

SILENT SUCCESS

Diggory Hadoke examines how Holt's sales tactics have opened the auctioneers to a broader audience and boosted sales figures

HOLT'S INTRODUCED SEALED bids as a feature of its auctions a few years ago. It was a clever move and was made in response to a classic business problem: the need to expand when it appears that available resources are already fully exploited.

Holt's had grown quickly in half a decade. The sales moved from a few lots in the provinces to hundreds in the capital. The amount of time available to sell by auction in a day is finite. The auctioneer can get through only so many lots. The original business plan for Nick and co looked simple at first: get more stuff to sell. This they achieved quite quickly by offering a commission rate of 15 per cent, when the norm was 20, putting miles on the clock to give valuations and collect stock, setting up a network of agents and advertising widely. Now they had a problem: how to grow profitability when you have reached your capacity to sell?

One model would be to increase the average price of each lot; go for better gear. We did see this taking place. The headline pieces were improving and the number of high-priced items increasing with each sale, as success attracted higher quality vendors.

But what about all the 'junk'? Part of the Holt's ethos has always been accessibility; they were keen not to be seen as gun snobs and create an atmosphere of fear that something old and dirty would be sneered at. They wanted the public to find them approachable and they wanted to find a home for everything.

What Nick came up with was the sealed bids sale. All the ephemera and the cheap .22 rifles, guns with missing parts, scrappers and orphaned

parts in boxes, bundles of books, cartridge bags and the like. All this found a place in the viewing room and all this now makes Holt's a good bit of cash.

When they arrive in London with all their nice guns to be auctioned in the main sale, they also bring all the bits and pieces for the sealed bids sale. People coming to view the guns can look at an interesting treasure trove of things that will not cost a fortune and, if anything takes their fancy, they can drop a bidding form into the box at reception. In the early days, the minimum bid was a fiver – that doubled pretty rapidly.

It always amazes me what the sealed bids sale makes. Nick told me it netted an average

of £100,000 a sale. There is something in the dynamic that makes people impulse bid and because you have no idea what others may bid, there is a temptation to bid high. There is a key difference between this and a real-time auction. Full bids are compared, rather than incrementally added to the previous high bid. Therefore, if you bid £300 for an air rifle that gets only a bid of £50 from the next highest bidder, you pay the full £300 rather than the £51 you would on an online auction like eBay. Rarely do I find a lot of low bids net me a load of bargains.

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Too grubby for the main auction perhaps, but low-end guns, like this one with a missing forend, find buyers via the sealed bids sale



From a stuffed pheasant to a collection of bayonets Holt's sealed bids auction has it all

In the March sale, there were hammer guns listed from as little as £30. What this does is provide an opportunity to buy a project to the man who cannot afford to shop in the main sale. He can, however, come to the viewing and participate in the bidding via the sealed bids auction and have a chance of coming away from the experience with something to show for it.

This ploy has helped Holt's compete at the lower end, with the provincial auction houses, while maintaining its high-end credibility in the main

sales. Holt's charges its standard percentage for commission on sealed bid lots, which is 22.5 per cent, plus VAT on commission. A simple idea but a clever way of making an additional half a million a year for relatively little extra effort or expense.

Similarly flexible thinking has seen the establishment of the post-sale online auction at Holt's. There was always a bit of a scramble at the end of the day at the average sale. Canny bidders may have had their eye on a gun but were careful not to be the first bidder. If the gun then failed to meet reserve or gather any bids, it was listed as 'unsold'. The interested party would then approach the auctioneer at the end of the day to see what price the seller would accept if cash were waved now in his disappointed face. It was a strategy that could (and does) win the wily old hands from the trade a few bargains.

Typical of Holt's strategic thinking, rather than see this as a negative, they looked at turning it to their advantage. They rationalised that since many people had now seen and handled the unsold guns, in the hours and days following the sale they should follow up that potential buyer and see if he could be tempted at a price lower than expected.

All unsold lots go on the website, advertised as for sale at the reserve price, which is published. Shoppers can simply review what is on offer and buy if inclined. It works and significantly improves Holt's 'conversion rate', these originally unsold guns earning a commission rather than being returned to the vendor or being re-listed three months later at a lower reserve.

It is indicative of Holt's open-minded and opportunistic approach to tackling the traditional limitations and frustrations of operating an auction house that these developments have taken root. They have both significantly increased profitability and efficiency at the firm. I watch with interest to see what it will come up with next.

In the meantime, everyone of significance in the gun trade will have travelled up the motorway to Hammersmith to spend three days perusing the lots in the March sale. Many will have been wondering how, in these tough times for retail, Holt's is turning over ever larger sums with each passing auction and bucking the generally pessimistic trend. **GTN**



The view at Holt's from the back of the room, where the tatty, broken, overlooked or low value guns get stacked. It is always worth a look to see if there is hidden treasure or just a good, solid workhorse to be found in the sealed bids sale