

From Zero to 60 (vehicles sold) in Four Months

Eddie Smith has been the owner of West Texas Auto Recovery (WTAR) in Odessa, Texas, with a secondary location in Brownsville, since 1983. Having been in the “garaging operation” business, as the insurance companies call the recovery industry, for about 30 years now, Smith is an expert in the ins and outs of repossession.

Odessa is located in the midst of one of Texas’ biggest oil fields. As such, the ebb and flow of WTAR’s business fluctuates, almost instantaneously, with the price of oil – and more so than anywhere else in the country, claims Smith. “People tend to think that Texas is an oil field and that the automotive industry here is booming because of it,” says Smith, “but we are immediately affected by the oil industry, as well as everything that’s going on in the economy as a whole.” Smith continues, “People think we [the repossession industry] do better in a downturn economy because people can’t pay their car payments but in actuality, it’s the other way around.”

When Smith or one of his six agents repossesses a car, the lender decides where to liquidate the vehicle. A majority of these lenders deal with the financial aspects of the industry and have limited experience with the remarketing process. “All they know is that they have to sell the cars to get their money back so they immediately do what they think they should do and send them to physical auctions,” Smith says, “and this is where working with OPENLANE [an online wholesale auction] has provide a major advantage to me and my clients.”

With the closest major physical auction houses to Odessa being located in Dallas and San Antonio, both approximately 350 miles away, getting the cars to auction can be a major undertaking for Smith, costing his clients both time and money. “To get cars to and from an auction costs my clients about \$200 to \$250 per unit. Online remarketing has allowed us to zero out that transportation cost and sell the vehicles quickly and more efficiently while they’re still on our lot and get as much money as they can at the physical auctions.”

Four months ago, virtually all of Smith’s repossessed vehicles were being sent to physical auctions. Smith and his company weren’t selling many cars, sometimes only getting three to five bids a month. Such low sales numbers were also cutting into his own profits. “When we take bids from dealers,” Smith explains, “there are the transport fees, the middle man fees, the vehicle registration fees – all kinds of fees – so we don’t get the maximum monetary returns.”

Although online remarketing services has been available for several years now, recent improvements in technology and the buying and selling process are now making online auctions a much more attractive option for recovery agents, making the remarketing process streamlined and extremely simple for both agents and lenders. The ability to remarket vehicles online with OPENLANE has allowed Smith to offer his clients a cost- and time-saving service that helps liquidate his inventory quickly. Lenders are attracted to the money saved and that vehicles can be sold faster without the rapid depreciation in today's economy.

Now, Smith is not only able to keep repossessed vehicles on his lot and have them sell faster and more efficiently, he's saving his clients money with the benefits of online remarketing resources. With OPENLANE, Smith is able to cast a wider net of potential clients. Instead of transporting vehicles hundreds of miles for a sale that may or may not happen, his clients have the option to sign up for this online remarketing service that showcases the vehicles nationwide "to more people than at all the physical auctions put together," says Smith.

"Before, we weren't selling many of our clients' cars because lenders were selling them on their own lots," Smith concludes, "but OPENLANE has opened a new door for us."