eBay, GM to Start Trial Program to Sell New Cars Online

BY RACHEL METZ, AP Technology Writer

(AP) -- General Motors and eBay Inc. are expected to announce Monday that hundreds of the auto maker's California dealers will let consumers haggle over the prices of new cars and trucks through the online marketplace, as part of a previously disclosed trial.

About 225 of California's 250 GM dealers are set to take part in the program, which will begin on Tuesday. They will be selling Buick, Chevrolet, GMC and Pontiac vehicles on cobranded Web sites through eBay's online auto marketplace, eBay Motors, until Sept. 8. The cars will also be searchable through eBay Motors and eBay's main site.

The trial is part of Detroit-based GM's turnaround plan, making more official a practice some of its dealers had already participated in on their own. It expands an existing partnership covering GM certified used vehicles sold through eBay.

It also marks a shift for San Jose, Calif.-based eBay, since most of the vehicles sold on eBay Motors - a site that sells various types of vehicles and auto parts - have traditionally been used.

Starting Tuesday, eBay visitors will be able to visit Web pages like gm.ebay.com and chevy.ebay.com, where they can browse new 2008 and 2009 vehicles, ask dealers questions and figure out financing.

The cobranded sites will also include a Web tool currently on eBay Motors that

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helps shoppers determine if they're qualified to trade in their old car for money toward a new one under the government's just-refilled "cash-for-clunkers" stimulus program.

Car buyers will be able to choose between the two standard options currently offered on eBay Motors: Negotiating a price with a dealer through the site or purchasing right then at a fixed price. Cars will be picked up at the dealerships.

EBay Motors Vice President Rob Chesney said the companies decided to run the trial in California because there are many tech-savvy consumers there. EBay users who live outside California can contact dealers to see if they're willing to sell and ship vehicles to them, he said.

The test comes a month after GM made an unusually quick exit from bankruptcy protection with ambitions of becoming profitable and building cars people are eager to buy. Once the world's largest and most powerful automaker, new GM is now leaner, cleansed of massive debt and burdensome contracts that would have sunk it without additional federal loans.

GM CEO Fritz Henderson said in July that the company was working on an experiment that would let eBay users in California bid on vehicles or buy them at a fixed price. Dealers were to distribute the cars. At the time, no deal had been completed, though.

Mark LaNeve, GM's vice president of U.S. sales, believes that getting the auto maker directly involved in new online sales will give customers a larger sense of security about buying a car on the Web. Currently, many consumers research new cars online, but most still go down to a dealer to make the actual purchase.

He's hoping it generates more interest in GM vehicles in California - a market he said the company needs to improve in.

For eBay, the program fits in with its strategy of growing its market for goods that are still new but not necessarily the latest models. It's also a chance to get more people interested in making new, large purchases on a site whose past is steeped in the sale of hard-to-find collectibles. The sale of used cars on eBay is already proof that consumers are getting more and more comfortable buying higher-priced items online, Chesney said.

"New cars are like the next frontier of that," he said.

The companies would not give financial details of the deal, but GM spokesman John McDonald said it is an arrangement that they think will be profitable for both firms.

If the companies feel the trial is successful, they want to expand it across the country. Lorrie Norrington, president of eBay marketplaces, said eBay may eventually try doing the same thing with other auto makers, too.

Inder Dosanjh, a Dublin, Calif.-based dealer who owns four GM dealerships and currently sells used cars on eBay, said the program shows GM is trying to step outside the box and find new ways to sell cars. He plans to list all his new inventory on eBay this week.

"I think they should have done this a long time ago," he said.

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