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


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.

---

1 This research is part of a programme of the French institute of agronomic research (INRA) associating economists and sensory scientists. Research support from Mumm Perrier Jouet (Vignobles et Recherches) and the French Ministry of Agriculture (DGAL) is gratefully acknowledged. Claire Chabanet and Christophe Martin provided valuable research assistance. This paper has benefited from helpful discussions with Serge Blondel, Olivier Brun and Pascal Schlich.