CS395T
Agent-Based Electronic Commerce
Fall 2003

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Week 2a, 9/2/03
Logistics

- Mailing list and archives
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- Submitting responses to readings
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  - no attachments, strange formats
  - use specific subject line (see web page)
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- Presentation dates to be assigned soon
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- Submitting responses to readings
  - no attachments, strange formats
  - use specific subject line (see web page)
  - by midnight; earlier raises probability of response
- Presentation dates to be assigned soon
- Any questions?
Klemperer

- A survey

- Purpose: a broad overview of terms, concepts and the types of things that are known
Klemperer

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  - Geared more at economists; assumes some terminology
  - Results stated with not enough information to verify
  - Apologies if that was frustrating
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- A survey

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  - Geared more at economists; assumes some terminology
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  - Apologies if that was frustrating
  - May return to finer points in later weeks
Perspective

- Makes simplifying assumptions about bidders for purposes of analysis
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  – Bidder perspective also important (incomplete info)
  – Empirical results also important!
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  - Bidder perspective also important (incomplete info)
  - Empirical results also important!

- Not going to answer all of your questions
  - Some answered in later readings
  - Some details not relevant to later
Some Terms

- Ascending bid/open/oral/English auction
  - variant: Japanese auction
- Descending bid/Dutch auction
- First-price sealed-bid auction
- Second-price sealed-bid/Vickrey auction
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- Double auctions
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- First-price sealed-bid auction
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- Double auctions
- Surplus = value − cost
- Reserve price
- All-pay auctions
Bidder value models

• private-value model
• pure common-value model
• general value model
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- SIPV (symmetric, independent, private value)
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- SIPV (symmetric, independent, private value)
- signal, value, valuation, type
More Terms

- Optimal auction (highest revenue)
- Risk aversion
  - Why would risk-averse seller prefer Vickrey to ascending?
- Dominant strategy equilibrium vs. Nash equilibrium
- Social welfare
- Entry costs
- Winner’s curse
Still More Terms

- Collusion
  - Sidepayments

- Multiunit auctions
  - Simultaneous vs. sequential auctions

- Linkage principle

- Budget constraints

- Jump bids

- Revelation principle