

Assessing the Effect of Information on the Reservation Price for Champagne: Second-Price compared to BDM Auctions with unspecified price bounds ¹

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Pierre COMBRIS, Christine LANGE*, Sylvie ISSANCHOU**

INRA, Laboratoire de Recherche sur la Consommation (CORELA)
65, Bd de Brandebourg, 94205 Ivry-sur-Seine Cedex France, E-mail:

combris@ivry.inra.fr

* Mumm Perrier Jouet and INRA Laboratoire de Recherche sur les Arômes,
Dijon, France

**INRA Laboratoire de Recherche sur les Arômes, BV 1540, 21034 Dijon
Cedex France

Abstract

This paper compares two mechanisms designed to reveal reservation prices: the Vickrey auction and a variant of the BDM procedure where the reference price is drawn from a distribution which limits are not made known to the participants. These two mechanisms perform equally well in revealing the effect of information on the reservation price for five brut non-vintage Champagnes. Participants are unable to put different values on the Champagnes after blind tasting. Significant differences in reservation prices appear when labels are disclosed.

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