

**CS395T**  
**Agent-Based Electronic Commerce**  
**Fall 2006**

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Week 8a

# Good Afternoon, Colleagues

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Are there any questions?

# Logistics

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- Use the class mailing list!

# Some terms

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- Demand reduction

# Example

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|   | # Parking Spots won |    |     |
|---|---------------------|----|-----|
|   | 0                   | 1  | 2   |
| A | 0                   | 0  | 100 |
| B | 0                   | 75 | 75  |
| C | 0                   | 40 | 40  |

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- What are B and C's rational bids?
- Illustrate mutually exclusive bids from different rounds



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- Now let's try again.
- Demand reduction can be taken to an extreme.

# SDR

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- Would savings get passed to consumers?

# Threats

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- Bidder A winning license 37 for \$1M.
- Bidders A and B competing for license 63.
- Simultaneously, bidder B bids:
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What's the threat?



# Class Discussion

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- Jeremy Hollander on collusion

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- Close the core “big” licenses first and simultaneously, then the smaller ones separately.
  - efficiency on big licenses, speed after that.
- Simultaneous close, but require activity
  - Activity on a license: bid placed or previous high bid
  - Low activity lowers *eligibility*
  - Eligibility bounds what you can bid on
  - Activity requirements increase as time goes on

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- Prevents *wait and see* strategy

# Allocations vs. Assignment

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- How would you build/test a theory of allocations?