

Auction Trends

by David M. Allen

Most stamp clubs have auctions. Auctions have always been an important part of the CFSC experience. Over time, the auction experience has undergone changes. In some time periods, little information is known while in other periods there is more detail. The evolution of the club auction and more current trends are discussed.

In the 1950s and 1960s there were only 4 programs a year. The remaining 20 meetings in a given year were split between trading sessions and auctions. That would mean that there were about 9 to 10 auctions a year. We know even less about auctions in the 1970s.

From the 1980s forward, we have a few more details through current members' memories. During the 1980s and much of the 1990s, there were 4 cried auctions scheduled a year with the rest of the meetings devoted to programs and a holiday party. During this period, the auctions were all cried auctions with William Bomar Sr. as the main auctioneer. The first auction of the year was a club donation auction where the sellers donated all proceeds to the club. No written records exist about auctions during this period. The auctions were conducted by paper and pencil, much of the time by the long-standing treasurer, John Shirley. Even the annual treasurer's reports are silent about the money made by the club from the auctions.

One main difference from current auctions was that there was no minimum bid used. The auctioneer would start the lot where he could get someone to bid and thus almost all lots sold. The seller would have to protect his material by bidding it up. Quite frequently, the seller would buy his own lot back and have to pay the 10% fee to the club to keep his material. This practice coupled with the buyer's extreme bargain hunting tendency limited the material offered to very low value items.

The one tendency that was contrary to this was that of the "Mystery Box", a sealed box with unknown material inside. The only observables were the size and heft of the box. Many auctions had a single "Mystery Box" that was many times the most sought-after item in the auction. Because of the "lure of the unknown" the selling price of the box was usually the highest of the auction at \$10.00 to \$15.00.

From the late 1990s to 2004 things remained pretty much the same. Two changes were made. First, because of Mr. Bomar's failing health, Jim Estes became the main auctioneer. Also, at some time during this period, the buyers were allowed to place a minimum bid on their lots. This meant that they no longer had to protect their material and could introduce higher value material.

In the summer of 2004, the auctions were computerized. The immediate purpose was to speed up the settlement of the auction. With the usual initial start-up problems overcome, the possibility of silent auctions was quickly seized upon. The other big change was that the auction records were written and saved. From this written material, it is possible to look at trends in the auctions and to evaluate the overall health of the auction experience.

The table below is a compilation of auction statistics for 13 years from 2005 through 2017. The most obvious feature is the general increasing trend that represents a 5-fold increase in the annual value of material auctioned. This trend can be seen in the "total value" column as well as the "annual auction average" columns for both the cried and silent auctions. The cried auctions account for about 45% to 50% of the total value (fewer auctions at higher average value). The silent auctions account for about 50% to 55% of the total value (more auctions at a lower average value). This ratio has been pretty constant over the 13-year period and thus means that the silent auctions almost immediately doubled the total annual value traded in the auctions.

It should be noted that the statistics shown have outliers removed. There were high outliers removed. The US lot that sold in 2017 for \$2600 was removed as being over 10 times higher than any high typical lot. Also, one cried auction in 2015 consisted of 5 specialty lots with a total value of \$1750 also extremely above typical auctions. The 5 low outliers were silent auctions always on the 1st meeting of December when FLOREX setup adversely affected amount of material presented. These outliers would have clouded the general trend we were looking for.

The 5-fold increase in 13 years is significantly larger than the general increase in the catalog value of stamps over the same time frame. Therefore, the trend is showing a very favorable increase in the overall health of the auction process. The quality and value of the material being presented is the primary cause of the overall trend.

Some specific reasons become apparent on a closer look at the underlying data. With the minimum bid in use, and buyers willing to pay a fairer price for good material, members are offering better material. Additionally, the club leadership has been working with outside groups to auction donations they receive for a fee. Currently these are The Birds of Prey of Maitland and the Russell Home. This also represents many hours of effort by some club members in sorting, cataloging, and organizing the material into reasonable auction lots. Incidentally, these outside groups were responsible for both of the high outlier incidents. Also, in recent years, the club

has attracted some members who are looking to sell their collections by breaking them up and selling them in the auctions. This comes from an analysis of the major sellers in the auctions. One final reason may be the general growth of the club membership.

Year	Total Members Involved	Total Value w/o Outliers	Cried Auctions				Silent Auctions			
			# of Auct	Annual Auction Average	Max Auction	Min Auction	# of Auct	Annual Auction Average	Max Auction	Min Auction
2017	53	\$8,048.45	5	\$724.90	\$942.00	\$549.50	18	\$245.78	\$390.00	\$120.00
2016	60	\$7,273.90	5	\$718.05	\$873.50	\$478.75	17	\$216.69	\$429.20	\$44.50
2015	64	\$7,024.50	5	\$663.05	\$825.50	\$539.75	17	\$218.19	\$424.50	\$84.00
2014	58	\$5,858.02	5	\$474.85	\$856.25	\$196.75	17	\$204.93	\$311.52	\$69.75
2013		\$5,521.20	4	\$624.26	\$779.50	\$356.30	18	\$168.01	\$319.85	\$81.00
2012		\$4,992.14	4	\$470.69	\$570.50	\$351.75	18	\$172.74	\$385.75	\$36.00
2011		\$4,996.50	5	\$448.60	\$612.25	\$358.00	17	\$161.97	\$261.50	\$97.50
2010		\$2,766.40	4	\$311.19	\$351.75	\$241.25	16	\$95.10	\$170.75	\$33.15
2009		\$2,102.80	5	\$238.25	\$323.75	\$165.50	13	\$70.12	\$105.00	\$33.75
2008		\$2,612.10	5	\$292.95	\$387.75	\$88.00	14	\$81.95	\$167.75	\$4.25
2007		\$2,271.50	5	\$234.50	\$455.25	\$104.00	16	\$68.69	\$182.25	\$16.60
2006		\$1,998.40	5	\$175.05	\$441.75	\$56.00	15	\$74.88	\$186.00	\$18.00
2005		\$1,695.95	5	\$191.40	\$296.00	\$68.00	15	\$49.26	\$173.15	\$9.50

In analyzing the major sellers in the past 6 to 7 years, there is a group of about 5 to 6 people that collectively offer about 30% to 35% of all the material in the auctions. This is typically a group of 3 to 4 dealers and 1 to 2 members selling their collections. An analysis of the major buyers over the last 4 to 5 years shows that there is a group of about 5 people that collectively buy about 45% to 50% of all the material offered. At first one would be tempted to say that this is unhealthy. However, a cursory inspection of the auctions from 2005 to 2007 indicates that these groups were even smaller and represented an even larger share of the material offered and bought. So even if it is a little unhealthy, with the improving health of the auctions, this trend is also improving.

For the years 2005 – 2011, the first cried auction was the standard club donation auction. In all cases, the club donation auction was below the average for cried auctions for the year. In 2005, 2006, and 2008 it produced the smallest value of all the cried auctions for the year. In the years 2012 – 2017, a new type of cried auction was tried. This was called the “no fee” auction where the club waived the 10% fee on the sellers. In 4 of the 6 years it produced an above average value for cried auctions for the year, but never the maximum value cried auction. In 2016 the “no fee” auction had the lowest value of all cried auctions for the year.

One final note needs to be made about the membership involvement in the auctions from the “Total Members Involved” column. Over the last 4 years where we have gleaned the data, the number of members involved appears relatively level and thus represents a stable percentage of about 65% of the club membership. This statistic is a low estimate statistic. The data from the auctions only catches those members who successful sell material, and/or successfully buy material. The total participation will be higher by an unknown amount (those members who offered lots that did not sell or bid on lots but never actually bought a lot).

In summary, with analysis of the written records of auctions, one can see that the club has improved the auctions. There is an increasing involvement, increasingly better material entering the auctions, and higher prices being realized. Life is getting better for both buyers and sellers, a win-win situation.

[Editor’s note: The auctions have been a strong indicator of the ‘health’ of the club in my 18 years of association with the CFSC. My first years with the club saw a number of -- what would be considered sub-par auctions viewed from today’s perspective. There was little reason for better material to appear in the auction for all the reasons outlined above. That has changed. I would like to thank and commend David Allen for his insightful analysis of the large amount of data collected since 2004. This article will appear on the club’s website (on the HISTORY page), in a slightly different format, for future reference.]