Unequal Qualities of Online Bids and their Relationships with Seller’s Strategies in Electronic Auctions

Emergent Research Forum Paper

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Abstract

The current study attempts to answer the questions of whether and to what degree bidding strategies can influence auction price premium. It also attempts to explore conditions that effect their efficacy by building a research model based on game theory and the concept of bidder heterogeneity. The proposed research model also employs seller’s opening bids as a moderator in the relationships between online bids and price premium to auction price premium model. Using data collected from eBay, we showed that by breaking down online bids according to the strategies of their bidders and using auction opening bids to explore the condition of bidding strategies help explain the variability of auction price premium by almost twofold. Theoretical and business implications will be discussed at the conference.

Keywords

Online Auctions, Game Theory, Bidding Behaviors, Opening Bids, Price Premium, Regression