighboring state. Those looking for that one special car — like the rare '62 Rambler convertible a colleague of Spinella's found on the Internet — can sleuth one out. They can also dicker for a car anonymously.

“People are so tired, dealing with the sales guy, dealing with the sales manager, and on and on and on,” says Len Critcher, who sells about 100 cars a month from eCarLink, the dealership he operates from a hangar at a North Dallas airport. “It's a lot easier to send e-mails back and forth and see if we're in the ballpark.”

Of course, what helps online buyers also helps online sellers. Just as buyers can search 80 to 100 vehicles, dealers can get their wares in front of hundreds of potential buyers, instead of a few dozen strolling the lot on a good Saturday. Car sales, like any

eCarLink.com

retail business, is a numbers game: More browsers equals more buyers.

Take Doug Ramirez, who specializes in a lineup of luxury cars like Mercedes, Ferrari, and Bertram's Jag at DC Motors in Orange County, California. His more unusual specimens — which might sit on a normal lot for months before the right buyer comes along — find quick acceptance among picky Internet buyers. "Unique vehicles on the Internet seem to work," Ramirez says. "The stranger the car, the more success I've had. I've always done well with armored cars, out-of-the-ordinary limousines. Every armored car I buy, I sell."

Even as the dollar weakens, Ramirez's market is expanding, now that customers can find him online. He and other high-end merchants can branch out to an international clientele who don't mind reaching halfway around the world to get what they want at a favorable exchange rate.

"In February, we shipped 10 cars to Italy," says Ramirez. "Hummers and the Porsche Cayenne are hot over there right now." Meanwhile, for Critcher, the weak dollar is

pointing to a new market to the north, in Canada, which is hungry for Hummers at American prices.

Still, the big disadvantage to online car sales is that, sooner or later, the buyer has to rely on somebody's word, rather than on firsthand experience. As web sales swell, Spinella says, so do the number of complaints from unhappy buyers. Case in point: a friend

who bought a "perfect" car online, only to roll it into the shop for 18 months of expensive repair work.

The catch: "He still loves it."

Even on the web, car love at first byte can be a powerful force. **AW**

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Before You Fall In Love

Do your research. Each of the big online sales sites — Cars.com, Autotrader.com, eBay Motors, and so on — has its own trove of advice, or see these websites for used-car prices, reviews, inspections, and more.

National Auto Dealers Association, www.nadaguides.com. Visit the Used Car Center for car reviews and pricing information. NADA also offers vehicle histories and a free VIN search.

Edmunds.com, www.edmunds.com. Buying advice, pricing engines, comparison tools, and more free info.

ConsumerGuide, www.auto.consumerguide.com. Offers a free vehicle background check that includes repair history, plus tons of buying advice.

Automobile Inspections, www.automobileinspections.com. These comprehensive reports include a background check, an in-person inspection, and a test drive, at prices starting at \$299.

Kelley Blue Book, www.kbb.com. The last word on market prices for used cars.

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