Title
Dynamic Pricing of Fashion Products: The Effects of Demand Learning and Strategic Consumer Behavior

Abstract
In this seminar, we will present a dynamic-pricing model of a retailer that sells a product in a market where consumers exhibit strategic behavior. A key feature of the model is that the seller can learn about the market size through initial sales observations. This raises an interesting phenomenon: via their decision to purchase or wait, consumers influence the seller’s perception about the market size. We will discuss the implication of the latter point on the effectiveness of price segmentation, and examine the value of price commitment strategies. We will also present a model of a “naive” retailer that does not incorporate learning from early sales into its pricing process. This leads to an interesting question: Is it better for a retailer to become sophisticated (capable of learning), when facing strategic consumers?

As to the logistics: please let me know which of the following option works the best for you. The first two options require one hotel night, whereas the third option requires two. I prefer not to come and leave Chicago on the same day, unless the schedule is very short.

(1) I can arrive to Chicago on the day of the talk (May 1). There’s a flight that gets in at about 9:07am. And I can stay overnight.
(2) I can arrive the night before, and depart on May 1. There is a flight at about 8pm.
(3) I can arrive the evening before, and get back on the day after.