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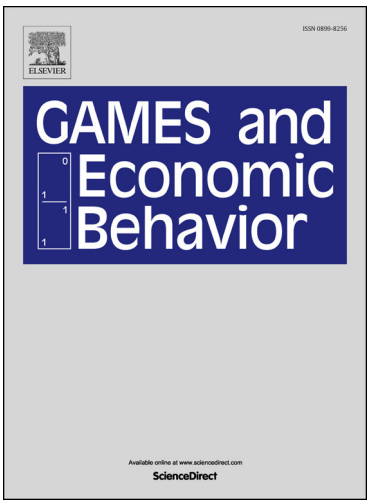

Auctions with resale: reserve prices and revenues

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Auctions with resale: reserve prices and revenues*

Gábor Virág†

July 2016

Abstract

We study auctions with resale and reserve prices. We characterize the equilibrium, and compare the revenues of the first price auction with that of the second price auction. We show that several results change when a reserve price is introduced. First, the second-price auction may yield higher revenues than the first-price auction. Second, the strong bidder is more likely to win than the weak bidder.

Keywords: auctions, resale
JEL numbers: D44, D82, D83

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