is pleased to present

DEVIN G. POPE  |  Behavioral Science,  
University of Chicago Booth School of Business

"Bid Takers or Market Makers? The Effect of Auctioneers on Auction Outcomes"

A large body of research has explored the importance of auction design and information structure for auction outcomes. Much less work has considered the importance of the auction process. For example, in many auctions, auctioneers are present and can impact the process of the auction by varying starting prices, level of price adjustments, the speed of the auction, the way they interact with auction participants, or their characteristic chant that is intended to excite buyers. We explore the importance of auction process by testing whether auctioneers can have a systematic difference on auction outcomes. We analyze more than 850,000 wholesale used car auctions and find large and significant differences in outcomes (probability of sale, price, and auction speed) across auctioneers. The performance heterogeneities are stable across time and correlate with subjective evaluations of auctioneers provided by the auction house. Although the available data here do not allow us to conclusively isolate mechanisms, a range of evidence suggests a role for tactics that generate excitement among bidders. Overall, these findings illustrate the complexities of auction environments and how outcomes can be impacted by subtle changes in process.

FRIDAY, JANUARY 23, 2015 | 12:15-1:30pm | CORNELL HALL – D307

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