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Impact of Seller Interventions on Hybrid Auction Outcomes

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Impact of Seller Interventions on Hybrid Auction Outcomes

TREO Talk Paper

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Abstract

Global pandemic brought up by Covid-19 forces businesses to seek solutions to survive and to reconsider their routines and business models. In this quest, both failed and successful business initiatives deserve an in-depth analysis from the research community to better understand the factors contributing to the outcomes. The present study investigates eBay's live auctions, which strived to congregate onsite bidders (also known as floor bidders) and offsite bidders (also known as online bidders) at a common marketplace. By combining onsite and offsite bidders, this new auction environment manifests a hybrid of traditional face-to-face auction and pure online auction. Our work explores the relationship between the sellers' interventions in the form of price increases and auction outcomes. Drawing hypotheses from the signaling and equity theories, we tested hypotheses applying data collected from live auctions. Our results suggest that price increases affect both, economic outcomes and competition levels of auctions. The more frequently the sellers intervened into the auction process by raising the starting prices, the more hyped bidders became and the more economic outcomes the sellers received.

Our analysis validates the signaling theory and equity theory in the live auction environment. Although the signaling theory has been repeatedly employed as theoretical base in several auction studies, it has never been tested in this auction format before. This study is one of the few that applies the equity theory to the context of online auctions and provides evidence that seller's intervention in the form of price increase can significantly increase competition levels and auction financial outcomes.

References

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