

# Buy-it-Now Prices in eBay Auctions

## The Field in the Lab

Authors: Grebe / Ivanova-Stenzel / Kröger

Discussant: Till Strohsal<sup>a</sup>

<sup>a</sup>SFB 649 C14 and  
Department of Economics  
Freie Universität Berlin

CRC 649 "Economic Risk" Conference  
17 July 2015, Motzen



## Outline

1. Summary of the Paper
2. Questions and Suggestions

## A Brief Summary of the Paper

- contribution: experimental evidence on sellers' BINp setting
- model: (Ebay) BIN price either accepted or auction
  - ▶ buyer (value) checks expected utility → threshold price
  - ▶ to set BIN, seller maximizes exp. utility given threshold price
  - ▶ prediction: level & % accepted BIN prices; risk aversion crucial
- experimental evidence:
  - ▶ BIN price setting depends on buyer characteristics
  - ▶ more experienced buyers → BIN price ↑
  - ▶ more bids or snipping → BIN price ↑

## Questions and Suggestions I

- two model adjustments towards data
  - ▶ observed risk aversion  $\alpha$
  - ▶ anticipation of below-value bidding  $b(v) = (1 - \gamma)v$
- simply natural that model now closer to data?
- BIN price setting vs. auction price results?
- empirical section of BIN price setting (placement?)
  - ▶ regression gives direction and strength of reactions
  - ▶ relate regression results to (i) model and (ii) literature
  - ▶ are the regression results economically plausible?
  - ▶ why fixed effects on observables in aux. regression?

## Questions and Suggestions II

- BIN or give offer framework?
- many minor comments: see notes on paper