

How the Recessionary Economy Has Affected Fundraising Auctions And What Benefit Auctioneers Are Doing About It

Charles Beck

June 2009

**University of Washington - Tacoma
Fundraising Management Certificate Program
Research Project – Spring Quarter
Miriam Barnett – Instructor
Steve Baska (Editor-*Auctioneer* magazine) – Senior Reader**

Table of Contents

Introduction	Page 3
Interview Questions and Responses	Page 5
Conclusions	Page 22
Auctioneers Interviewed	Page 26
References	Page 29

Introduction

The severe economic downturn of 2008-09 has impacted fundraising auctions in a variety of ways. Auctioneers specializing in fundraising auctions are taking specific steps to counter the impact. This paper examines the impacts and the auctioneers' reactions through results of a survey of a number of benefit auctioneers.

According to a study commissioned by the National Auctioneers Association, the market research firm, MORPACE International estimated gross sales revenues from charity auctions totaled \$16.3 billion in 2008. This represented a growth of 0.7 percent from the 2007 gross sales revenues of \$16.2 billion. In 2006, gross sales revenues were at \$15.6 billion. This relatively flat growth rate in 2008 is in contrast to the time period from 2003 thru 2006 when the charity auction sales grew by 16.2 percent.¹

The most likely explanation for the 0.7 percent growth rate in 2008 is the economy. Spring and Fall are the seasons when the majority of benefit auctions take place. The plunge of the stock market and the banking crisis in October of 2008 hit in the midst of the Fall benefit auction season. Any gains in gross sales revenues at charity auctions which occurred in the Spring of 2008 were probably cancelled out in the Fall.

As the economy continues to decline, a good question to ask is, how is the economy currently affecting charity auctions and what benefit auctioneers are doing about it?

For this paper, a survey instrument containing a series of questions was prepared and sent to 25 benefit auctioneers in various parts of the county who were invited to participate in this research project. Of the 25 who were asked, 17 auctioneers from 12 states completed the survey. Two completed the questionnaire by e-mail, one in-person interview was done and the rest were done by telephone during the period of May 1, 2009 through May 15, 2009.

Eleven of the benefit auctioneers taking part in the survey hold the Benefit Auctioneer Specialist (BAS) designation offered by the National Auctioneers Association (NAA). To earn this designation, benefit auctioneers must complete specialized training offered by the NAA and pass an exam. To retain this designation, 24 hours of continuing education must be completed

¹ *Auctioneer* magazine March 2009, pp 15-16 and *Auction Industry Stats (Archive)* section of the website of the National Auctioneers Association.

every three years. To date, 104 auctioneers in the United States and Canada have earned this designation.²

The National Auctioneers Association has three instructors who teach the BAS certification class and all three of them participated in the survey.

With 17 responses, this is not a large enough sample to be considered a scientific survey. However, it did cover a cross section of benefit auctioneers from various parts of the country, whose events range in size from smaller elementary school auctions up to large-scale “mega” auctions held at exclusive locations. The results should provide some indication as to how benefit auctioneers are coping with the economy.

Besides the survey interviews, a variety of other sources were consulted and will be cited in the paper as appropriate. These include *Auctioneer* magazine, *Auction World* newspaper, *Charity Auction Newsletter* (on-line), *Step By Step Fundraising* (on-line), and the on-line benefit auction forums of the National Auctioneers Association and AuctionZip.

Interview Questions and Responses

The first question asked for a generalized answer. The question was: **“For groups that hire you on an annual basis, how have your events gone this year in comparison to last year’s events?”** Forty-seven percent of the respondents said their events were down this year. Twenty-seven percent said their auctions were the same and 20 percent reported mixed results with some events being better, some the same, and others lower. Only one auctioneer, Matt Holiday (BAS) of South Carolina, reported his auctions as doing much better this year. One

² 2009 NAA Annual Designation Directory published by the National Auctioneers Association Education Institute

possible reason for this is many of the charity auctions in his area, until recently, have not received the specialized consulting services a trained benefit auctioneer can provide. It is quite possible they used a local political figure or media personality as their auctioneer. Or, if they used a professional auctioneer, it could have been the local livestock auctioneer who was not trained in how to do benefit auctions. Matt Holiday was part of the first groups in the country to earn the Benefit Auctioneer Specialist (BAS) designation when it was introduced in 2007. With Matt's advanced training in benefit auctions, he is able to make his events more successful.

The next group of questions asked were about specific aspects of benefit auctions. Those interviewed were asked how **attendance** was this year compared to last year. Fifty-nine percent said attendance was down this year. For some, it was down as much as 20 percent. Eighteen percent said their attendance was the same as last year. The rest said attendance was either up or reported mixed results with some of their events up, some the same, and others lower. B. J. Jennings (BAS), a Pennsylvania auctioneer who also does auctions in the New York City area, reported attendance at her higher-end auctions is doing OK but attendance at her mid-range auctions is above last year.

Oregon auctioneer Kelly Russell (BAS) also reported attendance at her events was way lower this year. However, her overall gross revenues remained pretty much the same as last year. One could conclude her specialized training in benefit auctions has allowed her to effectively work with clients to maximize revenues even with smaller crowds. For example, when procuring items for the live auction, Kelly has her clients focus on acquiring items their guests would want to purchase and not just taking whatever they happen to get.

Live auction bidding was the next category surveyed. Thirty-eight percent of those responding said bidding was lower this year, some by as much as 20 to 30 percent. A quarter of

the respondents said live auction bidding was the same as last year. Thirty-one percent said results were mixed with some auctions doing better, some the same, and some lower. Again, Matt Holiday (BAS) was the only auctioneer who reported he was doing consistently doing better in his live auctions. In fact, he said some of his events had a smaller number of items in the live auction than they did the previous year, but were making money.

Florida auctioneer, Jenelle Taylor (BAS) reported higher priced items were down by 20 percent from last year, but items in the lower to mid-price range were doing OK. Taylor, who has authored several books on benefit auctions, calls her company Gala Gal, Inc. A number of her clients are the larger scale events or galas. She said the overall gross revenues of her events were down by ten to 20 percent. Most likely, the reason for this decline in overall gross revenues can be attributed to the fact that higher priced items are more generally found in the gala type events she does.

In my own benefit auctions, I have found, with some exceptions, similar results as Jenelle Taylor. The mid-range and lower priced items are selling around 85 to 90 percent of their actual value with active bidding. This sale price-to-actual-value ratio is about where it should be. But the more expensive items are averaging 60 percent of actual value or lower. Prior to the recession, it was not uncommon to see a number of items at a benefit auction sell for more than what they were worth. In these cases, guests were really making a donation to the charity and the actual value of what they were bidding on wasn't of that much concern to them.

Karin Costa, a benefit auctioneer from Nevada reported items which have been in an auction year after year are down this year by 25 percent. However, items which are new to the auction this year are doing OK. Sometimes auction items can become "stale" if they are in the

auction year after year. For example, you can only sell a person's cabin on lake so many times before everyone in the audience who wanted to use it has already bought it.

Forty-seven percent of the auctioneers reported **silent auction bidding** was about the same as last year. Thirty-five percent said it was down with the rest reporting either higher over all or mixed results with some events being lower, some higher and some about the same. Karin Costa said ten percent of the items in her silent auctions are getting only one bid or no bids at all.

Oregon auctioneer JillMarie Wiles (BAS) reports her clients have been running smaller and more concise silent auctions. They have been removing items which are known not to sell very well. Those remaining items with "known appeal" will be the ones attracting multiple bids. This results in silent auction tables which look and feel successful.

Wiles, who is one of the BAS class instructors and also a former Women's International Auctioneer Championship contest winner, makes an excellent point when she says the silent auction is the first introduction to bidding the audience will have at the event and this success can set a trend for the rest of the event.

While not every auctioneer gets directly involved with **Sponsorships**, it is one aspect of benefit auctions which is down this year for every auctioneer who gave an answer comparing this year's level of sponsorships with last year. Some sponsors have come in at lower levels while others have just declined to sponsor at all this year.

JillMarie Wiles (BAS) estimates her sponsorships are down by 30 percent this year. She also said new auctions are having a harder time of it than ones which are more established. She advises, auctions seeking sponsorships have to secure them earlier. She adds, businesses are shortening their lists for giving, as well as amounts.

Item acquisition or procurement of items to be sold was reported to be down or more difficult to acquire by 44 percent of the auctioneers responding. Thirty-one percent reported mixed results meaning some of their auctions were better, others were the same and others were worse. Nineteen percent said overall, things were basically the same as last year.

Kurt Johnson (BAS), a Minnesota auctioneer who also writes on benefit auctions for Auctioneer magazine and was a regular columnist for Auction World newspaper, reported corporate items are down but private donations from individuals are up. Examples of private donations could be a private dinner for eight at the home of the organization's executive director or a weekend at a board member's condo at the beach.

One good revenue source at benefit auctions is the **fund-a-need**, or raise-the-paddle as it is sometimes called. This entails making a special appeal for outright donations at some point during the live auction. Usually someone from the organization will make an emotional appeal for these donations, often for a specific purpose or "need." For a school auction, it could be an appeal to pay for more classroom computers. For a hospital, the "need" might be for some new lab equipment. Once the appeal is made, the auctioneer asks the guests to raise their bid cards or paddles to donate at some specific amount. The auctioneer usually starts at a higher level of donations and works down to a lower level.

There was no clear trend in regards to the fund-a-need. Just as many auctioneers said their fund-a-need portion of the auction was up as those who said it was down. To add to this, a quarter of those responding report mixed results with some of their events up, some down and some the same as last year. No one section of the country stood out as doing better or worse in the fund-a-need. For example, here in Washington State, one benefit auctioneer said the results

of his fund-a-need appeals decreased by 30 percent while another auctioneer in the same state said his appeals had increased.

Several auctioneers stressed how important it was to have an emotional appeal which is tied to the mission or the organization. Jack Young, a benefit auctioneer from California reported that when there is an emotional appeal, his fund-a-need results are better. Without that emotional appeal the results are the same or lower than the year before. Kevin Van Hollebeke (BAS), who is from Washington State, said a “compelling need gets people to give.”

JillMarie Wiles (BAS) reports, last year if a client had the majority of people giving at the \$1,000 level, this year the majority are giving at the \$500 level. Rose Backs, who is President of the Idaho Auctioneers Association, reported giving at the higher levels is down but gifts in the lower and mid-range levels are doing OK.

California auctioneer, Bill Menish (BAS), reports his results are mostly good, but he is using a different technique. Instead of asking for donations at specific amounts, he asks guests to put their bid cards in the air and to tell him how much they are going to give.

A majority (53 percent) of the auctioneers responding said the **overall gross revenues** of their events are down from last year. Only 12 percent reported increased gross revenues and the rest said their results were same as before or their events were mixed with some being better, some the same and others worse.

For those who gave percentages, most seemed to be down 10 to 20 percent from the previous year. B. J. Jennings (BAS) reported her live and silent auction bidding is about the same as last year, but her overall gross revenues are down because the level of sponsorships is down.

With a majority of auctioneers reporting an overall decrease in gross auction revenues it is interesting to see what **types of things which are “hot” sellers**. Fifty-seven percent of the responses indicated unique items or unique experiences are doing well. The next largest category of “hot” sellers are things which have an emotional tie to the organization..

Here are some examples of unique items or experiences: doing a book study with the author of a book, celebrity VIP passes, naming rights to something connected with the organization, private parties such as poker parties or wine tasting parties at someone’s expensive home, girls night out with a spa party and chocolate tasting, a walk-on part in a movie or a bit-part in a play, and the opportunity to sit in the dugout during a major league baseball game. There are certainly many others as well, but one common thread which runs most all of them is they cannot be purchased anywhere else. Most anyone can rent a nice beachfront condo, but how many people can spend the weekend as a guest of Donald Trump at his home in West Palm Beach, Florida.

The next question asked in the survey was, **“How many events have you done this year in comparison to this time last year?”** Half the auctioneers said they are doing more events while 38 percent said they are doing the same number of auctions as the year before. Only 12 percent said the number of auctions they are doing has decreased this year.

Probably the largest benefit auction company in the country based on the number of auctions conducted annually is headed by Washington State auctioneer, Jeff Stokes. Stokes, a former Men’s International Auctioneer Championship contest winner, has a number of benefit auctioneers working for him. From January 1st of this year through the first weekend in May, his company conducted 285 benefit auctions. During the same time period last year, his company had done 301 auctions.

Jack Young reported the number of auctions he is doing is way up in comparison to last year. He has been going after groups who are having an annual awards banquet and getting them to add an auction component to the event.

One might wonder, why auctioneers are holding more auctions even though overall gross revenues are down for a majority of those surveyed? I think a case can be made one of the reasons why professional auctioneers are doing more events this year is not because there are necessarily more auctions, but because more groups are choosing to hire a professional auctioneer instead of having one of their board members conduct the auction. I recently had a group say they wanted to hire my auction company for their annual auction later this year and it is the first time they will be using a professional auctioneer.

A professional fundraising auctioneer knows how to get people to bid higher than a non-professional would be able to do. With the downturn in the economy, many non-profits recognize the necessity of maximizing their efforts in generating revenues.

Another question in the survey was, **“Have you had any groups cancel their auction this year because of the economy?”** Fifty-three percent said no. Of the auctioneers who had cancellations, the maximum number of auctions cancelled because of the economy was two. A couple of auctioneers reported groups had postponed their auctions, but did not cancel them.

Jenelle Taylor (BAS) reported one of her clients cancelled their auction and went to an on-line only event. JillMarie Wiles (BAS) has had some clients opt to go with on-line bidding, but these groups have found their donor base still likes to get together to celebrate successes and hear what the organization has done or bring friends to the event to introduce them to the cause.

The next question asked, **“What are you doing differently this year to deal with the economy?”** There were a variety of answers to this question, but the most common answer had

to do with getting non-profits to adjust their expectations about the economy. Lance Walker (BAS) is a Tennessee-based auctioneer and one of the three instructors for the Benefit Auctioneer Specialist course offered by the National Auctioneers Association. Walker indicated if he sees attendance is down or sponsorships are down, these are signs the event will probably not produce as much as it did last year and he tries to prepare groups for this prior to the event. B. J. Jennings (BAS) related success is different this year and she tries to get groups to lower their expectations.

Other answers brought up by more than one auctioneer were having a positive attitude and trying to reassure groups things will be OK. Another interesting technique some auctioneers are using is to share creative ideas with groups. Kip Toner (BAS) is from Washington State and is considered to be one of the “deans” of benefit auctions. He has been involved with benefit auctions for over 35 years and is one of the three instructors in the Benefit Auctioneer Specialist (BAS) course. He is also President of the Board of Trustees for the National Auctioneers Foundation. Later this year, he plans on hosting dinner for a number of his clients so they can get together to share creative auction ideas and help each other. They will also be able to trade auction items with one another. For example, if one group has had the same item three years in a row and it no longer brings in as much money, with the donor’s permission, they can swap this item for a “tired” item another group has. These two items should sell for a higher amount because they are now “new” to each group.

A father-daughter team of benefit auctioneers based in Indiana, Hugh and Wendy Miller, also get groups to share creative ideas. Hugh Miller is a former President of the National Auctioneers Association. Kelly Russell (BAS), like Kip Toner (BAS), gets groups to trade items.

There were a variety of other answers to this question. Lance Walker (BAS) encourages his clients to focus on having a fun event and be upbeat. Along these same lines, Kevin Van Hollebeke (BAS) has added a game show for the guests' enjoyment. Christie King (BAS), an Alabama auctioneer who also serves of the Board of Directors of the National Auctioneers Association, urges groups to become creative and make the event something which people will want to attend.

Karin Costa, writing in an Internet publication entitled *Step By Step Fundraising*, says non-profits need to make their auctions fun, timely and involve all of the demographics and encourage all age groups to become new members/donors. She adds, fun, unique activities will make the gala fun for the guests and rewarding for the volunteers.³

Matt Holiday (BAS) tries to create an atmosphere which will be helpful to the donors. Rose Backs encourages her clients to thank their supporters more than usual.

Larry Flynn of Idaho is one of the "mega" auctioneers having done a number of benefits which have grossed over a million dollars. He encourages non-profits to continue their quest for fundraising regardless of the economy.

The next interview question asked, **"What words of encouragement do you have?"** By this was meant what words of encouragement auctioneers have for non-profits. Like the previous question, there were a variety of answers but the most common response was that the economy goes in cycles. Kurt Johnson (BAS) summed it up quite well when he said groups should be "short-term realists and long-term optimists." Karin Costa advised auctioneers to tell non-profits they have survived past recessions.

Another answer brought up more than once was to not cancel the auction. Kip Toner (BAS) makes the point that if a group cancels their auction, they will lose their momentum. Jack

³ *Step By Step Fundraising*, April 2009

Young says, “Don’t lose institutional knowledge within the organization about the event by canceling the auction.”

Kurt Johnson (BAS) urges non-profits to be good stewards of their money and to communicate that to their donors. Christie King (BAS) advises groups to educate the public about their mission. Writing in *Auctioneer* magazine, New Hampshire based auctioneer, Kathy Kingston (BAS) states, “In addition to raising money, benefit auctions provide an extraordinary platform for friend raising too! Remember, people give to people for causes they care about.”⁴

Kingston encourages non-profits to cultivate their guests and gives some specific suggestions on how to do this. She says a pre-auction reception for major donors, sponsors, and prospective VIP guests should be held several weeks before the auction so the mission of the non-profit can be highlighted and key auction items can be previewed. She also suggests each board member and key auction committee members make it a point to personally greet five guests they do not know during the silent auction. The idea is to reach out and make sure they understand how their contributions will benefit the non-profit’s clients and the community.

Kingston adds, “Approach your benefit auction as a cultivation event and you will ensure that your auction will be a catalyst for future giving, such as annual appeal, major gifts and planned giving and capital campaigns. By deepening relationships with auction supporters, you invite investment and involvement far beyond auction night.”⁵

Kevin Van Hollebeke (BAS) said, “In spite of the economy, there are still needs out there.” JillMarie Wiles (BAS) said, “Philanthropy is needed more than ever because when the economy shifts, social services and programs need help more than ever.” She asks, “Do children stop getting abused because parents lose their jobs or find refuge in drug abuse?” “No,” she

⁴ *Auctioneer* magazine, November 2008, p. 44

⁵ *Ibid.* p. 45

answers, “the need becomes even greater and supporters are asked to give to an immediate need.”

Rose Backs advises groups to cut their expenses on things such as decorations. The current issue of an Internet publication, *Charity Auction Newsletter*, gives an example of how a New York non-profit reduced expenses. City Harvest, which distributes food to soup kitchens and pantries, did away with large floral centerpieces and seating cards with fancy calligraphy. The Maryland chapter of the Cystic Fibrosis foundation replaced floral centerpieces with decorations made by the children and families they serve.⁶

B. J. Jennings (BAS) urges non-profits to make their event fun. She said, “If people had a good time, they will come back next year and bring friends.” If the economy turns around the following year these new attendees should add to the gross revenues of the next auction.

Kelly Russell (BAS) advises non-profits to make it a fun event and money will follow.

The next question asked, “**What is the smartest thing a benefit auctioneer can do to ‘stay ahead of the game’ during these difficult economic times?**” While there were a variety of answers, the one which came up the most often was for the auctioneer to stay in regular contact with the chair of the auction or the event coordinator. JillMarie Wiles (BAS) urges auctioneers to be proactive and be involved as a consultant. She says the auctioneer should, “... stay engaged with how the client is preparing the auction, and custom fit items and timelines.” She warns, there is no room for being sloppy and “just showing up” for the actual event.

Several benefit auctioneers have taken a concept from commercial auctions and are applying it to charity auctions. Commercial auctions are events where the buyer is trying to purchase something at the lowest possible price. At a benefit auction, if the attendees are properly educated about the reason for the event, people will sometimes pay more than the value

⁶ *Charity Auction Newsletter*, May 2009 – Published by Target Funding Group

of the item because what they are really doing is making a donation to the group. Examples of commercial auctions are car auctions, estate and antique auctions, livestock auctions, real estate auctions, etc. Depending on the area of the country, a “buyers’ premium” is added to sales price of an item. While the amount of the buyers’ premium can vary, it is frequently ten percent of the auction sale price. Here in the Pacific Northwest, most commercial auctions have a buyers’ premium. It is used to off-set some of the expenses of the auction and help ensure the auctioneer is able to make a profit.

When used with benefit auctions, the buyers’ premium is called something different such as an “auction services fee.” For this to be successful, auction guests need to be fully informed about the auction services fee. When they are told during the auction the reason for the auction services fee, guests usually understand and don’t object.

Kip Toner (BAS) is a strong advocate of the use of the auction services fee. He tells guests it can enable the charity to receive the entire amount of their winning bids. Jenelle Taylor (BAS) also promotes the use of the auction services fee as a tool non-profits can use to cover their expenses.

Rose Backs makes a good suggestion when she advises auctioneers to talk with the guests and ask why they are attending the event. If this is done during the silent auction/reception period and while guests are starting their dinner, the auctioneer will have a better knowledge of who is present and what motivated them to attend.

Another question asked, **“What are you doing to market your business in order to attract new clients?”** Overwhelmingly, the answer given by auctioneers was word of mouth and networking. Or, as Jeff Stokes said, “Take care of current customers and new ones will

follow.” Kip Toner (BAS) said almost the same thing when he stated, “Do a good job - others will notice.”

The second most common answer was the use of a website. Besides just having a website, some auctioneers are using other aspects of the Internet to market their business. Kelly Russell (BAS) is linking to other websites. Larry Flynn is using key word searches. Bill Menish (BAS) is using Facebook and LinkedIn.

Seminars and workshops are other marketing tool used by benefit auctioneers. Kelly Russell (BAS) is considering doing an open house social event to reach out to potential clients.

Russell reports she is growing her business and has hired two auctioneers. On the other hand, Rose Backs indicated she doesn't have time for new clients so she doesn't do much marketing.

The last item on the survey asked auctioneers for **any other comments they would care to make**. There was quite a variety of responses and no one comment appeared with more frequency than any other response. Below is a random sampling of closing comments.

- Jenelle Taylor (BAS) said, “It’s about raising friends as well as raising funds.”
- Kevin Van Hollebeke (BAS) said, “Auctioneers need to promote the community aspect of the auction.”
- B. J. Jennings (BAS) stated, “Needs of groups are not going away. With funding cuts there is more of a need.”
- Kip Toner (BAS) urged auctioneers to teach non-profits the difference between a professional auctioneer and a TV personality. Some non-profits want to hire a media personality rather than an auctioneer thinking the “name” of the media

personality will lure guests to the event. But without the skills of a professional benefit auctioneer, the revenues from the auction may not be as great.

- Along these lines, Bill Menish (BAS) said, “We are in scary times but they will not last forever.” He added, “Professional auctioneers are needed now more than ever.”
- Kurt Johnson (BAS) echoed these same thoughts.

On the subject of professionalism, Kathy Kingston (BAS) writes, “This is no time for your auction to be an amateur event. By bringing in best benefit auction practices such as focusing on audience development to increase the level of guests who have the means and influence to bid higher to support your cause; soliciting premium items that your guests really want; designing your auction with momentum and exciting timing; and using the latest in on-line auctions and benefit auction technology you stack the deck in your favor. Now, more than ever, a professional Auctioneer who specializes in benefit auctions will maximize your fundraising efforts and create an entertaining, successful evening that takes the risk out of fundraising.”⁷

Jeff Stokes advises auctioneers and non-profits to create an environment which is conducive to giving. He said a benefit auction needs to have competitive “giving” rather than competitive bidding.

Kathy Kingston (BAS) who is also the author of “Record-Breaking Fundraising Auctions” says in *Auctioneer* magazine, “The most important aspect of a fundraising auction is to make sure that all of your guests understand exactly where the money is going and how much their efforts in bidding will go to support your wonderful cause.”⁸

⁷ *Auctioneer* magazine, November 2008, p. 45

⁸ *Ibid.* p. 44.

In her telephone interview, Karin Costa suggested development directors or event planners should look at how businesses are doing their marketing during these difficult economic times. In terms of business marketing, Matt Holiday (BAS) believes benefit auctions are a good product placement opportunity for donors from the business community.

In the Internet publication, *Step By Step Fundraising*, Karin Costa writes, “In general, financial disasters occur because: no cost analysis is prepared after an event; financial goal setting is haphazard instead of economically based; guest demographics are not considered in auction item selection and price point considerations; and guests/donors get weary with the same auction items and programming year after year that is not fun and unique.”⁹

She goes on, “Often, fundraising auctions look like a commodities sale. Your donors/guests look at bidding on items (silent and live) as how can I get this cheap instead of can I donate more.”¹⁰

It is the job of a professional benefit auctioneer to ensure these things do not happen.

⁹ *Step By Step Fundraising*, April 2009

¹⁰ *Step By Step Fundraising*, April 2009

Conclusions

Based on the information provided by the auctioneers interviewed for this paper, other sources consulted, plus my own experiences as a fundraising auctioneer with the Benefit Auctioneer Specialist (BAS) designation, benefit auctions are going through some difficult times right now.

Close to half (47 percent) of the auctioneers surveyed reported overall, their annual auctions are lower this year than they were last year. Another 27 percent said their results were the same as the year before. In terms of gross revenues, more than half (53 percent) of the auctioneers responding said their events were down.

With the exception of the fund-a-need and silent auction bidding, more auctioneers surveyed than not reported a decline in every other component of their benefit auctions. The category which stands out the most is sponsorships. Every single auctioneer reported a decline in this area. Since most sponsorships come from businesses and we are in a significant recession, it is logical for sponsorships to be lower.

Fifty-nine percent of the auctioneers reported a decline in attendance and 38 percent said live auction bidding was lower. With fewer bidders at an event, it is understandable live auction bidding would be lower. In my opinion, the best way to counter this is to work with groups on audience development to ensure those who do attend have the capacity to bid generously. Another possible way to increase revenues is to increase the number of mid-priced items in the live auction.

Due to the recession, it is understandable some businesses are reluctant to donate items for the auction and as a result, item acquisition is down. However, when asked what are “hot” sellers now, 57 percent of the responses named unique items. Therefore, it would seem the best thing for groups to do is come up with some unique things or experiences to sell. Most of these do not have to come from businesses, but can be generated from within the organization itself.

With 47 percent of the auctioneers saying the silent auction results have remained the same and only 35 percent reporting a decline, my conclusion is guests are still willing to spend money at events but they are doing more of it in the silent auction where prices are not as high as they are in the live auction.

The fund-a-need can be an excellent revenue source for a benefit auction. In this category, auctioneers were nearly evenly split between increases, decreases and results being the same. For those who had a decline in revenues in this area, pre-auction cultivation of guests, especially those who have a greater capacity, should be done. Another suggestion is to allow donors at the fund-a-need to pay their gifts in monthly installments with the hope of generating larger donations..

One of the things auctioneers need to do in advance of the auction is to adjust the expectations of the group. Auctioneers have to make sure the events are fun and upbeat. Even if revenues from the event are lower than the previous year, guests will want to come back again the next year.

The guests need to understand the needs of the organization are still there and in some cases are even greater despite the decline in the economy. If guests are connected with the mission of the organization, they are more likely to continue supporting it no matter what the economy is doing.

Auctioneers need to educate non-profits that the economy goes in cycles and just because we are in a down-cycle now, it is not a smart idea to cancel the auction. Not only will momentum be lost, but there is a risk of losing the institutional memory for the auction planning as volunteers move on to other activities and organizations.

In summary, auctions, when handled by a professional, can still be an effective way to raise funds for an organization. However, non-profits need to move forward with realistic expectations and with a willingness to follow the lead of their professional auctioneer in trying some innovative methods.

If a non-profit is tempted to cancel or postpone their auction because of the recession and consider some other method of raising money, they might want to look at a recent survey of 2,979 non-profit organizations conducted by Guidestar. Guidestar, which is a 501(c)(3) non-profit itself, gathers and publishes information about non-profit organizations. It has a database of 1.8 million non-profits.

In its survey, which was conducted in March of this year, Guidestar found that 52 percent of the organizations reported a decrease in total contributions between October of 2008 and February 2009. Thirty-one percent of the organizations stated contributions had dropped “modestly” and 21 percent said they had fallen “greatly.”¹¹

It is interesting to see how closely Guidestar’s survey results mirror the results reported by the auctioneers interviewed for this paper. Fifty-two percent of the non-profits surveyed by Guidestar reported a decrease in total contributions compared to 53 percent of the auctioneers interviewed who said the gross revenues of their events were down.

¹¹ *Guidestar Newsletter*, May 2009

One conclusion which can be drawn from this is, as a source of revenue for non-profits, benefit auctions are doing about the same as all sources of revenue for non-profits, and therefore, the use of auctions should not be abandoned.

Auctioneers Interviewed

(listed alphabetically by state)

Alabama

Christie King (BAS) – Located in Gadsden, Christie serves on the Board of Directors of the National Auctioneers Association. She is a fourth-generation auctioneer and has been in the auction business for 22 years. In 2007, she was the first woman inducted into the Alabama Auctioneers Hall of Fame. In addition to benefit auctions, she also conducts approximately 50 real estate auctions per year.

California

Bill Menish (BAS) – A life-long resident of San Diego County, Bill spent over 18 years as a newscaster and has won 15 Emmys. He decided to become an auctioneer while covering the annual Conference and Show of the National Auctioneers Association which was being held in San Diego at that time. While in the news business, he served as the MC for many benefit auctions. Becoming an auctioneer was the next step in his career.

Jack Young – Based in Winters, Jack’s company is called Maximum Benefit Auctions. He is a graduate of the Reppert School of Auctioneering which is the oldest continuously operated auction school in the country. He has completed his course work for the Benefit Auctioneer Specialist designation.

Florida

Jenelle Taylor (BAS) – Hailing from Tampa, Jenelle is the owner of Gala Gal, Inc. She has authored several books on benefit auctions. In 2001-2002, Jenelle travelled the Caribbean and the Mediterranean for Holland America and Carnival Cruise Lines as an Art Gallery Auctioneer.

Idaho

Rose Backs – Based in Post Falls, Rose is currently the President of the Idaho Auctioneers Association. She also serves on the Board of the Washington Auctioneers Association. Besides benefit auctions, Rose conducts real estate and automobile auctions. Rose’s husband, Matt, is also an auctioneer.

Larry Flynn - A resident of Boise, Larry is known for conducting “mega” auctions. He has helped raise nearly \$100 million for charity since 1998. A former disc jockey, Larry holds a degree in Communications from WSU.

Indiana

Hugh and Wendy Miller – This father-daughter team operates out of Evansville. Hugh Miller is a second-generation auctioneer and is a former President of the National Auctioneers

Association. His daughter, Wendy, is a member of the National Society of Fundraising Executives.

Minnesota

Kurt Johnson (BAS) – Kurt operates out of White Bear Lake and has been conducting benefit auctions since 1993. He writes on benefit auctions for Auctioneer magazine and was a regular columnist in the Auction World newspaper. He is also a benefit auction instructor at the World Wide College of Auctioneering.

Nevada

Karin Costa – Located in Gardnerville, Karin formerly lived on Whidbey Island where she conducted auctions. She has been an auctioneer since 1997.

New Hampshire

Kathy Kingston (CAI, BAS) - Author of “Record Breaking Fundraising Auctions,” Kathy is an award winning auctioneer, speaker and consultant for over 24 years. She has taught the CAI Benefit Auction Class and BAS professional designation class. Author of Record-Breaking Fundraising Auctions, Kathy leads innovative seminars and mentoring programs for non-profits and auctioneers.

Oregon

Kelly Russell (BAS) – A resident of Portland, Kelly has specialized in benefit auctions since 2004. She currently serves as the Vice-President of the Oregon Auctioneers Association.

JillMarie Wiles (BAS) – JillMarie is one of the three instructors for the Benefit Auctioneer Specialist (BAS) course. She is a former winner in the women’s division of the International Auctioneer Championship bid-calling contest . She lives in Canby. Husband, Tim, is a real estate auctioneer.

Pennsylvania

B. J. Jennings (BAS) – B. J. Jennings lives in York Haven. She has been an auctioneer for nine years and has served as a director of the Pennsylvania Auctioneers Association for three years. She also conducts commercial/industrial auctions.

South Carolina

Matt Holiday (BAS) – Located in Spartanburg, Matt is the Past President of the South Carolina Auctioneers Association. He is also an instructor at the Southeastern School for Auctioneering. In addition, Matt is a real estate broker.

Tennessee

Lance Walker (BAS) - Lance is one of the three instructors for the Benefit Auctioneer Specialist (BAS) course. Lance and his wife, Terri, are from Germantown. Terri is also a benefit auctioneer.

Washington

Jeff Stokes – Jeff is a second generation auctioneer and has been involved with benefit auctions since the 1990s. His company, Stokes Auction Group, is located in Edgewood and conducts hundreds of auctions annually. Jeff is a former International Men’s Championship Auction bid-calling contest winner.

Kip Toner (BAS) – One of the “deans’ of benefit auctions, Kip is one of the three instructors for the Benefit Auctioneer Specialist (BAS) course. He has been involved with benefit auctions since the 1970s. He is from Seattle.

Kevin Van Hollebeke (BAS) – Kevin lives in Bothell. He was in the first Benefit Auctioneer Specialist (BAS) class and does a number of benefit auctions for private schools.

References

Besides the interviews, the following sources were used as research for this paper:

2009 NAA Annual Designation Directory published by the National Auctioneers Association

Auctioneer magazine – November 2008 “Time to optimize” by Kathy Kingston (BAS)

Auctioneer magazine – March 2009 “Auction industry remains strong in challenging economy” by Chris Langly

Auction World newspaper – various issues

AuctionZip Internet discussion forum on benefit auctions – various dates

Charity Auction Newsletter – May 2009

Guidestar Newsletter – May 2009

National Auctioneers Association Internet discussion forum on benefit auctions – various dates

Step By Step Fundraising – April 2009