This research examines how the intensity of the dynamic competitive interaction with other bidders in ascending auctions influences consumers’ willingness to pay for auctioned products. It focuses on one important aspect of this interaction – the speed of competitor reaction. The key hypothesis is that having one’s own bids reciprocated by competing bidders more quickly increases one’s willingness to pay in an auction. Evidence from five experiments demonstrates this effect and pinpoints the essential aspects of the psychological mechanism that underlies it. In particular, the effect of speed of competitor reaction on bidding behavior (1) is serially mediated by the perception that the auction is more intensely competitive and by a greater desire to win, (2) is distinct from the effects of time pressure and of the auction’s duration or overall rate of progression, (3) is not driven by inferences about the auctioned product’s market value, (4) is not qualified by the number of competing bidders nor due to any inferences about the latter, and (5) hinges on direct competitive interaction with other human bidders.