

# **Auction or haggling – what should the seller choose?**

A look at the interaction between price discovery and competition in Name-Your-Own-Price auctions.

Jonas K. Sekamane

Experiments in Economics – 4. December 2014

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**Unique brass floor lamp**  
Antique brass floor lamp  
Material: Brass

799 Nkr.

Incredible beautiful brass beds lamps. Near white cord on ca.3,5 meters. Lamp screen of a type of plastic, which can be washed.

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For hammer, bid on price, domain redirection (2)  
Number: 2001/146

This auction closes in:  
3 minutes 59 seconds

Start bid: 200  
Bid step: 100  
Estimate: 2,000  
Shipping bid: 100  
Hammer bid: 200  
Hammer bid will be added to the shipping bid.  
The hammer bid on this lot corresponds to the starting price. Let's just assume the hammer bid is 200 and the shipping bid is 100. The total bid would be 300 plus of similar terms. Read more...

[Place a bid](#)

**General information:**  
The hammer bid on this lot corresponds to the starting price. Let's just assume the hammer bid is 200 and the shipping bid is 100. The total bid would be 300 plus of similar terms. Read more...

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You can bid on the lot by either choosing [Offer bid \(0.00,-\)](#) or [Place bid](#).  
Please note:  
Offer bid: You can offer a bid or you can bid for free services.  
Place bid: [Read more about bidding rules](#)

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71/372

## Vienna Bronze, 'Pride Comes Before a Fall', c. 1900

Buyer Hotline: +49 30 9802 0221

Price: € 540

[Buy now or place counter offer](#)

including taxes, excl. shipping  
Glossy antique bronze. A. Lederer, Vienna  
Subject to prior sale.

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## Unique brass lamps

Product	Unique brass lamps	Age	100
Material	Brass		

Incredible beautiful brass beds lamps. Neat white cord on ca.3,5 meters. Lamp screen of a type of plastic, which can be washed.

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[Click here to see a larger picture.](#)

**Par barnestole, metal og plast, dansk møbelproducent (2)**  
Lot number: **3630148**

This auction closes in:  
3 minutes  
3 seconds

Next bid: DKK 300  
(EUR 40)  
DKK < 1,000  
Estimate: DKK < 125

Starting bid:  
A buyer's premium of 20% and a hammer fee will be added to the stated price.  
The estimate on this lot corresponds to the price Lauritz.com expects the hammer to fall at based on previous sales of similar items. [Read more...](#)

 0

**Description:**  
Et par barnestole med stel af forkromet metal, indstillelig sæde og fodstøtte af plast, H. 80 cm. Dansk møbelproducent. Fremstår med alders- og brugsspor. (2)

Show approximate translation

**Place a bid**

You can bid on the lot by either choosing  the next possible bid or you can use our Max-bid service. [Read more about bidding here](#)



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# Vienna Bronze, 'Pride Comes Before a Fall', c. 1900



Buyer Hotline   
+49 30 9832 0221

Price

€ 540



Buy now or  
place counter offer

Including taxes, excl. shipping  
([Show shipping costs & delivery times](#))  
Subject to prior sale

Contact us



## Vienna Bronze, 'Pride Comes Before a Fall', c. 1900

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Vienna  
Bronze  
Fall



€ 540

### Price

Plus shipping and delivery

Buy now and benefit from our special service:

- ✓ Swift purchase transaction through direct reservation of items
- ✓ Staggered shipping costs when purchasing multiple items
- ✓ Our first class customer service offers individual purchasing advice

► Buy it now

Make an offer:

- ✓ Our sales team will negotiate with the seller on your behalf.  
The item will remain on sale to other people while your offer is being reviewed.

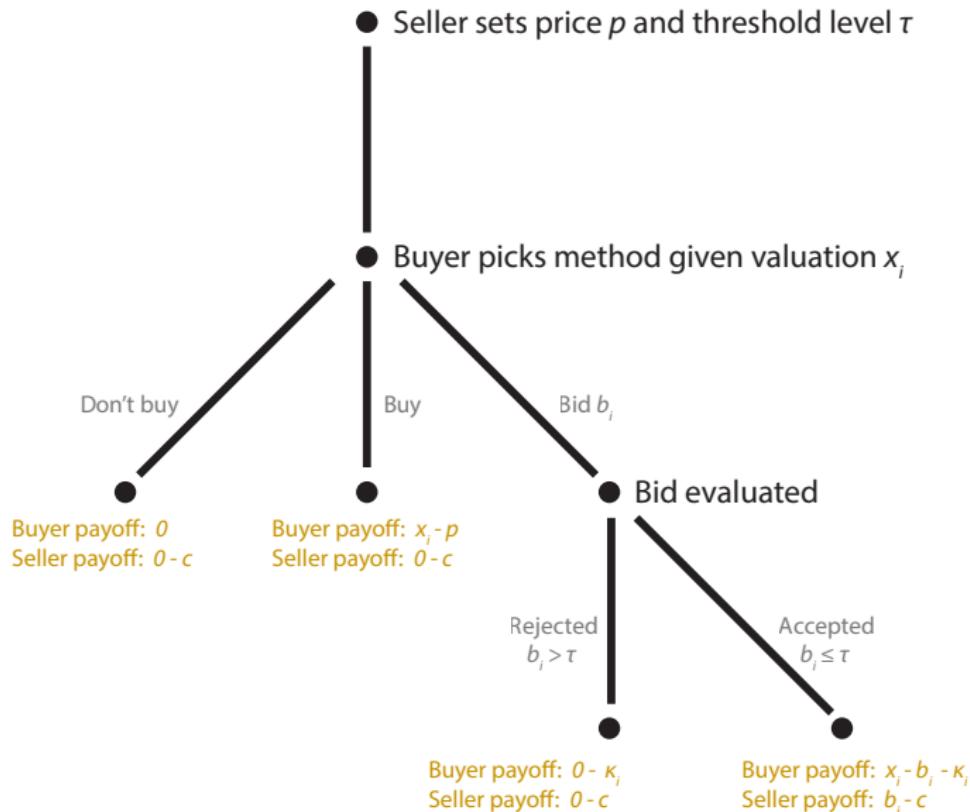
► Place a counteroffer

Search 🔎

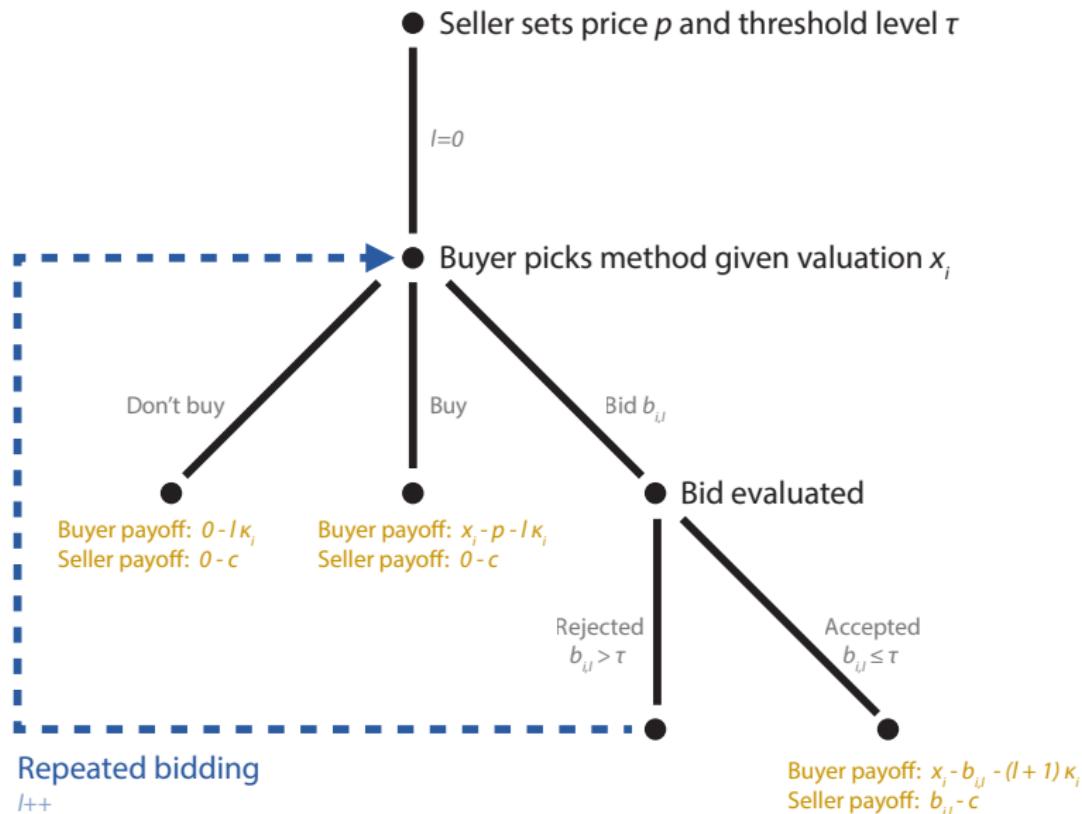
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(s)

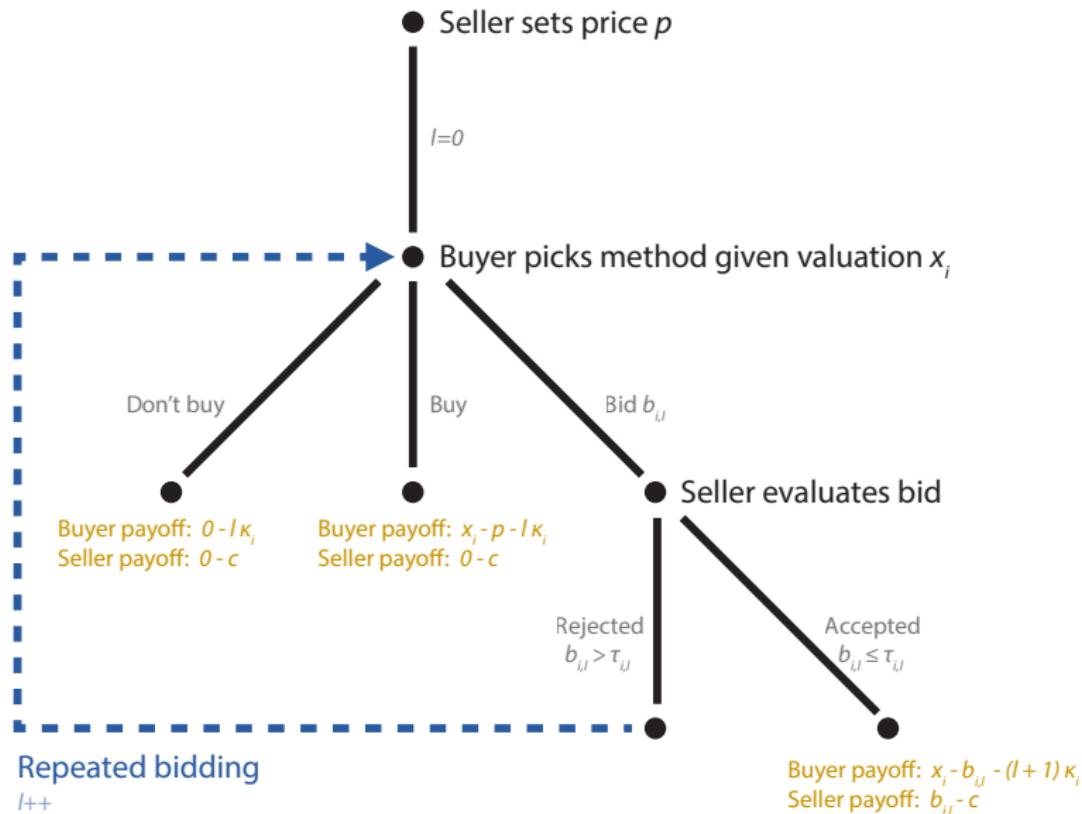
# NYOP



# NYOP with repeated bidding — Terwiesch et. al. (2005)



# 'Haggling'



# What might happen in repeated-bidding NYOP?

Terwiesch et. al (2005): buyers balance between bidding too much, giving the seller additional rents – and bidding too little, possibly enduring or wasting haggling cost.

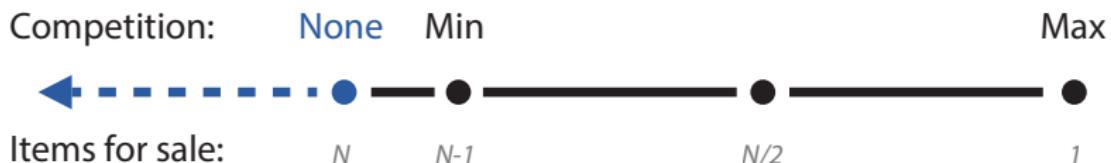
- ▶ Bid just above: bidding repeatedly and incrementally until bid is accepted. **Learning (individual channel).**
- ▶ Search effort: minimise haggling costs or number of bids.

# Competition among buyers?

**Auction:** Highest bid

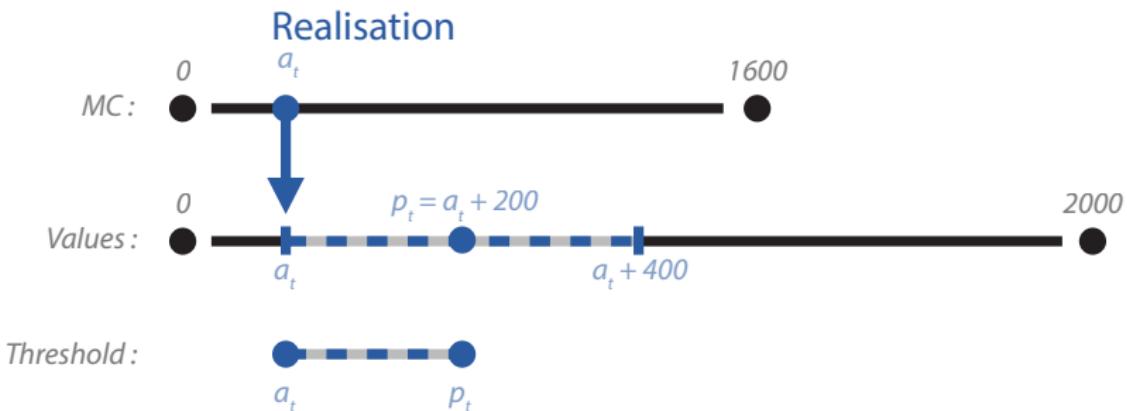
**NYOP:** *So far, none.*

- ▶ My suggestion:
  - ▶ Scares goods / unique items.
  - ▶ First-come-first-served (FCFS)



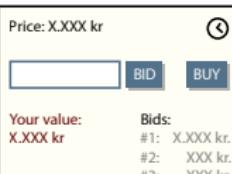
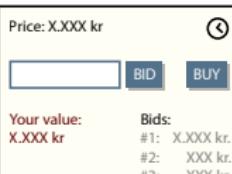
# Experiment

- ▶ Participants all play the role of buyers.
- ▶ 5 participants in each session.
- ▶ Values, posted price and threshold are uniformly random:



- ▶ Posted price and buyer's own value is shown. (No info on distributions).
- ▶ Framed as scarce good, e.g. "*One of a kind, 19th century, handpainted ...*"

# Treatments

	NYOP (FCFS)	AUCTION (HIGH)
Affiliated values Repeated bidding Single unit	 <p>Price: X.XXX kr</p> <p><input type="text"/> BID BUY</p> <p>Your value: X.XXX kr</p> <p>Bids: #1: X.XXX kr. #2: XXX kr. #3: XXX kr.</p>	 <p>Price: X.XXX kr</p> <p><input type="text"/> BID</p> <p>Your value: X.XXX kr</p> <p>Bids: #1: X.XXX kr. #2: XXX kr. #3: XXX kr.</p>
Private values	 <p>Price: X.XXX kr</p> <p><input type="text"/> BID BUY</p> <p>Your value: X.XXX kr</p> <p>Your bids: #1: X.XXX kr. #2: XXX kr.</p>	 <p>Price: X.XXX kr</p> <p><input type="text"/> BID BUY</p> <p>Your value: X.XXX kr</p> <p>Bids: #1: X.XXX kr. #2: XXX kr. #3: XXX kr.</p>
Single bid	 <p>Price: X.XXX kr</p> <p><input type="text"/> BID BUY</p> <p>Your value: X.XXX kr</p> <p>Bids: #1: X.XXX kr. #2: XXX kr. #3: XXX kr.</p>	 <p>Price: X.XXX kr</p> <p><input type="text"/> BID BUY</p> <p>Your value: X.XXX kr</p> <p>Bids: #1: X.XXX kr. #2: XXX kr. #3: XXX kr.</p>
Multiple units	 <p>Price: X.XXX kr</p> <p><input type="text"/> BID BUY</p> <p>Your value: X.XXX kr</p> <p>Bids: #1: X.XXX kr. #2: XXX kr. #3: XXX kr.</p>	 <p><input type="checkbox"/> Treatment</p> <p> Count down</p> <p>#1: X.XXX kr. (others bid) #2: XXX kr. (your bid)</p>

# Sessions

- ▶ A session is 5 treatments, 8 rounds per treatment = 40 rounds.
- ▶ Each round last  $U(60, 120)$  seconds = exp. 60 min.
- ▶ Randomize treatment order:
  - a :  $AUCTION_0, NYOP_0, NYOP_P, NYOP_S, NYOP_M$
  - b :  $AUCTION_0, NYOP_M, NYOP_S, NYOP_P, NYOP_0$
  - c :  $AUCTION_0, NYOP_P, NYOP_M, NYOP_0, NYOP_S$
  - d :  $NYOP_M, NYOP_P, NYOP_0, NYOP_S, AUCTION_0$
  - e :  $NYOP_S, NYOP_M, NYOP_0, NYOP_P, AUCTION_0$
- ▶ Initial instructions – and again after 1st/4th treatment.
- ▶ End: paid based on two randomly drawn treatments.

... Thank you!