

Rules for Auctions 3 to 6

In the previous two auctions, you submitted a quantity bid in each bidding round. In the following auctions 3 to 6 you will plan all your bids right from the beginning of the auction. The auction then runs automatically according to your plan, such that you do not bid in each bidding round, and instead observe how the auction unfolds.

Your bidding screen is very similar to the one you used before. What's new, is that the two tables in the middle do not contain the results of the previous bidding rounds anymore, but your plan for all bidding rounds of the auction. Using the sliders you can instruct the computer how many items it should demand on your behalf at each price.

Consider the following example: We first set the slider at E\$8 to 12 units. The computer then automatically reduces all sliders at higher prices to 12 units. This way the computer makes sure that you do not ask for fewer units at lower prices, and that you do not ask for more units at higher prices. Now if you additionally set the slider at price E\$14 to 9 units, then the computer will automatically reduce all sliders at higher prices to 9 units, too. Similarly, the computer will automatically increase the sliders at the prices of E\$8 and E\$9 if you increase the slider at E\$10 to 13 units.

In this example we also set the slider at price E\$18 to 7 units, and the slider at E\$22, and thereby for all higher prices as well, to 0 units.

We also adjust our quantity bid plan for item B.

You will have five minutes to enter your bidding plan before the start of the auction. If the time runs out, the computer will use whatever bidding plan is currently displayed on your screen.

After all bidders entered their bidding plan, the computer will run the auction automatically according to those plans. That is, for each bidder the computer will ask at each price exactly for the number of units the bidder specified in his or her bidding plan. At the screen you will see how the auction unfolds, with each bidding round lasting 5 seconds. At the end of the auction the computer will display the auction results, and how many units you are allocated.

Please note: In the previous round you were able to increase your demand for one item if you decreased your demand for the other item by the same number of units. In the following auctions this is not feasible anymore. However, the computer will adjust your bidding plan in the following way, if needed: As one unit of item A is always at least as valuable as one unit of item B, the computer make sure that the price of item B never exceeds the price of item A, by automatically shift some of your demand for item B to item A, if necessary.