

Abstract: I investigate firms' competition over price and product design in the context of Design-Build (DB) auctions. In a DB auction, firms' design proposals are independently evaluated by reviewers of the government. Reviewers' evaluations contain uncertainty from a bidder's point of view, leading luck to curtail differences in firms' chances of winning. The estimated model predicts that uncertain evaluations exacerbate auctioneer's uncertainty in auction outcomes. An alternative mechanism that shuts down the impact of uncertain evaluations on bidders' behaviour would mitigate the auctioneer's uncertainty in the price and the design quality by 22% and 33%, respectively.