

How to digitally stoke that old-time auction fever

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Whether online auctions are selling rare Pokemon cards or fine art, the science behind inciting the highest bids gets a boost from a paper to be published in the September issue of the *Journal of Retailing*. Researchers from Germany and Australia teamed up to explore how bidders' emotions are affected by different types of auctions and how those emotions affect their bidding.

In "Auction Fever! How Time Pressure and Social Competition Affect Bidders' Arousal and Bids in Retail Auctions," the three authors - Marc T.P. Adam of the University of Newcastle, Professor Jan Krämer of the University of Passau, and Marius B. Müller of the Karlsruhe Institute of Technology - designed experiments to explicitly study the interaction of time pressure and social competition on bidders' excitement level, or arousal, and bids.

The authors demonstrated that auctions where both [time pressure](#) and social competition are intense lead to so-called auction fever and higher bids. The catch is that the competition has to be other people, not computer-generated. "Arousal needs a focus in order to culminate in auction fever, and this focus stems from the social competition of bidding against human opponents," they write.

Further, in comparing ascending auctions, where the bidders drop out as the clock and price advance, with descending auctions, where the winning bid is made as the price drops, the authors found that participants' experience in ascending auctions was more rewarding for

them.

In an increasingly crowded online market for [auctions](#), auctioneers who want to create a more exciting shopping experience for consumers and higher revenues for their sites are advised to focus on ascending auction formats that highlight the presence of other human bidders.

Provided by New York University

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