# Information Disclosure in Auctions for Horizontally Differentiated Goods (First Catch Your Rabbit!)

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**Abstract**

Milgrom Weber (1981) famously show that, in their general symmetric model (GSM), profit-maximizing sellers should fully disclose product information. We argue that the GSM corresponds to vertical product differentiation and rehearse the question for the canonical model of horizontal differentiation when product type and bidder preferences are located on a Hotelling line. Natural conditions are found under which less popular products, close to an end of the Hotelling line, are pooled together whereas those in the centre are disclosed perfectly. The intuitive reason is to claw back consumer surplus from bidders facing little competition. We also consider what can be achieved with cheap talk and find that products on average closer to the centre are disclosed less precisely than those toward the edges. In contrast to the commitment case, seller-optimal cheap talk policies pool unpopular and popular products in a non-partitional way. The cost to the seller of inability to commit is shown to be non-monotonic in the number of bidders.