

# Loser Regret Formation in First Price Auctions: An experimental study\*

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## Abstract

*There are many observations that bidders tend to bid higher than risk neutral Nash equilibrium bid in first price auction experiments. It is called overbidding puzzle. One of possible explanations is regret anticipation (Filitz and Ozbay, 2007). They test the prediction that loser regret anticipation can be a driving force behind overbidding by using one shot between subjects design experiment. We conducted experiment to explore that whether actual loser regret elicit overbid by using repeated within subject design experiment. Experimental outcome indicate that information of bidding result bring out significantly overbidding, and loser regretful bidders tend to overbid in next period.*

Keywords: First Price Auction, Overbidding, Regret

JEL classification: C92, D03, D82

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