G.M. to Start Selling on eBay on Tuesday

Detroit — General Motors will begin selling new cars and trucks on the auction Web site eBay in an attempt to regain some of its lost market share in the United States.

The program is one way for consumers to receive discounts on cars without dealing with the haggling often associated with buying cars through dealerships. The partnership with eBay is also a crucial part of G.M.’s effort to return to profitability after five years of heavy losses and to remain the new-vehicle sales leader in the United States.

Unlike a typical eBay sale, vehicles will not be auctioned to the highest bidder but rather listed at a “buy it now” price equal to G.M.’s supplier price. Shoppers also can submit a lower offer that the dealer can accept or reject.

“It’s very attractive to a core group of customers who don’t really care for the negotiating experience at a dealership but do want to negotiate,” said Mark LaNeve, G.M.’s vice president for United States sales. “Now they can do that anonymously online. So we think it’s going to give us some opportunities we didn’t have before.”

The venture will involve about 90 percent of G.M.’s dealerships in California starting Tuesday, but G.M. hopes to expand it nationally as soon as September.

General Motors is starting its eBay venture in California, with plans to expand nationally.

By Nick Bunkley
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G.M. chose California as its test state in part because it has performed so poorly there in recent years, with a market share of 13.5 percent, far below its national average, which is just below 20 percent. Up to 20,000 vehicles will be listed on the site at first, G.M. said.

Ebay also said that if the program succeeded it hoped to expand it nationally and was open to working with other automakers. In 10 years, more than three million vehicles have changed hands on ebay Motors, which records 12 million unique visitors every month.

G.M. hopes ebay, which claims 84 million active users worldwide, will help it reach potential buyers who might not otherwise visit a G.M. dealership.

Critics and analysts have widely praised the company’s new autos, but persuading shoppers — some who swore off G.M. products decades ago because of poor quality or bland designs — to visit showrooms has remained difficult.

Though many of its dealers already use ebay to sell used vehicles and list their inventories, G.M. will be the first automaker to sell new vehicles on the site. G.M. and eBay have set up a dedicated portal, gm.ebay.com, as part of the pilot program. G.M. says shoppers can use it to browse dealers’ inventories, ask questions, negotiate prices and arrange financing.

“For so many people, especially the younger generation, this is the way they like to do things,” said Scott McAllister, the controller at Mike Daugherty Chevrolet in Sacramento, Calif. “It gives us another avenue to somehow reach people.”

Mr. McAllister says his dealership has not used ebay for any sales. But now most, though not all, of its inventory will be listed on the site.

General Motors is cutting four of its eight brands, a move that could cause it to fall behind Ford and Toyota unless it manages to increase sales of the remaining brands. One surviving brand, Cadillac, is not part of the ebay program.

“I think we’ll sell quite a few cars in this promotion where the customer never sees the dealership,” said Mr. LaNeve of G.M.

The program initially runs through Sept. 8, but Mr. LaNeve said the deadline was meant to control pricing, and was not an indication that sales through ebay would stop then.

The partnership is also a shift for ebay, as it mostly sells used vehicles and auto parts through its ebay Motors site.

G.M. first broached its plan to sell cars on ebay as it came out of bankruptcy protection last month, but at the time ebay denied having a partnership with G.M.

The new chairman of General Motors, Edward E. Whitacre Jr., vowed last week that the company would remain the top-selling automaker in its home country, but the company conceded in a regulatory filing on Friday that eliminating half of its brands would probably reduce its total sales, “possibly significantly.”

“While not groundbreaking, G.M. aggressively facilitating the placement of dealer inventory on ebay can only help sell more vehicles,” said Jeremy Anwyl, the chief executive of Edmunds.com, a Web site that gives consumers car-buying advice.

More than three-quarters of people who bought a new auto in 2008 researched their purchase online, according to a study by J. D. Power and Associates, but actually completing a sale through the Internet remains uncommon.

“A lot of them actually end up going to the dealer in person and test-driving the car before finalizing the transaction,” said Rob Chesney, a vice president for ebay Motors. “But there’s a lot of that purchase process that we can make easier with Web-based