

The English Auction

Online Auctions of English Type: The most widely known and old way of auctioning.

The auctioning procedure started as an organized form of purchase, with the rule that the best price wins.

In fact, this was the basis of the most widely known type of auction, the English type, the roots of which-due to its simplicity-may be found in ancient times.

So, the **first registered English auction** was in 500 B.C. in Babylon, while the first book- list registering scheduled auctions and inviting the applicants (the Lazarus Seaman sale) is dated in 1676.

The passing years changed only a little of the philosophy or procedure of the English Auction. New auction types were created, in order to serve complicated corporate or persons needs, but the English Auction remained as the main type of auction in everyday negotiations, as in most of them, the price has the dominant role.

Today, the companies prefer to follow pass or fail procedures during technical evaluation, so the applicant suppliers who pass this procedure may compete with one more evaluation criterion: the price.

So, evaluation criteria such as delivery time, quality of technical characteristics, after sales service etc., which are necessary and non negotiable, are evaluated before the submission of financial quote, while the price remains the final evaluation criterion.

The English auction materializes this particular trend.

In particular, the specific auction type:

- Is used for one or more products and usually, when each supplier may cover the entire demand.
- The Auctioneer defines the starting price, the auction pace and the termination time.
- The price is progressively improved by the Participants (increased/decreased) until the termination of the auction. The offers are competing each other and are accepted only if they improve the predominant offer, at least for the auction pace.
- The Participants submit offers corresponding to the total quantity.
- The Participants may watch anytime the prevailing price and may improve it.
- The auction ends at a prescheduled time. There is the possibility of automatic delay, activated if during the last minutes a new offer is submitted.

The application of this function is known to the Participants before the commencement of the auction.

- At the closing of the auction, the offers are ranked based on a) the price, b) the time each offer was submitted and c) the quantity.

Examples of English lowest bidding Auction

Purchase of supplies or services, for which there are specific specifications and the only evaluation criterion is the price. The following cases are mentioned indicatively:

- a company or organization purchases copy paper
- a bank forms a package of paper material it needs and auctions the whole package
- a construction company purchases raw materials for the construction of a project

Examples of English highest bidding Auction

Sale/Promotion of products and services such as:

- an organization sells second handed cars or machinery
- a company sells paper and other material produced by its services