



Auctions go high-tech

Digital technologies are revolutionising auctions, resulting in better exposure for sellers and a broader purchasing base for buyers. **Glennis Kriel** reports.

Online livestock auctions are not a new phenomenon. Gert Coetsee, founder of NetAuctions, started experimenting with online auctions in 2005, selling mainly Nguni and dairy cattle via the website Eco Auctions.

In 2015, he changed the name from Eco Auctions to NetAuctions to prevent confusion.

“We wanted to clarify that we weren’t in competition with auctioneers, but provided a virtual space that could add value to auctioning services,” he explains.

THE FALL AND RISE OF ONLINE AUCTIONS

Coetsee’s online auctions were well supported up until 2010, after which interest dwindled until he was hosting an average of only five a year. Since the start of the COVID-19 lockdown, however, interest has picked up, and he now hosts several auctions a week via NetAuctions and WhatsApp. A recent highlight was the sale of a Nguni bull at a world record price of R310 000 via WhatsApp.

“I don’t know why interest in online sales declined in 2010, but farmers are now more receptive to the innovation, thanks to increased integration of smartphones, computers and online sales with our everyday lives. It was only a matter of time before online sales took off, and the lockdown accelerated this trend,” says Coetsee.

NetAuctions hosts various types of auctions. The first is the conventional on-site auction

attended by buyers in person. The second is a live Internet auction held entirely online.

A third option enables buyers to participate in an online timed auction, similar to the format used by BidorBuy. NetAuctions lists sellers’ animals and buyers bid for them over a specified period, which can range from a couple of hours to a few weeks.

Coetsee runs timed auctions via his website or WhatsApp, posting photographs, videos, pedigrees and other information on the website before the sale to enable buyers to make an informed decision.

THE EXTRA COSTS ARE OFFSET BY HIGHER PRICES, AS THERE ARE MORE BIDDERS

“Timed sales work well for game sales, as buyers are usually familiar with the available genetics and are looking for specific traits, such as horn length or a specific colour of animal. Stud buyers prefer physical auctions, as most of them want to see and touch the animal before buying it,” he says.

Timed sales can be exciting, according to Coetsee, with prices sometimes being stagnant for days and then more than doubling by closing time. WhatsApp sales are conducted two to three times a week, usually for show chickens, but

ABOVE FROM LEFT:

- The creators of digital auction platforms say they are not in competition with traditional auctioneers, but aim to provide an additional service and marketing and sales option.

SUPPLIED

- The SwiftVEE platform supports live webcasts and silent and timed auctions, and has a mobile app, making it easy to register and bid online.

SUPPLIED

- The Bull Ring Auction House, on the farm of Jarren and Simeon Hurwitz, can host up to 400 people.

ANDRÉ PRETORIUS FOTOGRAFIE



also for Nguni and dairy animals. Buyers have to register online, after which they are added to the sales group. When the auction opens, they add the lot they want to buy and the price, and the person with the highest bid takes ownership of the lot when the auction closes.

"WhatsApp sales work well, but participant numbers are limited. We're looking at alternative messaging platforms to accommodate more buyers," says Coetsee.

He adds, however, that disposing animals via online sales is easier said than done. The seller needs to be a well-established breeder with an excellent reputation before potential buyers will consider risking their money.

DIGITAL TRANSFORMATION

In 2016, the BKB Group identified the digitalisation of sales as a new trend and began working on ways to integrate the technology into its services. In February this year, it launched three digital auction options: simulcast, where a live auction is streamed through the BKB digital platform; a fully digital auction, where livestock are auctioned off by an auctioneer in real time, making use of pre-recorded videos and photographs that can be viewed during the auction; and a timed auction.

Buyers can participate through any device, as long as it has Internet access.

The digitalisation of sales has significantly increased BKB's sales, according to Gert Jordaan, digital auction manager at BKB. This is especially

FAST FACTS

- Online auctions generally realise higher prices as they enable more people to take part.

- They save on transportation costs, lessen the danger of accidents, and reduce biosecurity risks.

- A disadvantage is that they favour top breeders, who are trusted more; lesser-known breeders can find it difficult to attract buyers.

the case in the central parts of the country, with lambs moving far faster and in greater volumes than before.

"Between April and August, we sold more than 60 000 small stock, and our weekly Monday Store lamb auction has been attended by 31 to 45 buyers and between 130 and 190 e-viewers per auction," he says.

The BKB platform is based on a US-developed solution. "We decided to go with this as it has achieved great success internationally and has certain functions that were unavailable locally. For example, the system is totally interactive,

enabling users to communicate with the auctioneer through a clerk chat option."

Live streaming an auction does add costs, as it requires back-office support, sufficient bandwidth and a high-quality digital catalogue. But these are generally offset by better prices, as more people can participate. In addition, if the animals are auctioned off from the farm, transport costs and disease risks are eliminated.

The system has rendered auctions more vulnerable to chancers and scammers, but BKB registers buyers in accordance with the Financial Intelligence Centre Act beforehand, largely negating this risk, and animals do not exchange hands until the buyer pays.

BKB protects buyers, in turn, by supplying them with as much information as possible



GERT COETSEE

SUPPLIED



GERT JORDAAN

SUPPLIED



ABOVE:

The SwiftVEE team (from left): Louwrens van Wyk, Russel Luck, Christine Nel, Niel de Villiers, Hermann Harris, Greg Meier and JP Swart.

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ABOVE RIGHT:

From left: Jarren and Simeon Hurwitz, owners of the largest registered Boran herd in the world, congratulate Dylan and Rohan Meintjies from Sterkfontein Borane, who bought the most expensive bull at R900 000 and heifer at R280 000 at the Hurwitz Farming Production Sale held in August this year.

With them is Jeannie du Plessis, stud master of the Hurwitzes' Circle H Stud.

SUPPLIED

RIGHT:

Jarren (left) and Simeon Hurwitz are co-owners of the Bull Ring Auction House near Davel in Mpumalanga.

PHOTOS: ANDRÉ PRETORIUS FOTOGRAFIE

OPPOSITE PAGE, ABOVE

Online sales can reduce handling stress, as well as disease and injury risks.

FW ARCHIVE

about an animal before the sale, so that they can make an informed decision. The animals are also weighed after the sale to ensure they are in the same condition as presented during the sale.

ARTIFICIAL INTELLIGENCE

SwiftVEE, the new kid on the block, claims to be the founder of real-time livestream auctions in South Africa and also the first to incorporate machine learning and artificial intelligence (AI) in its product offering.

SwiftVEE won the UN's best e-Agri Platform Award in 2019, as well as the Facebook-MEST Innovation Summit and Google Launchpad.

Founder Russel Luck says that SwiftVEE does not try to cut out the middleman, but seeks to add value to auction agency offerings.

The platform supports live webcasts and silent and timed auctions, and has a mobile app, making it easy to register and bid online. Farmers and agencies can list groups of animals, and sell these as they would on Gumtree.

Luck started developing the platform as a commercial business in 2017, drawing inspiration from online livestock trading abroad, amongst other sources. Seed capital came from government initiatives aimed at stimulating agri-tech innovation, and early funding came from Google, along with venture capitalists. The company now aims to expand its market reach and digital products.

SwiftVEE hosted its first online auction in July 2019. Sales were good, and have picked up significantly during the COVID-19 lockdown; the platform hosts two or three auctions a day, up to six days a week.

Due to its participation in the Google Launchpad programme, SwiftVEE could develop AI strategies that matched buyers and sellers at optimal times.

"Vleissentraal has been working tirelessly with us to develop an AI solution, resulting in the company breaking two South African records by selling a Simbra bull for R370 000 and a Boran for R1,7 million in the same week in July," says Luck. Another of SwiftVEE's strengths is



its ability to get auction sites connected from virtually anywhere. "I have an amazing team that goes to great lengths to make things work even under the most extreme conditions," he says.

He foresees that the technology will continue to evolve, bringing even greater efficiencies as Internet access and connectivity improve.

Most digital solutions enable a seller to list a reserve price (the animal will not be sold unless that price is reached). BKB and SwiftVEE also have a feature that enables buyers to define the maximum they are willing to pay for a lot, after which the system will bid for the buyer up to the predefined maximum.

For Luck, though, the main advantage of online auctions is that they broaden the sales base, presenting a great opportunity for producers.

"South Africa is renowned for the excellent quality of its stud animals, and the poor exchange rate allows international buyers to get great value for money," he says.

Luck adds that the technology is extremely convenient, allowing a bidder to buy livestock while, for example, attending a wedding or watching a rugby match.

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THE FUTURE OF PHYSICAL AUCTIONS

While digitalisation is bringing more efficiency to auctions, online auctions are not about to replace physical auctions of stud animals, especially cattle.

Simeon Hurwitz, who with his brother, Jarren, owns the Bull Ring Auction House in Mpumalanga, has the best explanation: "Auctions are highly personal, with most buyers still wanting to see, touch and feel the animals they buy. They are also a great part of South African culture, a place for farmers to socialise, network and catch up with one another."

The Hurwitz family were one of the first to import Boran genetics into South Africa, buying theirs in 1995 from Zambia, long before the Boran Cattle Breeders' Society of South Africa was established in 2003.

The family started out with 900 embryos, but poor farm management by a third party resulted in hardly a handful of Boran cattle being left by the time the Hurwitz brothers joined the farm 10 years ago.

"We had to rebuild the herd, and today have the largest registered Boran herd in the world, consisting of more than 3 000 head of cattle," says Hurwitz.

To add value to their enterprise, the brothers built the Bull Ring Auction House on 5ha of marginal land alongside the N17 between Bethal and Ermelo. The idea was met with criticism.

"People said we were wasting our money; it would turn into a white elephant as there were enough auction venues that were hardly ever used," says Hurwitz.

They hosted their first in-house auction here in 2015, and the venue has since been in high demand by farmers, auction agencies and for hosting farmer days, conferences and social events.

"The investment was more than worthwhile, paying for itself in fewer than five years," says Hurwitz.

He ascribes the success of the Bull Ring Auction House to its excellent location, which has turned it into a local landmark.

"One of our workers, returning from Johannesburg, told the taxi driver which way he was heading, and the driver told him he knew the exact spot."

Besides this, the facility has been designed for ease and comfort, with washing facilities, a restaurant and the auction area being located in a single facility.

The auction area has stadium-like seating for 250 people, and the venue as a whole can accommodate 400. The layout allows buyers to view the animals from anywhere on the floor, while the bathrooms are equipped with speakers to allow buyers to follow events.

The Bull Ring also boasts CCTV cameras, air-conditioning, Wi-Fi and other facilities usually associated with modern venues in cities.

"It's really sophisticated, as we wanted it to reflect the quality and effort that we put into the breeding of our animals. One farmer told us that the venue made him feel as if he had to dress smartly," says Hurwitz.

But the brothers realised it was not enough merely to have a great venue; they also needed to use the latest digital tools to add to their offering. They therefore make use of SwiftVEE via Vleissentraal to host their annual auctions online.

"Giving the online option has definitely helped increase our exposure and sales margins," says Hurwitz.

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