



Ask Sara....

...about bid sheets

Question: Should we set the amounts bids can be raised or let people choose how much more to bid?

Sara: Without a doubt, it's better to control the amounts that can be bid. This is called "incremental bidding." For example, let's say you have an item that's worth \$25, and do not control how much the bids can be raised. Since most people like a bargain, the next person bid the price up by \$1, and this continued with bids rising by a little each time. Since there is limit as to how many bids you're going to get on any one item, when the auction closed, the price had gone up to \$40.

In the second example, incremental bidding was used, with a price increase of \$5 per bid (a reasonable amount for a \$25 item). The item had a number of bids, and was finally purchased for \$55, \$15 more than it would have received without an incremental bid sheet.

Multiply this effect times the number of items in your auction, and you'll find that you'll raise significantly more money by making this one administrative change. It really works!

Question: When creating our bid sheets for our silent auction, should we have a guaranteed or maximum price? Wouldn't it make more sense to allow the bidding to keep going up?

Sara: I'm often asked why my auction software requires users to enter a maximum or guaranteed price for items, with the thought that you should never limit how much people can bid. However, there are some compelling reasons for creating a maximum price:

Bidder Nbr	Bid Amount
32	25
44	26
65	27
32	30
44	31
32	32
65	34
44	35
32	36
44	37
65	38
32	40

Bid Amount	Bidder Nbr
\$25	32
\$30	65
\$35	44
\$40	65
\$45	44
\$50	32
\$55	44
\$60	
\$65	
\$70	
\$75	

- *If you set your maximum price appropriately, you won't reach a "ceiling." Maximum prices should be two to three times the minimum bid. For example, if your minimum bid is \$25, the guaranteed price should be \$75. (If you have misjudged the value of the item and you could have received more bids, you've learned something and will do better next year.)*
- *A guaranteed price allows you to sell items before the auction at this price. It's almost certain that some members of your organization won't be able to attend the auction. Set a policy that they can purchase items before the auction, but that it must be at the maximum or guaranteed price.*
- *Auction data systems that produce incremental bid sheets require them—it's just not programmatically possible to produce incremental bid sheets without a top price.*

Try using these pricing schemes for a year—you can always go back. But I think you'll be happy with the results!