

How to Dispose of a Hobby Related Collection

by
Andy Traverse #1655

If you are reading this, it may be that you are the current owner of, or recently became the custodian of a collection of specialized hobby related collectibles that must be liquidated. These items are not the general type of thing that you give to the Salvation Army, distribute to friends and family, or sell on Kijiji. The notes below outline some of the issues and options that may need to be taken in order to dispose of the collection.

Considerations for the Disposal of Hobby Related Collections

There are three major considerations that will dictate which options can be considered for the disposal of the collection. The balance between length of time available to dispose of the collection, the expected monetary return on value for the collection, and, the amount of effort you are prepared to expend to sell the collection will dictate what you can realistically expect in value. Obviously, every owner of a collection wants to dispose of the collection quickly, for top dollar, with no effort. In most cases this is a totally unrealistic expectation. The three considerations that determine the path to follow for disposal of the collection are outlined below.

1. Time Considerations

Ask yourself: How much time do I have to dispose of the collection? ...

(It must all be gone by the end of the month, or, it must all be gone by this time next year.)

2. Monetary Considerations

Ask yourself: How much money do I expect to get for the collection? ...

(I paid top dollar 10 years ago, so everything must have increased greatly in value, ... or, just get whatever you can for the stuff.)

- Items in good shape in original packaging command the highest prices.
- Visibly used or damaged items are worth far less
- Someone buying the entire collection is prepared to take the bad, as well as, the good items, but expect to pay substantially less.
- Model type items that are out of the box and built and/or painted are of less value unless they are of museum quality.
- Current values of items in most cases have no relationship to the original purchase price. *(some may be higher, some will be lower, most will be much lower than original purchase price).*
- Is the market for the collectible strong or weak? The classic supply and demand issue. *(Some collectibles have lost appeal, while others have increased in interest. For example, Beanie Babies or Pogs have lost interest while Star Wars collectibles have gained.)*

3. Effort Considerations

Ask yourself: How much personal effort are you willing to invest in the disposal of the collection? ...

(I am prepared to do as much work as possible to optimize the value of the collection or, I don't want to spend any of my time on the disposal of the collection.)

Disposal Options

There are many options for the actual disposal of the collection. Once you have established your position on the three considerations outlined above, you can investigate and decide on the best plan to actually dispose of your collection from one or more of the options outlined below.

1. Auction –

Let an auction house sell the collection for whatever they can get

Advantages

- Someone else does most of the work

Disadvantages

- Selling prices at auction are unpredictable
- There are considerable fees associated with selling at auctions (even if the items do not sell)
- In the end, many items may not sell at all
- You have to pack, insure, and ship the collection (to and from the auction house) at your expense

2. Single Bulk Sale –

Sell the entire collection at one time as a big lot to a collector or dealer

Advantages

- The entire collection sells all at once

Disadvantages

- Not many hobbyists or hobby retailers are willing to buy large bulk collections
- Bulk purchasers expect considerable price reductions (expect offers as low as 10% of total individual asking price for someone purchasing the entire collection.)

3. Individual Sales of items –

You sell off the collection one item at a time.

(You become a retailer in trying to sell off all the items at trade shows, online (eBay, etc.), or by a home store.)

Advantages

- Prices obtained will be the higher than any other method

Disadvantages

- Good items will sell faster, lower grade items will take longer to dispose of and the poor-quality inventory may never sell
- It will take a lot of work and time to sell off the collection
- There are many costs associated with selling at shows or online

4. Consignment Sale –

Let someone sell the collection one item at a time

Advantages

- Someone else does most the work

Disadvantages

- You pay consignor fees to sell your items (up to 50% and beyond of sales price)
- It may take a considerable time to sell all the items
- In the end there still may be many items that will not sell

5. Donate the collection to an organization or museum for a tax receipt

Advantages

- The collection moves out as a single unit
- Possible museum 'legacy' factor for donor

Disadvantages

- Not easy to find a charitable or registered organization to accept the donation
 - Often, two official evaluation appraisals might be required for tax donation purposes
 - No actual cash is received for the collection
 - Who pays to package and/or ship the collection?
 - There will be appraisal and evaluation costs involved with this task, which may be substantial depending on the scope of the assignment.
-

Important Considerations

There are two major steps that will impact the ease of disposal of any collection, while at the same time will increase the overall value of the collection:

1. Inventory the Collection –

Produce a detailed list of every item in the collection, with associated notes on the condition of each item, supported with photographs

This is virtually a mandatory step. Without a comprehensive list identifying the items, how can someone offer to buy the items at a fair price? There are varying degrees of 'inventories' from detailed lists of every item to generalized lists of broader groupings.

2. Evaluate the Collection –

Assign an estimated value to every item or group of items in the collection, based on the type and purpose of the valuation and the current condition of the items.

Without an idea of how much the items of the collection are worth it will be difficult to sell the items. There is a difference between market value and asking price for selling purposes. Values often depend on the need. If you are valuing the items for replacement insurance reasons, the price may easily be different from the value you would assign as an offer to sell the item. Be sure you know and have defined your rationale before 'valuing' items.

Some pricing factors:

- Price values have to be realistic – (If the item can be bought new from a store for almost the same price as you are asking, why would anybody buy yours?)
 - Bulk purchasers, such as collectors or dealers, expect to pay far less than single item buyers
 - Truly 'collectible' items that have historically published guides, such as auction results that establish prices, are easier to value than general merchandise and can usually command higher prices due to established values
 - Original purchase price has little impact on the value of an item
 - In general, older items have less value than newer items until a magical point where they become 'nostalgic collectibles' and rise in value
 - Electronic items rarely rise or maintain value as similar newer items have more options, and newer technology at lower prices.
-