The University of Chicago Booth School of Business

Operations Management/Management Science Workshop

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Title: Persuading Customers to Buy Early: The Value of Personalized Information Provisioning

Abstract:

We study a pricing and information provisioning game between a better informed seller (such as a retailer) and its customers. The seller is (ex-post) better informed about product availability and can choose how to communicate this information to the customers. Using a Bayesian persuasion framework, we find that public information provisioning in which the firm sends the same information to all customers has limited value. However, personalized information provisioning, in which the firm can share different information with different customers, has significant value and has attributes very similar to personalized pricing.

Video Abstract: https://youtu.be/I29DYBiCOGY