CENTRO DE ECONOMÍA APLICADA

Abstract

This paper studies the incentives faced by competing auctioneers who can provide information to prospective bidders about their valuations of the objects for sale. We consider a model in which two sellers running second-price auctions compete to attract potential bidders by releasing information about valuations before bidders select trading partners. Thus, bidders' participation decisions are modeled in ex-post terms which allow us to investigate the effect of information on the composition of the set of types who visit each seller. We derive a set of necessary and sufficient conditions that supports full information provision as the unique equilibrium of the game. This result holds even if the number of bidders is restricted to two, which contrasts with the findings of models with a single auctioneer where full information provision is never optimal. We also provide a characterization of information in terms of its strategic value to the sellers.