

NAAA announces \$1.4M financial relief package; more auctions move to digital



NAAA president Laura Taylor speaking at Used Car Week 2019. NAAA announced a relief package of more than \$1.4 million for member auctions. (Photo by Jonathan Fredin).

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CARY, N.C. - Leaders representing the major constituencies of the auto auction industry continued their weekly teleconference calls on Monday, updating one another on their respective responses to the COVID-19 pandemic.

Auto Remarketing caught up with National Auto Auction Association chief executive officer Frank Hackett by phone for a rundown on the latest.



Among the updates: NAAA president Laura Taylor announced the association had voted unanimously last week on a financial relief package for all member auctions.

NAAA is deferring 2020 member and chapter dues to 2021, which equates to roughly \$450,000 in savings for members.

The NAAA Executive Committee voted unanimously to defer dues until next year, while the four NAAA chapter presidents approved the chapter due suspension to 2021.

Additionally, NAAA is moving its AuctionNet dividend distribution ahead by four months. That equates to about \$790,000 going back to auctions, "as soon as, probably the end of this week," Hackett said.

Put together, that's a relief package of more than \$1.2 million.

Next up, the Independent Auction Group has suspended all 2020 dues and is deferring them to 2021, while also refunding any that were already paid.

Additionally, any deferment of an AuctionNet dividend sent to the Independent Auction Group will instead go to the auction and not IAG, equaling a savings of \$195,000.

So, all told, the total relief to auctions is \$1.435 million.

Taylor said in a news release that NAAA "will continue to monitor the situation and keep all of our options for relief on the table. Our industry has been tested in the past, and we're confident that its proven resiliency will see us through to better days."

Updated auction strategy

During the call, ADESA reiterated its plans to stop physical for at least two weeks

Parent company KAR Global said in a statement Friday that it would be stopping all ADESA physical sale operations throughout North America — including simulcast-only sales — "for at least the next two weeks," the company said in the statement. Previously, auctions were set to go simulcast-only through April 3.

As for Friday's news, KAR plans to maintain minimal essential operations at those auctions — so long as they are allowed, per local, state and provincial orders — for security and for receiving/releasing cars under certain circumstances.

Manheim, which also participates in the calls, said in a letter from president Grace Huang that effective Tuesday, sellers are no longer permitted to represent their vehicles at auction facilities and that all selling must be conducted Manheim's Remote-Seller tool.

All Manheim locations are closed to buyers and sellers. Vehicle pickup and drop-offs are allowed, however. It has become necessary for Manheim to "scale back to minimal essential operations" at multiple auctions due to state, local and national directives.

Simulcast buyer and seller fees are still being waved through April 3.

"During these uncertain times, Manheim remains committed to the health and safety of our team members, clients and communities," Huang said in the letter. "As an industry leader that plays a critical role in the automotive supply chain, our goal is to help our clients keep their businesses moving forward. We will continue to monitor evolving local and state ordinances that impact operations and quickly adapt as necessary."

She later added: "In this new era of social distancing, I am inspired by the resilience of our team members and clients as they adapt to a changing business world. Manheim is working closely with our parent company, Cox Enterprises, to monitor information from the CDC and World Health Organization, as well as state and public health agencies. We have contingency plans in place and know it is critical to stay — more available and more connected in different ways — to help our clients succeed."

Meanwhile, IAG executive director Lynn Weaver said most independent auctions plans on going 100% digital this week, Hackett told *Auto Remarketing* on Monday.

Furthermore, leaders with large independent auction companies like XLERATE Group and America's Auto Auction said most of their location are going digital, as well, Hackett said.

"Good call today. More and more are getting on the call and sharing," Hackett said. "You just get a sense that ... people are feeling that they've got a plan in place and they're just executing it."