

Types of Auctions

Auction sales are traditional ways for sellers to find buyers, and for buyers to find bargains. From rural auctions featuring equipment and livestock, to automotive auctions where the rich and famous bid on elaborate sets of wheels, to Internet auction where bargain hunters shop from the comfort of home, auctions provide exciting places to shop, or just sit back and watch the action unfold.

At an auction, groups of buyers bid on items offered for sale. An item is presented for sale and the bidding begins, sometimes at a set minimum amount. The selling price gradually rises as buyers increase their bid amounts and when the gavel drops, the highest bidder is declared winner of that item. Another item is then placed on the auction block, and the action starts over again. Auctions can be good ways to determine the true value of certain items, especially if collectors are involved. When people really want an item they're willing to pay the full price that reflects the value.

There are many types of auctions, and the basic premise is the same. There are, however, specific rules and regulations in place for each type of auction:

- * **English Auction:** This is the granddaddy of all auction sales. It's the basic style of bidders going up against each other in an open forum. The person who bids the highest amount gets the item.
- * **Dutch Auction:** Basically opposite of the English auction, a Dutch auction begins with the auctioneer offering the item at premium price, and then lowering his offer in increments until someone agrees to pay that amount. This is almost a game of chance, as buyers will jump in and pay a little more for fear of losing the item at the next lower price to someone else. Dutch auctions are practical ways to auction items quickly, as it only takes one bid to end the sale.
- * **Sealed First Price Auction:** In this kind of auction, all potential buyers place their bids simultaneously, but no one knows the bid amounts of the other participants. The person who bids the highest amount gets the item for his or her suggested price.
- * **Vickey Auction:** In a vickey auction, a bargain hunter gets a little more of a bargain. The person who bids the highest price wins the item, but only has to pay the second highest amount.
- * **Buy-out Auction:** Similar to an English auction, a buy-out features items offered for sale at predetermined prices to anyone who wishes to pay full price. These are also referred to as "buy now" prices. If no one in the group wants the item at full price, bidding will begin and the highest bidder wins the auction.
- * **Open Outcry Auction:** This is the kind of auction most often seen at commodities and stock markets. At an open outcry auction, trading happens simultaneously in all corners of the arena. With the advent of the Internet and modern communications technology, these auctions are being replaced by electronic trading platforms that operate over the worldwide web.

Auction sales can offer buyers a quick and easy avenue to pick up all kinds of items. Collectibles, real estate, antiques, cars, artwork and countless other commodities, both new and used, are put on the block and available to the highest bidder. These types of sales draw crowds of interested buyers, and the auction action can quickly heat up when more than one buyer is determined to win the prize. The competition can be fierce, and final sale prices can easily exceed the actual values.

Qualified auctioneers, hired for a flat fee or a predetermined percentage of the proceeds, lead most auctions. These professionals are able to offer information about the community and its buying preferences, as well as providing hints on obtaining the highest price for one's property. In the United States, most auctioneers are licensed by the state after completing a series of oral and written examinations. Auctioneers must be reliable, practice integrity and have a good reputation. In addition to leading the sale, auctioneers are also responsible for publicizing the events and resolving disputes or conflicts that may arise during the sale.

When you're tired of mall walking, and rummage sales prove to be little more than rubbish sales, try scratching your bargain-hunting itch at an auction sale. It's an exciting experience, and you're bound to find a great deal on just about anything you're looking for.