The following are the disadvantages of online auctions (for both buyers and auctioneers):

Chances of Fraud

Images of products in online auctions may be different from the original product.

Online auctions may lead to fraud, or leave buyers vulnerable to online fraudsters and hackers. There have been several cases, where sellers have duped buyers in an online auction. In some cases, sellers have asked for buyers’ banking information and then used it to commit online fraud.

Technical Glitches

There are always chances of technical glitches ruining the auction, both for buyers and sellers. These glitches could occur due to high traffic, payment gateway errors, and more. A single glitch could cost a significant amount of money to the seller. On the other hand, it could prevent buyers from purchasing the product they want. Bidders are unable to view and inspect the products.

Lacking Competitive Atmosphere

Online auctions lack the competitive atmosphere that we see in offline auctions. The competitive atmosphere in offline auctions often results in higher bids.

Some bidders use a tactic, known as “Sniping.” Bidders using such a strategy place their bids only at the last moment, i.e. when it becomes impossible for other bidders to come up with competitive bids. Such a practice could result in sellers getting below the market value for their offering.

Lesser Control over Number of Participants

The auction company has no control over who is participating in the bid. This could lead to anonymity in identifying the bidders.

Since online auctions attract a lot more people, it means each bidder needs to outbid a lot more people to win the bid.

Time Gap in Bidding & Delivery

Successful bidders need to wait for the delivery of the product to their address.

Final Words

Despite the drawbacks, online auctions are growing very popular around the globe. Auctioneers are using state-of-art software to ensure auctions don’t encounter any technical glitches and are safe for the bidders as well. Still, it is crucial for both buyers and sellers to investigate all aspects of the online auction before deciding to take it up.

Reference: eFinanceManagement.com