



Nanyang Technological University
**ECONOMICS AND ECONOMICS
GROWTH CENTRE** Seminar Series

Economics and Economic Growth Centre invite you to a seminar by
Prof ZHANG Jun

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- Speaker** : **Prof ZHANG Jun**
*Associate Professor of Economics
University of Technology, Sydney*
- Topic** : **"On the Informed Seller Problem: Signaling by Bayesian Persuasion and Pricing Strategies"**
- Chairperson** : **Prof AU Pak Hung**
*Assistant Professor
Division of Economics
School of Social Sciences*
- Date** : **4 October 2017 (Wednesday)**
- Time** : **2.30pm to 3.30pm**
- Venue** : **HSS Meeting Room 4 (HSS-04-71)**
*School of Humanities and Social Sciences
Nanyang Technological University
14 Nanyang Drive, Singapore 637332*

About the Speaker:

Dr Zhang Jun is an associate professor of economics at University of Technology, Sydney. His research interest includes economic theory, operational management, and experiments. His research has been published in a number of highly regarded journals including Economic Journal, Journal of Economic Theory, and Games and Economic Behavior.

Abstract:

This paper considers the selling problem between a seller (she) and a buyer (he) when information disclosure is possible. The buyer's value of the product is uncertain and he relies on the seller to allow him to access further information. Meanwhile, the seller possesses binary unverifiable private information that affects the distribution of the buyer's value. To sell the product, the seller designs the information disclosure rules through Bayesian persuasion, and sets a take-it-or-leave-it price to the buyer upon his acquiring of further information, both of which can be used to signal the seller's private information. We find that it is generally not possible to signal the seller's type through either information disclosure or pricing strategy only. Furthermore, the outcome from perfect Bayesian Nash equilibria that survives the intuitive criterion always exists and is unique. This equilibrium outcome is separating, for which a close-form solution is provided. In this equilibrium outcome, the low type seller behaves as if her type were known to the buyer. The high type seller adopts a \emph{monotone binary partition} disclosure rule with the cutoff just high enough to deter the low type from mimicking, and sets the price at the buyer's expected value of the product conditional on being higher than the cutoff. The signaling concern forces the high type seller to disclose inefficient amount of information and charge a higher price, result in less sale and lower profit. Finally, we show that a regulation on minimal quality could potential hurt the social welfare.

Reservation:

Admission is free. Please reply to e-egc@ntu.edu.sg for any enquiries.