Name-Your-Own-Price sales channels: 
Can strategic consumers improve their performance with information exchange or collaboration?

Abstract: Supplier reluctance to openly advertise highly discounted or dynamically priced products on the internet has encouraged the development of ‘opaque’ name-your-own-price product channels like Priceline and Hotwire. Through these online services, firms can offer discounted goods or services in generic categories without revealing the supplier identity until after a purchase is completed. A fascinating consumer response to these is the emergence of social networking practices aimed at exploiting them. Such networks can range from simple exchanges between users of chat sites, through web-pages offering commentary and advice, to fully developed web services like Bidlesstravel.com that permit information exchange among consumers about successful and unsuccessful bids.

This raises several interesting questions. Can collaboration among consumers lead to genuine improvements in bid success rates? How big is the effect? If collaboration is worthwhile, is simple exchange of bid history information sufficient, or should more coordinated approaches be taken? Is it beneficial to ‘pool’ risks through some sort of re-distribution of benefits among participants? The answers are far from clear because prices are concealed and highly volatile in these channels, and the channel operators use restrictions to inhibit ‘bid-sampling’. In this work we describe a robust bidding strategy that can indeed help consumers and explore some of the implications regarding the nature of the collaboration.

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