

Vickery auction

[Technology](#), [Internet](#)



Abstract

Systems that are multi-agents advocates Vickrey auction widely. The limitations have to be reviewed so that decision can be made to enable the practitioners use the protocol.

Trading agents, strategies and the existing approaches used by the auction agents have to be pointed out clearly in this paper.

The paper should also include the auction agents and the auction agents review where things like market mechanisms and protocols have to be pointed out clearly, individuals bidding strategies, academic and research aspects of the system. There should also be availability of research analysis information and these include: the latest researches that the company is able to retrieve with regards to latest trading trends or processes. This could either be for financial ease or the trading process ease for both the investors and the providers. By providing such information, the investors who are surfing the company's brokering web site could be invited to join the trading systems they ought to offer.

Introduction

In the systems that are multi-agents, auctions provide distributed, efficient and means of solving tasks and allocation of resources.

For the dynamic traders who use electronics, auctioning is their preferred way. In cooperative agents auctions can be used although in open systems they also work whereby they consist of agents who have self-interest.

Design of the protocol is the main goal so that the outcomes that are desirable follow.

In this paper, the limitations that are known for vickrey auction will be reviewed. Multi-agent systems together with the electronic commerce do not understand the adoption of the frequency and the methods used in the auction.

Another role is to uncover vickrey's auction new limitations that arise from considerations of the gathered information and the complexity that is computational.[1]

Basically what forms an auction are potential bidders and an auctioneer.

When discussing auctions one considers the situations that the auctioneer wants for the sale of an item and the highest pay which each bidder wants to buy the item.

Different protocol and auction settings are reviewed together with the problems pointed out by vickrey auction by practitioners.

In vickrey auction, the marginal contribution for each winner in the auction if derived and the payment are made minus the contribution that is marginal. There are strategies that are formed and the steps for creating those strategies are:

1. Breakdown the whole transaction into manageable and simple tasks.
2. Identify the functions that are performed by the service provider, and those that are performed by the customer.

3. Classify the functions that the service provides can take responsibilities for (bearing in mind the cost and benefit for such functions).

4. Continuously try to find new means for enhancing the customer experience by making the service simpler to use, or bundling new service delivery options.

(Source: Moon & Frei. Exploding the Self-service Myth)

Auction agent.

Auction- This is a process whereby things are bought and sold by bids being offered bids being taken and the item being sold to the person who has higher bidder than the rest.

They can be with minimum reserve or with reserve, without reserves and without minimum reserves.

What is meant by reserve is minimum bid and in a case where there is no minimum in bidding there is usually no sale in a non-reserve auction. There is guarantee on the sale and the only thing that is left is for the sale to be determined.

A bid to auctions is the price offered. First auction occurred in 500 B. C in Babylon and it was done annually whereby the sale was for women in marriage.[2]

Later auctioning came to be of anything such as businesses, collectibles like coins stamps fine

Art, classic cars and the like, properties may be commercial or residential, commodities and many more others.

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Agent: This is an individual or an organization who has the authority to buy or sell things in exchange of a commission or fee on behalf of other firms or organizations. This is simply a person who acts.

In auctioning an agent is a person who has power of entering into transactions for bidding on another person's/parties behalf.

The types of standard auctions that are popular are Dutch auction, vickery auction, English auction and first price sealed bid auction.

The type of auction that will be dealt with in this paper is the vickery auction agent although within the paper other auction standard will be mentioned.

Vickery auction

This is a kind of auction whereby the bids are written by bidders and submitted without them knowing the other people's bid since they are sealed.

The buyers who are competing submit their bids when they are sealed.

This auction is different from others because in the sealed bid auction the one who wins as the person or organization is the one who has the highest bid but in vickery, auction the individual has to pay for the bid amount by the bidder who has the next highest.

William vickery was the one who formed vickery auction in 1961 and he pointed other three types of auction that are Dutch auction, English and sealed bid auction.

In Dutch auction the prices are called in descending order with the items bought by bidder at the price that is current.

In the Dutch William pointed out that the bidder has to wait for the price to fail so that he/she can purchase the commodity.

In English auction, he pointed out that the bids are raised by bidders up to the extent that only a single bidder is left with the highest price. Prior to the 1961 Vickery's article, there was no other occurrence of a sealed - bid second price.

In multi-agent systems Vickery auctions have been adopted and advocated widely. In the English auction the bidding that is simpler is the optimal because the strategies used are dominant.[3]

The question that Vickery had was if the procedure of sealed-bid existed that would be equivalent to the English auction that was affirmative. This second price was known as Vickery auction and it is a sealed bid. Vickery was the first to propose the format for the auction and he was highly respected by the economics profession. In Vickery's his area of discussion mainly was English auction as a format that was standard for a variety of goods and Dutch auction in the sale of flowers.

Vickery auction seems to be uncommon. This raised an issue that made Kahn and Teisberg to know why Vickery auctions were uncommon. They presented treasury bills as forms of uniform-price auctions, electric power generation and stamp auctions. These were uniform-price auctions.[4]

They termed catalog listing as mailed in sealed bids that included collectible auction of things like autographs and stamps. The explanation of Vickery's auction about scarcity according to Kahn and Teisberg took two fold:

The fear of bidders to be cheated by auctioneers. After the auctions, the truth of the information may be revealed to the people whom they will interact with who seem to the third party may cause fear to the bidders.

Auction Agents

Simple customer systems is a firm for consultancy that is highly specialized for the supplies to operate of the software packages that are leading customer systems is a few service provider whose superior results are for the market to run smoothly.

Complex commercial markets have the advantage of having free programs that are provided and installed by technical support of a certain level

In complex commercial markets, the supply chains may mean the network of activities, information, resources, organizations or people whose suppliers and customers are supposed to be mobile.

The chain is composed of materials that are raw. For the financial markets people are allowed to buy and sell their commodities. Financial markets are growing rapidly in the current times. These markets facilitate international trade, capital and risk transfer. The receipts offered to the buyer acts as securities. These markets can be divided into several subtypes according to their categories.

Market mechanisms

Questions that would be raised about market mechanisms are:-

What are the market mechanisms characteristics and the factors that would be considered for one to make in-order to choose the best market mechanisms over a variety of them?

These mechanisms usually assists organizations to be able to overcome some of the limitations that are from the traditional markets like poor market, reduced operational velocity and the cost of transactions that are high. These mechanisms not only promote the behavior of the market competitiveness but they also facilitate the collaborative mechanisms which are new in the market. The factors that lead to the choice of the market mechanisms are:-

Fragmentation degree, complexities of the description of the product and assessment of value and the asset specificity.[5]

In the electronic market several market mechanisms have come up due to the new opportunities created for example, the idea of reverse auctions by the use of electronic media was a consequence of free market. In the current state free market sell licenses for their software and also have forward elections. Some of the market structures are TPN, extranets and many others. The capability of collaboration that is increased by the market structures helps the business processes in speeding up. The supply chain responsiveness is improved and resources duplication eliminated. Another set of market structure is the neutral auction whereby the reverse and forward auctions are simultaneously hasted.

Every now and then, the exchange rate of different monetary measures in the global market changes; This is the reason why there is a need to

continuously update the investors or the traders with regards to the latest exchange rate in the market. Therefore, the business entities of the investors, which are utilised for trading in the global market, could always be adjusted with regards to their capability to meet the demands of the changing status of the trading industries from time to time.

Mechanisms and protocol

Protocols are set of regulations or roles to be followed.

The creations of electronic market places have been brought up by the use of World Wide Web (www) and internet. These emergences have eased the works by enabling the customers and suppliers with a ready market price. In the current auction, the mechanisms finding are simple. One of the protocols is the multi-attribute auction. The protocol combines the auction advantages which are fairness, efficiency and convergence speed.

Conjunctive and domination rules both are mechanisms that identify good alternative sets where an agent can make a choice and then adapt one that which has many votes. This kind of mechanisms is equitable, simple and distributed but only requires organization and communication that is significant.[6]

Substituting human contact with technology does not always reach the intended result. For example, Accenture, a global consultancy firm, in its research on the use of self-service in the telecommunications industry found that consumers regard telephone self-service as confusing and time consuming (Accenture, 2004). Nevertheless, the advent of the Internet has

revitalised the concept of self-service and added a new channel for service delivery.

Many scholars have written about the reasons and obstacles for self services (Moon and Frei 2000). In the article titled “ Exploding the Self-Service Myth”, these authors explain that the main aim of e-services is to be able to give the clients the best service they could get from their own convenient situation. However, some people misunderstand the fact behind self-service provisions through the Internet sites.

As added by Moon and Frei, there are some misconceptions regarding Internet self-service systems that the clients mistakenly refer to whenever Internet services are being discussed. “ Instead of forcing the customers to do all the work, the most successful e-commerce sites are taking over many aspects of the shopping process” (2001, 15), the authors added. According to them, there are necessary parts of the internet sites that are not at all that needed for having the expected results from the expected results from the site operations. Some of these may include too many choices, which at times, instead of helping the clients decide only contributes to their confusion of which service to choose.

In e-commerce (electronic commerce) on -line auction are real-time auction, ascending price which are known as English auction whereby the highest bidder buys the items on-line markets can be facilitated by agent technology in several ways. Some of the protocols are; TCP (Transfer Control Protocol) – these are the protocols that carry data in packets.

Individual bidding strategies

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In the data there are frequent behavior that appears.[7]

A designer in the market would be interested in knowing the effect of the auction choice on the load of the server. The bidding strategies for individuals will be improved by the bidders if they are supplied with this information and this would help them in the bounding of the software agents for their support in their activities such as economic sellers can also improve revenue by use of this information. To the economists the information will enable them analyze serial institutions. The understanding of abnormal and normal behavior of bidding can assist fraud to be tracked down by authorities.

Significant future directions

Comparing the traditional auctioneers with the current auctioneers such as internet auctioneers, there are low commission on the current state than the traditional one by 5% or less.

Internet has a wide range of auctioneers because they cover a wide range hence reaching out to many bidders.

The current state auction agents seem to be more advantaged due to the fact that reputation is not cost and the increase of commissions are smaller than traditional auctioneers.

The use of internet eliminates the fears for vickery auction which are based on cheating hence vickery auction becomes is now important and can be used comfortably.

Today however there are no operation of the alternative market structures.

Sellers and buyers are connected by electronic markets though they are geographically away from each other and these virtual markets increase the reach significantly because of the wide area network (WAN).[8]

This means reduces cost to the sellers and buyers of searching, promotion of an item and also saves time.

The electronic means enables customers to compete with others globally which were not attained in the traditional setting. Transaction costs are also reduced which are the costs of drafting, safeguarding and negotiating an agreement.

These markets provide means that are effective hence access of the market information is available and the transaction process

Technology helped turn the world into a global village. Political, economic, and cultural changes now influence people world-wide almost instantly. “ Clearly, there have been other lifetimes in which epochal upheavals occurred,” said Professor Alvin Toffler, author of Future Shock, back in 1970. He added: “ But these shocks and upheavals were contained within the borders of one or a group of adjacent societies. It took generations, even centuries, for their impact to spread beyond these borders. Today the network of social ties is so tightly woven that the consequences of contemporary events radiate instantaneously around the world.” Satellite television and the Internet have also played a part in influencing people the world over.

Conclusion.

The studies that were made earlier addressed a part of the structure of the market hence there is a limit of the scheme.

The well known structures of the market to the buyer and the seller are reverse and forward auction sites. In traditional markets, it is difficult to participate due to the costs that are high for searching. Certainly, it is quite a wake up call for everyone today that technology has actually changed the living systems of the people around the world. Henceforth, the business systems and the industrialisation process would continue to change to becoming more advanced and applicable for business transactions. In the future it would not be possible if the business strategies posted through the internet especially concerning brokering would be more accepted and appreciated by the public once the said web sites offering such services are able to innovate more with regards to security and self service technologies.

According to Whitely, “ an electronic market is an attempt to use information necessary for the fair operation of the market” (Whitely, 2000). This means that to be able to have a balanced economy status among nations with regards to their stock exchange rates, technology helps in the process. This way, everyone involved in the trading arena is updated with the current events and schedules that is essential for them to know.

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