

eilbote

the agriculture magazine

MARKETING OF USED MACHINERY



farmpartner
tec

Marketing of used machinery

The right preparation



On portals for used machinery, farmers, agricultural wage enterprises and agricultural cooperatives are searching for particular offers daily. Therefore, internet portals have meanwhile become some of the most important marketplaces for used agricultural machinery and equipment. Still, a used machine does not sell itself automatically. Pierre Büttner, manager of the Division IT Solutions and Webservice at Farmpartner Tec, gives valuable tips how to present a machine the right way and reveals the secrets of success for selling it on the internet. The first part of the article deals with the right preparation – from pricing to the selection of the right photo.

The internet plays a major role when it comes to selling used goods. Be it on auction platforms selling consumer goods or online portals for automobiles. Many goods of everyday life are purchased online. The same applies to agricultural machines where more and more customers use online services. According to current market research 15 % of farmers visit one of the leading portals for used machinery at least once a week.

Therefore, the e-commerce delivers many advantages to dealers of agricultural machines.

- The portals, including the own website, are an ideal multiplier being visible to potential customers independent from their location
- The quotation reaches customers who search for used machines supraregionally. The target group is much larger compared to printed media
- The offer is available for a longer period of time than a

usual advertisement in a magazine. The data remain online as long as the dealer wants them to be online.

- The offer is available 24/7

Of course there are also some disadvantages in comparison with classical print advertisements. The

1. Setting a suitable price
2. Preparing the machine the right way
3. Taking good and expressive photos
4. Choosing the right portal
5. Describing the machine in an appealing way



The visual impression is crucial: The right balance of the preparation partly determines the profit when marketing used machinery.

Analysis

How customers use the internet

According to analyses conducted by farmpartner-tec, marketing portals and dealer homepages are most frequented by farmers and privately interested clients in the morning between 6 am and 8 am and in the evening between 6 pm and 9:30 pm. In contrast to this, professional purchasers and dealers are on the internet between 10 am and 3 pm. There are no big differences in frequency the internet between 10 am and 3 pm. There are no big differences in frequency of visits on the different days of the week. Professional purchasers and dealers frequent the sites less often on the weekend but this absence is compensated by increased visits of farmers, agricultural wage enterprises and private persons, whom dwell time is much higher. Regarding the seasonal frequency it is obvious that more people access these portals and websites in winter than in summer. According to market research done by "Agrima 2013" 83 % of all farmers use notebooks or PCs to search on the internet, 18 % use smart phones and 6 % a tablet PC. 76 % of all farmers use their smart phones for business daily. The use strongly depends on the age. 56 % of all users are under the age of 30, 22 % between 30 and 50 years old.



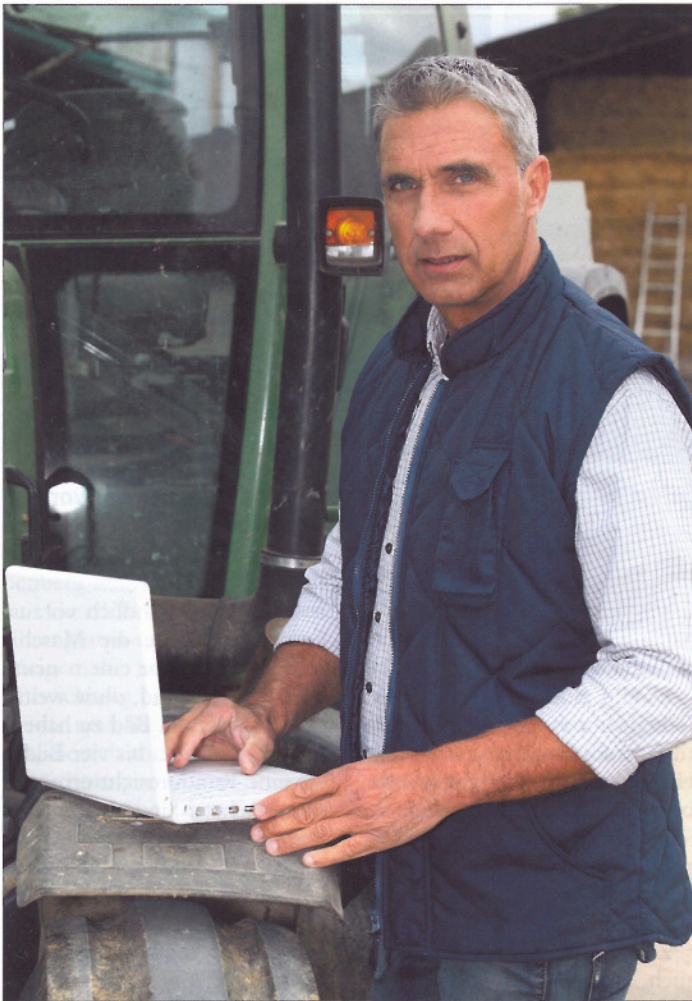
Montage/forolia.com

online offer will stick in the customer's memory less strongly than tangible advertisements. Moreover, there are not as many offers from competitors in printed media as there are on the internet. Nevertheless, the advantages outweigh the disadvantages. Big, professional dealers of agricultural equipment deals up to 30 machines a day – there is a lot of potential. However, the dealer has to consider several things to be able to sell the machine for the desired price instead of watching it become a non-seller.

6. Organising the sale
7. Avoiding non-sellers
8. Bewaring of impostors

1 Setting a suitable price

Selling usually starts with pricing. It does not matter if you, as the dealer of used machinery, buy the machine in addition or take it in payment when purchasing a new machine. A typical error which often occurs is that the farmer sets a price he wants to obtain. The dealer then adds a surcharge



Fotolia.com

The internet has become the most important market place for the marketing of used machinery.

to refinance the costs for repair, preparation and marketing what leads to the final sale price. But this is the wrong way. It does not reflect the true value of the machine and reduces the probability for the machine to be sold. Moreover, you risk purchasing the machine overpriced so that you eventually might even suffer a loss. Not uncommonly this takes your margin away. It is better to do a reverse calculation. Starting with the possible sale price of the machine you deduct the costs for delivery, preparation and marketing. The remaining amount represents the purchase price. This procedure has been applied in the automobile industry for years. An example: You want to sell a new machine for the price of 41,000.00 € and your customer wants to trade in his old machine while buying the new one. According to your research you will not get more than

7,000.00 € on the sale. Therefore, you cannot grant a credit of more than 5,000.00 – 5,500.00 €. Various solutions which are partly operated by portals of used machinery help to determine the right market price. However, you have to be careful: Their prices are just reference values since they are based on the merchant's offer prices. This means that a surcharge is already included. Some of such evaluating tools deduct a general amount to determine the possible net market price. An alternative is the TecAppraiser by Farmpartner which works with real, unaltered purchase and sales prices excluding surcharges and discounts. But what can be done if the farmer rejects this price and expects an amount of 8,000.00 € instead? Explain to him that this expectation is unrealistic. To realise such a sum you would have to invest considerable amounts in the machine and you

cannot offer the service of trade-in for free. If the farmer still insists on the amount of 8,000.00 € and you have not set a price for the new machine yet, you can meet the farmer's desire and increase the price for the new machine by adding a surcharge within your calculation. Another possibility in price negotiations is not to consider the additional costs for deductions and to limit them this way. It is important to keep record of all surcharges and discounts of the new machine as well as of the used one to avoid making a loss.

blemishes. But no matter which steps you decide to take: Costs and benefits must be carefully weighed against one another. If you pay thousands of Euros for extensive repairs, the buyer has to pay for it as well. The same applies if your staff in the repair shop spends too many hours and spare parts so that you cannot achieve the, by this reparing, required sales price. This way you cannot avoid making a loss. Therefore, you should always find the right balance for the preparation leading to its successful refinancing.

Proper preparation already starts with handing the machine over to the repair shop. Thereby, the seller should avoid writing an imprecise note saying "please repair." If it is done this way, it can easily happen that the mechanics will apply the same preparation and service as they would for machines of customers who have the aim of getting their machines in a perfect shape. A classic example is the replacement of a scuffed retainer of the cabin entry.

2 Preparing the machine properly

Before selling the machine you have to prepare it properly. This includes the cleaning as well as the repair and the elimination of

If the coat of paint is battered, a simple varnishing is sufficient. What needs to be repaired instead are defects which directly influence the machine's capabilities.

Sale

Guarantee as Purchase Incentive



Apart from the classic preparation of the machine you could also offer a guarantee. First experiences in the industry of agricultural engineering show that it increases the purchase incentive for higher value machines significantly. For a surcharge of about 2,000.00 € for 12 months, you could offer a guarantee to the buyer covering important components as well as previously defined wearing parts. Some manufacturers even support you in doing so. In case of guarantee offers from manufacturers for used machinery, we advise you to check the terms of the manufacturer as well as the included services in advance. In warranty cases repairs might be charged by a general hourly output which you often cannot keep. This way you easily risk making losses.

Marketing of used machinery Part 1

If a fender is only slightly damaged, repair costs are incommensurate with the better looks. Another example is an old tractor suffering from a marginal pressure loss in hydraulics. If hydraulics are rarely used among the potential buyers, like hobby farmers, a repair often is not necessary or can be reduced to a minimum distinguishing itself from a full repair achieving a perfect state of the machine. Sometimes it even makes sense to offer the tractor as "defective". This can be done if the tractor suffers from a gearbox damage and there is no staff for the repair which would take several days in the high season or if the costs for the repair are higher than the total value of the tractor. Offering it as "defective" you may attract a trading colleague or a technically adept amateur willing to repair it himself. Moreover, attachments for cultivation and harvesters are often used for first cultivations of arable land which has not been cultivated for a long time, for instance in Eastern bloc countries. Practice shows that these arable



Wrong Such photos can be found on the internet. Would you buy it?



Right The machine is visually appealing and placed perfectly in front of the company

lands often include stones, machinery parts or other foreign objects which damage the machine. For this reason investors like to cultivate them with used machinery first. Therefore, the machines do not have to be in the perfect state and you may offer them less expensive. Referring to blemishes you are only supposed to repair the damages which immediately catch the eye of the potential buyer. For attachments for cultivation a bit of varnishing should be sufficient. For vehicles intact seats and cleaned dashboards are most important. In case the previous driver used a lowered speedometer as ash tray, it is necessary to clean it. Many potential buyers see the shape of the cabin as an indicator of how much

attention and care the previous owner paid to the machine, e.g. respecting the service intervals. Nowadays, there are many professional service providers for the preparation of used machinery. Hereby, you have to calculate accurately how much you have to pay for such services or if it is cheaper to have the preparation done by your own staff leading to a similar result. A proper preparation also includes getting all needed documents of the machine from the previous owner: instruction manuals, proves for taken service measures or invoices about the replacement of wearing parts.

Instead it's recommendable to take photos of the machine in front of a neutral background showing no other machines but the one you are planning to sell. It is also important to take between three and four photos allowing a panoramic view. Please pay attention to the perspective: the machine has to be completely visible on the photos. Moreover, it is always more impressive to take a photo from below to above than the other way round. Sometimes it is sufficient to go in squatting position or kneel down to get such photos.

3 Taking good and expressive photos

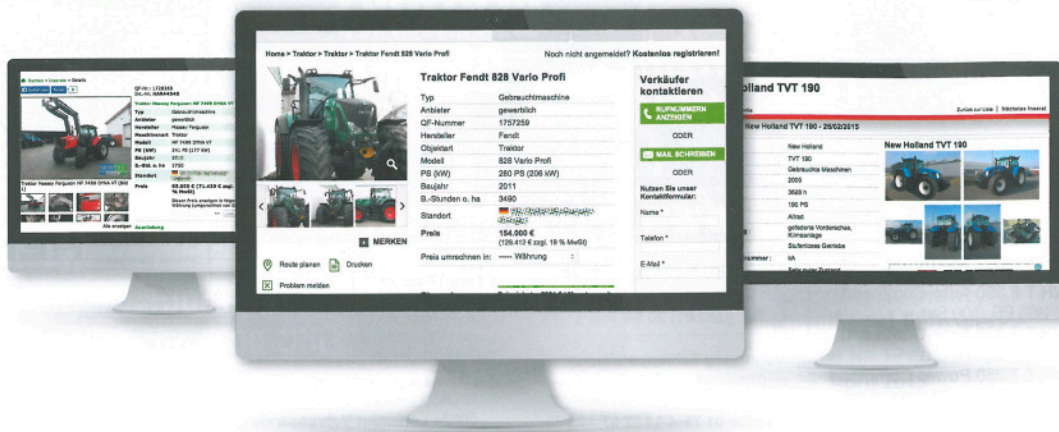
When it comes to used machines, buyers want to get a concrete idea of the machine's condition. Therefore, good photos play a major role in successfully selling the machine. It is important to take current photos. If you offer the machine in summer it should not be placed in snow on your photo. In this case buyers would get the feeling that nobody cares about the machine. Another mistake is taking a photo of the machine while working with it on the field showing it in a dirty condition. This may contradict your opinion but this is not appealing to potential buyers. Of course they do expect the machine to be in an operational state.

Photos are to be taken in horizontal format. And another piece of advice: It is clever to place your machine in a way that your company's logo and lettering can be seen in the background of the photo. You also have to ensure that your logo is placed in a way that it cannot be cut out of the photo since many photos are copied by frauds and used for fake offers nowadays. If your logo can be seen in the background you can protect yourself from pirated copies to a certain extent. Another more professional protection is to include a hologram or watermark in your photo. This way pirate copiers lose interest in your photos. Several service providers as well as farmpartner can include such holograms and watermarks automatically for you.

Your ace up its sleeve – your own and independent machine portal

tecMarket – the web based overview of all advertisements of the machine population for the homepage of agritechnological dealers. Show your prospective customers at a glance which machines are currently offered (new, used, rental or demonstration ones).

Modell	Jahr	Preis	Status
Case IH 2112 CV-8	2007	€ 4.780	(inkl. MwSt)
Case IH 2112	2007	€ 2.268	€ 2.268
Case IH 2112 CV	2002	€ 6.902	€ 6.902
Case IH 76 100	2002	auf Anfrage	auf Anfrage
Case IH 76 11	2002	auf Anfrage	auf Anfrage
Case IH 76 11	2002	auf Anfrage	auf Anfrage
Case IH 76 11	2002	€ 51.170	€ 51.170
Case IH 76 11	2002	€ 69.250	€ 69.250
Case IH 76 11	2002	auf Anfrage	auf Anfrage
Case IH 76 11	2002	auf Anfrage	auf Anfrage
Case IH 76 11	2002	auf Anfrage	auf Anfrage
Case IH 76 11	2002	€ 54.280	€ 54.280
Case IH 76 11	2002	€ 22.800	€ 22.800
Case IH 76 11	2002	€ 3.465	€ 3.465



The way into the internet

The first part dealt with the preparation of the machine from setting the right price to the proper preparation and the best way to take photos.

The second part is about how to present the machine in an appealing way. Attention should be paid to:

1. Choosing the right portal
2. Describing the machine in an appealing way
3. Organising the sale
4. Avoiding non-sellers
5. Bewaring of impostors

4 Choosing the right portal

Nowadays, when it comes to selling agricultural machines, there are more than just ten portals for used machinery. They clearly distinguish themselves in several features:

- the scope: the number of offered machines varies from portal to portal between 2,000 and more than 80,000. By choosing a certain portal, you determine how many potential customers you can reach. This does not just apply to visitors who visit the portal deliberately. The larger the offer of a portal, the more likely it is to be found by a search engine. This way, even more interested parties are lead to the portal.

- the region: some portals are more represented in the north, others in the south or east. This

plays a decisive role for the age as well as for the performance class of the machine.

- the type of the machines: if you have a forestry tractor, the portal you chose should be known for selling or buying such machines. There are some portals which are specialized in forestry machines.

- moreover, there should be a product group for your machine category on the portal. If you want to offer a round baler, the portal should have an own category or subcategory for round balers.

Do not forget the importance of your own homepage while choosing a portal. Compared to other systems, your homepage is closer to your customers from your sales region and has the least fierce competition with other vendors.

It does not make sense to advertise your machine in an monoculture area or in an area where it is not used. Therefore, you should choose portals which are more active and more represented in certain regions. A potato harvester for example. Potato harvesters can often be used in certain areas only due to their special equipment. If you want to sell your machine successfully, you have to attract customers from this region. If you plan to deliberately offer a machine for the export instead (for example as "cannon fodder" for the first use in Eastern bloc countries, see first part of this article), portals abroad are much

In the second part of the article, our author Pierre Büttner from Farmpartner-Tec explains how to advertise your machine properly. What matters is the choice of the right portal as well as the right description to make customers stick to your offer.

more advantageous. Although professional foreign purchasers and farmers search on the big national portals for used machinery, it still increases your scope significantly.

There are, for example, special portals for Ukraine, Russia, South America, Africa or Asia.

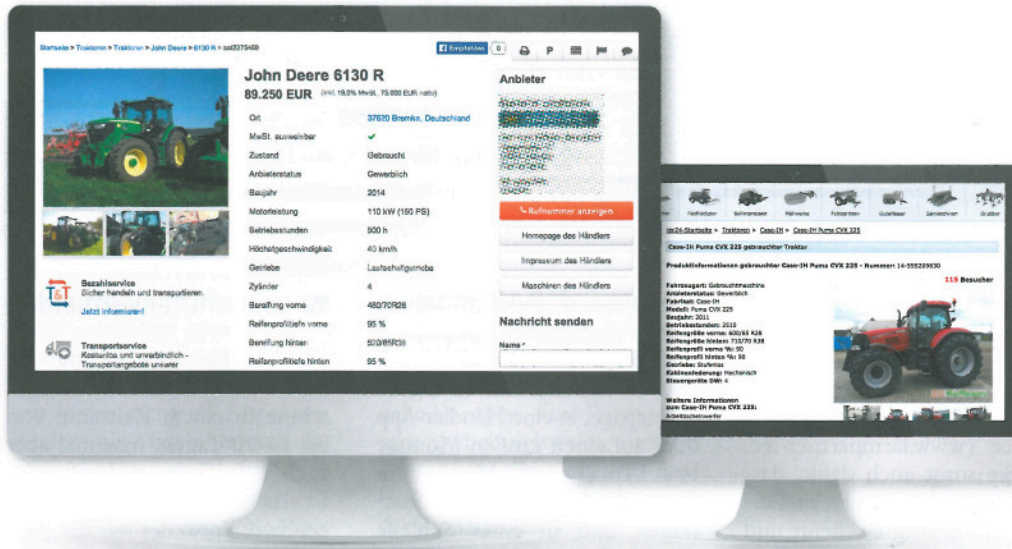
5 Describing the machine in an appealing way

Once you decided to choose a certain portal on which you want to offer your machine, the right description is the next important step to take. Thereby, you should fill in all available text fields of the portal since they are crucial to the customers. If you, for example, forget to include the word "cabin" in the text field, potential customers searching for "tractor, cabin, front loader" will not find your machine – even if the machine was only sold including a cabin by the manufacturer. Your description clearly distinguishes your machine from other machines of



the same type. Features are equipment, deterioration, operating hours, condition of the tires, type and performance of the motor and so forth.

Moreover, every portal includes a free text field which is not integrated into the search function. It offers you the possibility to go beyond the scope of a standard description enabling you to write an own individual text. This text is supposed to praise the features of your machine in an individual and nice but short way – similar to an advertising message. You have to consider that farmers read between 20 and 30 offers of their desired machine an evening. Use your chance and create your text in a way that it is kept in the customer's mind.



While describing your machine, you have to put yourself in the farmer's role. Which features are of interest to him? Avoid using terms defined by the manufacturer and understood only by experts. It is also not necessary to describe all features in detail.

Moreover, show your customers how to have the machines delivered directly to their location. Many potential customers lose interest in an offer if they get the feeling that it is too far away.

By offering logistics support you may regain their interest.

6 Organising the sale

As soon as your machine is online you have to be ready to receive enquiries from customers. Therefore, it is necessary to determine the contact person in your company in advance establishing a telephone number in case of queries.

Hereby, you have two possibilities:

- Each of your employees possesses the needed information about the machine. In this case it is sufficient to mention one single number for queries of potential buyers.

- Only some of employees are informed about the features of the machine, for example those who took it in payment themselves. In this case you should only mention their contact details. To gain the customer's trust, it is better to not just state their contact details but also to include a photo of the contact person.

This way, a mental picture is created in your potential customer's mind. No matter how you organize the contact opportunities, you should avoid that a customer is passed along your company on

the phone before obtaining the relevant information. Putting of the customer by saying "The colleague you are calling is not at his desk/sick/in his lunch break" should also be avoided because you risk that your potential customer will not call again but will choose another offer instead. If the colleague who is responsible for the sale of the machine is not in the office, another employee has to replace him to ensure that the customer does not call in vain. Moreover, you have to establish a system for managing your machinery stock on the internet. If you only use one portal for used machinery it's still relatively easy although there is already potential for optimization caused by synergy effects. although there is already

potential for optimization caused by synergy effects. Offering machines on several portals makes it complicated. Hereby, you should create a central database which enables you to keep track of all offers. The easiest way to do this is by using your ERP system. It already includes some of your data so that you only have to add the data which is relevant for selling the used machine. This offers a great advantage. Apart from creating advertisements for the portals of used machinery, your ERP system also allows you to create professional and impeccable machine offers for interested customers. Moreover, you can access the data when billing or in case of trade ins since there is no need to manage them separately.

Another advantage of listing your machine in your ERP system is that every employee from the sales department or the repair store can access it even after it had been sold while the machine is deleted automatically from any portal. This is particularly interesting for the service. The IT solution of farmpartner-tec (www.farmpartner-tec.de) which is free of charge for dealers helps to connect the ERP system to the portal for used machinery.

Cooperations can help

Cooperations with other dealers are utterly interesting to increase chances of a successful marketing. Let us assume, for example, that you are a dealer for green tractors and a buyer trades in a blue tractor for payment. In contrast to trade-ins of tractors of the same producer, it will be difficult to generate an after-sales-turnover afterwards. The buyer of the other brand is like to have the service done at the official specialized dealer of the manufacturer. Moreover, you will not be the first address for potential buyers of the other brand when they search for a machine. The cooperation with a dealer of this other brand from another region is much more promising. It does not have to be the dealer next door if you do not want to strengthen your competitor. Working together with your cooperation partner enables you to conduct business deals. He provides you with machines of the other brand and the

other way round.

There are some examples in practice where this procedure led to success for both dealers. Apart from receiving money for the sale of your machine, you will also benefit from future revenues thanks to repair service and the sale of spare parts. Regarding machines which are suitable for export, you can also agree on cooperations with foreign dealers of your supplier. The foreign cooperation partner acts as intermediary for customers located abroad. This procedure is especially advantageous in Asia where internet portals are not widely used yet. Since customers abroad are more likely to trust a local dealer, it offers you a nice way to increase sales.



It also allows to show the machine on different portals at the same time updating it automatically and deleting it after the sale. Moreover, it is possible to have the machine placed on selected parts of the used portals only. Apart from this service, the IT solution also offers you the possibility to place the offers automatically on your own homepage, the dealer's app or on a big monitor or touch screen in your stationary store and to have it looping. If your monitor is placed in the waiting area of your company, it might attract the attention of waiting customers.



7 Avoiding non sellers

Having done everything correctly, your machine should be sold within 90 days, 140 days at the latest. If this is not the case, there is something wrong. Either the price was set too high, the description was not appealing or the wrong season or portal were chosen. Consequently, the offer should be deleted completely from the portal after 140 days and a new advertisement should be created. Keep in mind that you should wait several days before advertising it again. Otherwise, you risk that the portal does not recognise your offer as a new one when uploading it with the new parameters. This is particularly important because most portals do not define advertisements as offers but as machines and therefore do not recognise modifications of the parameters as a new offer. Since most portals sort their offers chronologically showing new offers first, it would be quite disadvantageous if your new offer was not recognised as a new one but placed at the bottom of the list.



Apart from a new and more appealing photo you also have to modify or complete the parameters in a way that they are classified as a new offer. Moreover, you should lower the price or set new parameters in case the condition of the machine has changed e. g. new tires or more operating hours due to temporary renting.

Aside from the modification on the portal, you should also put the machine on a different place in your storage yard. There are not only potential buyers on the internet but also visitors who identify non-sellers by their position in the backyard. Even after having found a buyer for your machine, the deal is not yet cut and dried. Now, it is about the payment.

8 Bewaring of impostors

Unfortunately, there are criminal energies. A common fraud attempt is that buyers, particularly from abroad, send you a check for a high amount and ask you to deduct costs for the machine, customs and transport and then transfer the rest to the indicated account.

In most cases it is too late when you notice that the checks were not covered or impostors reclaimed their money. Moreover, you should be careful when transferring money by Western Union because payments cannot be backtracked. If you send the machine and transfer the money, you risk losing both.

To do business in a secure way, the driver of the conveyance agency collects the money with which you will be credited subsequently. Internet portals and forwarding agencies also offer procedures like "Trust & Trade". Thereby, the buyer does not transfer the money directly to the seller but to a neutral account. Once the machine is delivered, the trustee transfers the money to the seller's account.

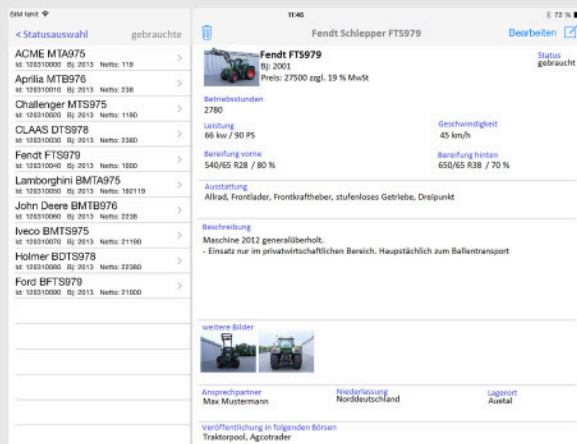
Pierre Büttner

tec Manager

Manage machine data across systems/ portals and independent from location

Our software solutions tecManager APP or tecManager online provide agricultural dealers as well as motorists with a system which enables sales representatives to manage machine and attachments related inventory data (own and third party holdings) across systems and independent from location.

According to our philosophy "process optimisation through fully integrated software solutions and comprehensive data sets" all data, that had been captured or affected in the tecManager system, are synchronised with the data of the merchandise management system and submitted to the marketing portals.



Addressing customers proactively any time animating them to search for machines

tec Presenter

tecPresenter gives an overview of all advertisements for machines on touch screen systems inviting customers to interact. Use this function at fairs, on iPads, at the sales counter and in showrooms. The self-running program in the foreground shows a slideshow-like overview of your advertised machines. This provides potential customers the opportunity to conduct a targeted search for appropriate machines as well as to view their advertisement data.



ADVANTAGES

- Self-running
- Visually striking
- Animates prospect customers and visitors for active use

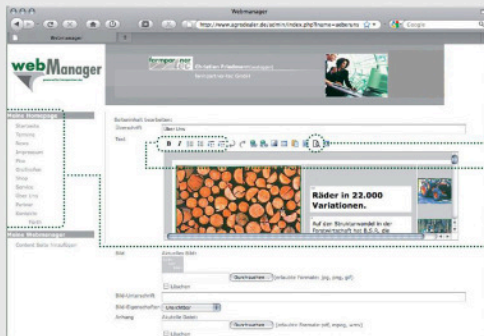
FIELD OF APPLICATION

- Fairs / Exhibition rooms and halls
- Showcases / Sales counters
- iPad

web Manager

Homepage Administration with the webManager

webManager, a website and content management system, enables agritechological dealers as well as motorists to get and manage their own and individual homepage in no time.



Maximum flexibility is provided by the easily structured administration interface for texts, images, dates, news, documents and even multimedia integration which enables the dealer to keep his website updated for its visitors.

- Professional layout thanks to the individual designing of our media designers
- Independent administration of the entire website including automated support of the system
- Easy administration
- Possible connection to merchandise management systems (presented automated machines, spare parts and articles on your website)

Since 2001 Farmpartner-Tec offers internet services for agricultural dealers, manufacturers as well as marketing portals having two subsidiaries and 16 employees. Our products are ideal for facilitating the daily work of our 2,400 merchant customers all over Europe.

Manufacturers use our varied tools to exchange data and information with their dealers. Moreover, locally as well as globally operating third party portals and OEM solutions for second hand machinery are among our customers.

Our solutions connect them to the machine selling traders and thereby enable them to be updated automatically about the latest offers on their portals.

Our author

Pierre Büttner, division manager for "IT Solutions / Webservices" at Farmpartner-Tec GmbH. Farmpartner-Tec, located in Schwaebisch Gmuend, is specialized in providing IT services for agricultural dealer. It connects the data of the ERP or DMS/DBS of the agricultural dealers to the systems of the agricultural portals for used machinery as well as to the dealers' own homepages and the systems of the manufacturers. This way, the marketing for machines, equipments and spare parts is improved and the range of the homepage is increased.
www.farmpartner-tec.com



Pierre Büttner.