

Abstract: This paper considers buy price auctions with resale opportunities. As a winner has the right to sell an item to losers, transactions among bidders may take place after the auctions. In the analysis, we use a two-bidder framework where bidders' types are uniformly distributed. Under the assumption that before resale, bidders' valuations are perfectly revealed, it is shown that there exists an equilibrium at which bidders' all types submit the buy price. When the winner makes a take-it-or-leave-it offer to the loser, the initial seller can obtain a higher expected revenue than that of the case in which resale is not allowed. With a resale mechanism that the loser has full bargaining power, on the other hand, no revenue improvement result can be obtained.