

Name _____ Date _____

Marketing Essentials
Chapter 26 Pricing Strategies

eMarketing Worksheet Activity: Online Reverse Auctions

Directions Follow the instructions to complete this two-part worksheet on online reverse auctions.

A. Compare Auctions To compare a regular auction with a reverse auction, conduct two auctions: a regular auction and a reverse auction for a truckload of peaches. You will need a moderator who will play the role of the auctioneer. Half of the class will be buyers and the other half will be sellers.

1. Conduct a regular auction with the buyers quoting prices for the truckload of peaches with the bidding set to begin at \$150 and watch as the price goes up. Then conduct a reverse auction in which a company that makes jams is looking to purchase a truckload of peaches for the lowest possible price. Now the sellers are the ones bidding. Note how the bids go down.

2. If you were the farmer selling peaches, which auction method would you prefer? If you were the company making jams, which auction method would you prefer?

B. Research Auctions on the Internet Conduct research to find Web sites that offer some form of auction—either a regular auction or a reverse auction.

1. Begin with a visit to eBay's Website. Locate products that are being sold using the reverse auction pricing method. How do you think sellers determine the price with the minimum price from which bidding would begin?

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2. Pick a product you would like to sell on eBay and determine the price at which you would list it for bidding to begin. What criteria did you use to arrive at that figure?

3. What other Web sites did you find that offer auctions? Classify them as hosting a regular auction or a reverse auction.

4. As a seller would you prefer a regular auction or a reverse auction? As a person purchasing merchandise would you prefer a regular auction or a reverse auction?

5. What type of pricing strategy are regular and reverse auctions?
