

Auction Activity

Additional Resource

TEACHER NOTES

Create a mock auction, try and make it as real as possible.

Put students into pairs and give them a certain amount of money. Each pair is given (fake) \$2000 for example – in \$50 lots.

Your other option would be to secretly give students different budgets for the auction. This will highlight how the different budgets affect bidding behaviour.



What to auction: Create your own things to auction for example:

Teacher could auction:

- Tutorial help
- An automatic A
- A free pass on litter duty (student doesn't have to do it when class is rostered on)

Students could auction:

- Ask students if there was anything they could auction – i.e. Help someone with their homework for a month
- Have some made up vouchers – Free lunch for a year / Free movies for a year / free iTunes for a year
- Bring in a couple of popular items - e.g. iPod, Laptop, Latest CD

Don't have too many things as there needs to be some scarcity to create demand.

Have a starting price for each object.

Although this is a mock auction - it may help to have some kind of incentive or goal that they need to try and achieve. (Doing this may depend on whether student budgets are the same or different.)

For Example:

Option 1: If you place a secret value on each object – that students don't see – the goal for them is to 1) decide which objects they think would be the most valuable and worth buying and the pair that ends up with the most valuable item at the end (not what they bought it for but what your valuation is) wins a prize.

Option 2: Place a certain number of points on each product that students see and the goal of each pair is to get the highest number of points possible. The pair with the highest number of points wins.

Before starting the auction:

Explain the rules / goal students need to achieve

Explain the bidding process and that in order to bid they must raise their hand.

Students need to discuss in their pair, what they think the value of each product is and what they might bid for. Remembering that if there are a number of things that they want, and there is only a certain amount of money, what their strategy will be to buy the product.

Discussion questions:

- a) Were you able to buy the products that you wanted?
- b) Was there a lot of competition?
- c) How do you think an auction like this is similar to the sharemarket – past and present?