



## **Tips for Sellers - Auction Psychology**

Online auctions are based largely upon the economic principles of supply and demand. That being said there are a few exceptions to the basic assumptions of supply and demand.

People go to auctions to get a good deal - it is human nature to seek out a bargain and we take delight in securing it too.

Research from EBay has shown that by starting your listing well below the true market price provides a greater opportunity of reaching an above market price as your listing draws in buyers looking for a bargain.

Since you are competing against other parcels of grain, and your product isn't necessarily unique, a lower starting price may well entice more bidders to it, then the competitive nature of the bidders will take hold as they vie to secure it for themselves, as the auction seeks a true market price.

### **CASE STUDY**

*The psychology of auctions was highlighted well during our first auction when one of the Registered users sold two parcels of grain at a slight discount to the current market. Bidders were attracted to his listings because of the cheaper price but he had also added a pay-as-you-load stipulation. So, he had decided that if he was going to attract buyers and sell his grain he would offer it at a slightly reduced price but would want payment immediately. This certainly didn't deter interest.*

*The majority of the bidding was initially attracted to these parcels and both sold despite the pay-as-you-load stipulation. As such, he managed to achieve a risk free sale. Obviously in a more bullish market this bidding would have taken the price well over those starting at a higher reserve.*

### **LISTING TIP 1**

***A slightly below market reserve and start price is more likely to attract more bidders which means a higher final price in normal market conditions. Remember the psychology of auctions- buyers are attracted because they are looking for bargains.***

### **LISTING TIP 2**

***Be as descriptive as you can in the spaces available under "Additional details" think as if you were the buyer. Remember that you are attempting to stand out from the other listings with your price and description.***

### **LISTING TIP 3**

***Research market the prices on the morning of the auction and reset your reserve accordingly to reflect the most up to date movements.***