

7UXVW 5HSXWDWL R K D D Q R U % L O G V W Q O L \ P S Q F W L

/HVOH\ &KLRX
'HSDUWPHQW RI (FRQRPLFV
2FFLGHQWDO &ROOHJH
/RV \$QJHOHV &\$ 86\$

-HQQLIHU 3DWH
'HSDUWPHQW RI (FRQRPLFV
/R\ROD ODU\PRXQW 8QLYHUVLW\
/08 'ULYH 6XLWH
/RV \$QJHOHV &\$ 86\$
MHQQLIHU SDWH#OPX HGX

:H XVH WUDQVDFWLRQV IURP D GLVWVWHFWLYH RQOLQH
DXFWLRQV WR H[DPLQH WKH UROHVWELDG LWLWXVW SOD\
EHKDYLURU ZKHQ WKH H[DFW FKDUDFWHULWLFV RI D
SXUSRVHIXOO\ FRQFHDOHG IURP EX\HUVDOOH VKRZ WKD
WUXVWLQJ RI VHOOHU FODLPV LQ RQOLQH WDLRQVDFW
EHFRPHV VLJQLILFDQWO\ PRUH LPSREUDQMLWR EX\HUV
ELGV ZKHQ WKH TXDOLW\ RU YDQXHLQJWKH JRRG LV
FDQ EH H[WUDSRQDWRHGGWIR FRQRPLFUGGPEQLFDWLRQ
EHKDYLURU LPSDFWHG E\ WUXVW VXFHDEMLGGUQQDQFLDQ
PD\ OHDG WR SULFH EXEEOHV

.H\ZRUGV H FRPPHUFH DXFWLRQV HSLXWDFWDLRQV ILQDQFLD

6XEMHFW FODVVLILFDWLRQ FRGHV / / '

&RUUHVSRRGLQJ DXWKRU

, QWURGXFWLRQ

'You are bidding on 1 of 8 gift cards that have been sealed in separate envelopes and mixed. There are two \$50.00 gift cards, two \$100.00 gift cards, one \$120.00 gift card, and one \$350 gift card.

The winning bid for the auction was \$247.50. The winner of the auction was the seller.' -eBay blogger DYLRU

7UXVW DQG UHSXWDWLRQ SOD\ D \$DUPDILFKHODV\ ILPS
LQIRUPDWLRQ DERXW WKH VHOOHU ERXUH XDPXLWW RIHOKRQ
UHSXWDWLRQ VLJQDQV WR SHIEEDVZHDQJRRRGO : \$DXHDVH
WUDQVDFWLRQV IURP RQOLQH P\ VWW\ DDXFWRZQLWWLP SHD
ELGGLQJ EHKDYLRU ZKHQ WKH FKDXDOWFRQFMDOMGRIDJRF
2XU VWXG\ LV UHODWHG WR SUHYORXQOZRUNPBDQNMWAV
WKDW ILQG LQFRQXZKHYMKHYLGHGHXWVZLRQVEUMFVHLVH D
SUHPLXP -LQ DQG .DWR 5HVQLENDQG= \$GRKDXVHU
/XFNLQJ 5HLOH\ HW DO %D DQG 3DYORXLV SDSHUVQVF
DOVR UHODWHG WR UHVHDFK RQUWHHWD 3DWIHWZIFHQHGHVUJQ V
&KLRX DQG 3DWH DV ZHOODWVPHVWLLWBIQG VGXVHF ORQV X
\$NHUORI 2XU VWXG\ KDV WQHIBLUVWLGQJMFVVG YBQSDUJ
EHWZHHQ DXFWLRQV IRU JLIW FDUGV HRYNHQRZQKBIQFVXQNLQ
DXFWLRQV WKHPVHOYHV H[KLELW YDUXLQH GHQWRIZILVJRIXVQ
DQDO\JH WKH HIIHFWV RI PRUH RYDORV DQGRWRBWRXVQFR
*LIW FDUGV DUH XQLTXHO\ ZHOOKVXHWKIGE LRU QARKBW KHV HTX
GLIIHUHQWLDWLRQ

2XU UHVXOWV GHPRQVWUDWH WKDWLQILQILQHCELGVHTJ
FODLPV EXW UHSXWDWLRQ LV PRUWDIHOHYDYQWRWRHEQWHUV

P\VWHU\ DXFWLRQV VHOOHUV ZLWKS HUFHQW JSUWLPYHX B DRQL

)LJXUH 6XPPDU\ RI FRPSOHWHG P\VWHU\ JLIW FDUG D

&RPSDULQJ WKH VDOH SULFHV ~~Q~~RR UPH~~HW~~ LFRQ~~IL~~QX P
)LJXUH VXJJHVWV WKDW KRQHVV ~~N~~HSCHFMUHG ZHRX~~WGL~~ QJW HLO
PDUN~~FKH~~ UHSXWDWLRQ V\VWHP RQ H%~~DX~~OZ~~HW~~WG~~VH~~Q~~OG~~HU~~G~~ V\R
DOORZLQJ EX\HUV WR OHDYH SRVL~~WR~~Y~~HD~~ Q~~HY~~J~~HW~~Q~~W~~Y~~HD~~Q~~MD~~Q~~W~~
\$ SRVLWLYH IHGEDFN LQFUHDVHV ~~DD~~V~~HO~~X~~W~~U~~U~~U~~U~~ UDWLQJ E
ZKLFK DUH REVHUYDEOH RQ WKH VHOOHU~~U~~V IHGEDFN SDJ

%X\HUV DSSHU WR LQFRUSRUDW~~G~~HVUHS~~B~~H~~W~~F~~H~~Q~~W~~RRUPD
DXFWLRQV HQG Z~~W~~K~~K~~D~~D~~ Z~~V~~Q~~Q~~L~~Q~~J~~P~~M~~D~~K~~D~~P~~X~~ P~~V~~K~~E~~C~~U~~H~~S~~B~~O~~W~~H~~G
VKLSSLQJ KDQGOLQJ :LQQQLQJ ELI~~PG~~H~~U~~R~~M~~ ~~D~~X~~E~~M~~U~~L~~R~~Q~~O~~\U~~H~~S~~R~~V~~W~~
D PLQLPXP YDOXH SHUFHQW HQ~~B~~ ~~V~~K~~M~~K~~P~~D~~O~~Z~~I~~P~~X~~Q~~L~~Q~~J~~ ELG V
UHSRUWHG YDOXH~~R~~E~~V~~L~~Q~~F~~Y~~H~~Z~~H~~F~~X~~D~~E~~Q~~R~~W~~Q~~P~~H~~V~~MP~~W~~R ~~S~~I~~D~~O~~O~~W~~K~~H

UHPDLQLQJ DXFWLRQV PD\ KDYH HQGIGP Z P W K D D I X Q I L I Q D E L G
 KLJKHU ELG ZDV UHTXLUHG WR ZLGD W Z H H U D E X F X Q L R Q H V P D L P I D Q W
 7KH P\ VW H U \ H O H P H Q W I R U F H V E L G R I H W K H W R R F W U M D W H
 EDVHG XSRQ OLPLWHG LQIRUPDWLRQ L)R Q W U B B B B W Q E R W I K
 PLQLPXP DQG PD[L P X P Y D O X H 2 I W K H W K I D X E W G R W K D W S O
 VWULFWO\ EHWZHHQ WKH UHSRUWHG SPW X U F X W K D Q B [W B I Q W X V
 ZKLFK EX\ H U V Z H L J K W K L V L Q I R U P B W L R D W Z H K F D Z L F O C L D W H S U
 LQFOXGLQJ SOXV VKLSSLQJ KDQG O P Q J L P O L F H V D E O H W Z H H Q W K

$$\text{percentage bid} = \frac{\text{price} - P_{\text{value}}}{P_{\text{value}} - P_{\text{value}}}$$

7KH DYHUDJH ZLQQLQJ SULFH OLHV D S K S H U P [L Q I D W X H P O D Q G S H
 PD[L P X P W K X V E X \ H U V G R Q R W S O D F H P K I P J K Z O X H K W R Q W K

5HVXOWV

: H I L U V W U X Q D K H G R Q L F U H J U H V L Q J R S U I R F H V R K H D X O R W D B C

i at time W

O Price ℓ ℓ O R J P D O R J P L n cards ℓ no P D [ℓ no P L Q ℓ noncards

ℓ O Feedback ℓ neg X_{it} ℓ ℓ_{it}

ZK H p u d e L V W K H Z L Q Q L Q J S U L F H R I W K H L B S E W J R Q Q I G O L Q Z L Q C

max L V W K H U H S R U W H n R D [L P X S P U D O X H P c a r d s L P X P W D C X H

Q X P E H U R I F D U G V n o X s a x i R V D X G X P L R Q Y D U L D E O H W K D W H T X D

P D [L P X P Y D O X H n L n U L N S R G W X B \ Y D U L D E O H W K D W H T X D O V R

\$ O W K R X J K Z H G R Q R W R E V H U Y H U L E I N G S W H I N H F R Q O B V E H I [S O D E U D F O A H U Z I] Q
 H [K L E L W L Q J O R Z H U O H Y H O V R I U L V W D Y K H U I V L O R Q L Q W K D D Q U O R W Q K Z L V Q Q U Q Y H Q
 S D U W L D O O \ E \ W K H U L V N S U H I H U H Q F H V R I W K H E X \ H U V L Q W K H P D U N H

\$XFWLRQV ZKHUH WKH UHSRUWHG PLSULIPXP WKDEHQZ RZQ QRF
PLQLPXP LV UHSRUWHG

:H GRFXPHQW D QRQ OLQH DU UHODWLRPSVKLW HECHWZ/HHG
RI LQIRUPDWLRQ KSERVXROGFDUWDLQ WPXP YDOXH D

&RQFOXVLRQ

0\VWHU\ DXFWLRQV SURYLGH D QRYHKOYILQYLXKQGFHQW
DV\PPHWULF LQIRUPDWLRQ +RZHYHU PPHWUHQXJGHWDLQJR
EXIHUV DUH JHQHUDOO\ WUXVWLQJ BHUHQOHU FODLPV \$

5HIHUHQFHV

\$NHUORI *
0HFKDQLVP

³7KH 0DUNHW IRU D~~IE~~GRW KH 40~~DD~~UNLHW 8QFH