



by Jeff Griffin ■ Senior Editor

# Comes To Underground Construction

## Popular Internet Business Now Embraces Utility Construction Equipment

Do you eBay?

If so, you're in good company. Millions buy and sell a multitude of items on eBay.com, making eBay arguably the most successful internet business. And it's happened in just over 10 years.

The auction site that evolved into today's eBay was established in 1995, and internet encyclopedia Wikipedia identifies the first item sold as a broken laser pointer belonging to founder Pierre Omidyar (the buyer was a collector of broken laser pointers). The next year the first full-time employee was hired, and the year after that – 1997 – the site introduced the name eBay.

Today, eBay describes itself as a global on-line marketplace where practically anyone can trade practically anything.

For the first quarter of 2006, the company reported having 193 million registered users trading goods in more than 50,000 categories and posting a record number of 575 million new listings. Popular categories include collectibles, appliances, computers and other electronics, furniture and a surprising number of items which would seem to have little or no value but which always seem to find buyers. Indeed, eBay has been described as the world's largest ongoing garage sale.

Those who still think of eBay as a site for collectors and individuals searching for personal and household goods must not have accessed the site lately. Businesses and local and state government agencies buy and sell all types of equipment (to date the highest-priced item ever sold on eBay is a \$4.9 million corporate jet).

In fact, eBay has quietly become a major arena for buying and selling construction equipment. In the first quarter of this year, eBay reports its business and industrial site delivered \$1.9 billion in worldwide annualized gross merchandise volume (GMV) – the total value of all successfully closed items on eBay trading platforms. At any given time, eBay reports there are more than 26,000 construction items available on the U.S. eBay site.

### Logical step

The expansion into business and construction products is a logical one.

The products bought and sold on eBay are community-driven, and the community drove the establishment of the construction category on eBay, explains Danny Leffel, category manager of eBay Business: Although eBay saw its beginning as a collectibles site, shortly thereafter the community began to use the site to buy and sell items like computers and automobiles. Given that a significant number of users worked in businesses, it was inevitable that they would eventually look to eBay to buy and sell items related to business. To support this activity, we launched eBayBusiness.com. As eBay has grown and the business and industrial category has grown, so has the construction area of the site.

Of the 2,526 categories in business and industrial, 296 relate directly to construction.

Information provided by eBay identifies primary buyers of construction equipment as cost-conscious, small and medium-sized contractors representing a wide range of trades, including excavation, utilities, paving, plumbing, heating and air conditioning, remodeling and other construction professionals.

Sellers include businesses and users of construction equipment such as specialty contractors, equipment rental stores, equipment and tool distributors, state and local government agencies and many others.

Many of the top-selling construction items sold carry brand names well known to underground utility construction professionals and include Bobcat, Case, Ditch Witch, Hitachi, Kubota and Vermeer.

Using average monthly sales figures provided by eBay for the first quarter of 2006, eBay utility construction equipment sales included:

- Skid-steer loaders, 1,857;
- Loader-backhoes, 474
- Trenchers, 321;
- Excavators (all sizes), 159; and
- Horizontal directional drills, 48.

### Selling options

Leffel says there are several options for buying and selling equipment on eBay:

- Auction – The sale goes to the highest bidder within a specified time span, often with a specified minimum acceptable reserve price.

- Buy It Now – The equipment can only be purchased at a fixed price.

- Auction with Buy It Now Option – Bids are placed in an auction with the option to pay a fixed price at any time during the duration of the listing.

- Best Offer – Sellers post a buy-it-now price and invite buyers to submit their best offers which the seller can accept or reject, opening the door for negotiation of the selling price.

Typically an item is available on eBay for seven days, unless it is purchased sooner with a buy-it-now option.

Sellers use a variety of these tactics when listing equipment, says Leffel. But we've found the best offer feature which was introduced last year is particularly popular. It provides the opportunity for negotiation as with a typical off-line sale but in an efficient on-line manner.

Searching for equipment on eBay.com is relatively simple, and first-time visitors will quickly learn to navigate the site.

A recent search for riding trenchers brought up 44 items. By size, six were under 20 horsepower; three in the 20 to 30 horsepower class; 27 were between 31 and 60 horsepower; 5 between 61 and 100 horsepower, and three were more than 100 horsepower. Brand names were Case (6), Ditch Witch (26), Vermeer (16) and two were other makes.

One of the other trenchers was an old Davis machine, offered at auction with a reserve of \$999.99. Case purchased the Davis product line so long ago the date isn't easily remembered. The lowest price trencher was a Vermeer walk-along trencher offered at auction with a \$600 reserve. Highest priced was a Vermeer CC90 rock saw with a buy-it-now price of \$42,500.

Some purchases must be picked up at the seller's location and shipping or freight arrangements vary.

### Misfile

Buyers will find model numbers not always correctly stated, and equipment sometimes is in the wrong category. The riding trencher category included several walk-along models, along with a skid-steer loader and trencher attachment. As with any auction catalog or advertising for used equipment, eBay can only post listings and product in-

formation submitted by sellers, and it isn't difficult to verify details about items of interest.

There were 21 directional drills listed, all made by either Ditch Witch or Vermeer. Prices ranged from an auction in progress with a high bid of \$1,025 for a Ditch Witch 1994 model JT820 machine to a 1999 Vermeer D40x40 with a suggested Buy It Now price of \$59,000.

As with trenchers – and most likely with all types of equipment – directional drill model numbers also often are incorrectly listed, and not all sellers call a directional drill a directional drill; to find the 21 models listed, it was necessary to search for horizontal directional drills, directional drills and directional boring machines. One item included in the directional drill category posted a picture of a fluid-mixing system, not a drill unit.

But even with misidentified products and model numbers, it is not difficult for potential buyers to find utility construction products in which they have an interest. Trenchers, directional drills loader-back-hoes and skid-steer loaders are not the only underground utility construction items sold on eBay. Although they don't have their own sub categories, vibratory plows, vacuum excavators, pipe and cable locators and other equipment can be found by searching. The eBay site makes it easy to obtain more information from the seller, either by e-mail or telephone, and it is unlikely that anyone purchases a piece of construction machinery without communicating with the seller.

## Advantages

Why would anyone buy a piece of construction equipment on eBay? Used equipment is big business and a widely accepted method of acquiring needed machines. And eBay has made buying on-line easy, and many customers believe it is as risk free as buying a used machine at auction or directly from conventional sources. The small- to medium-sized contractors eBay says are primary equipment purchasers that know equipment, what to look for, and the questions sellers should be asked. Many eBay buyers enjoy the challenge of finding a good piece of equipment at a bargain price and it doing it on line from home or office.

In addition, the machines most often being purchased on-line are in mature categories that contractors know well and for which experienced operators are available. Even directional drilling equipment fits that category. In the early days, training and support from dealers and manufacturers was an important part of the sales process, but contractors buying HDD equipment today understand the technology and know how to use it.

Businesses of all sizes and in different industries are finding that buying on-line is a strategy that helps them to manage costs, says eBay's Leffel. Business buying on eBay is a trend that continues to steadily increase, with 100 percent growth year-over-year for the last four years, from \$1 billion in 2002 to \$4.7 billion in 2005.

Buying on eBay provides a number of unique advantages to businesses. On-line buyers use the selection available on a global marketplace to fill very specific needs or to find cost savings by reaching outside of their local area. Significant cost savings allow businesses to preserve capital and the convenience of buying on-line provides time savings when purchases need to be made.

Leffel sees different benefits for business of varying sizes.

Small- and medium-size businesses, he explains, use eBay to find deals to help them more effectively compete with their larger counterparts who have the benefit of volume discounts from manufacturers or distributors. Larger businesses on the other hand tend to use eBay to buy hard-to-find items that they have otherwise been unable to locate.

### FOR MORE INFORMATION:

Want to know about buying or selling equipment on eBay? The site itself is probably the best place to start for those unfamiliar with eBay. Go directly to the education page: <http://ebay.com/education>. For information about selling options, call (866) 304-3229, follow the prompts, and when requested enter the code WEB06 (the 0 is zero).