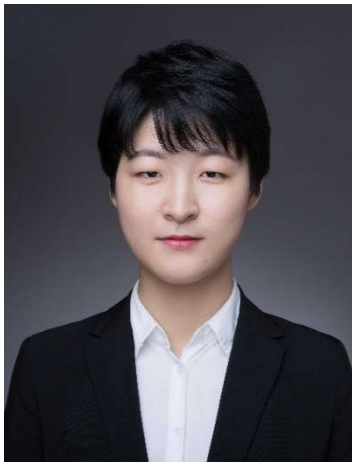


Academic Seminar

When to Offer Price Match Guarantee: the Blessing of Scarcity

Price match guarantee, whereby a seller promises to refund the price difference to a customer who purchases a product when the customer finds a qualified lower price elsewhere, is commonly adopted by major retailers in practice. In this paper, we investigate the impact of supply scarcity on the adoption of the price matching policy with the potential advent of a competitor. We demonstrate that supply scarcity is a blessing for the adoption of price matching: in the presence of supply scarcity, price matching does not hurt the seller profit and it can even improve the seller profit under medium or high scarcity. Ignoring the price matching policy under supply scarcity can lead to a significant profit loss. Our results are also robust to the case with the endogenous capacity decision in the presence of the diseconomies of scale effect of capacity cost. We provide new explanations on the adoption of the price matching policy under supply scarcity in practice.



Dr. WANG Qian

Postdoc in the City University of Hong Kong

Dr. Qian WANG is a postdoc in the City University of Hong Kong. She received her Ph.D. in Marketing from the City University of Hong Kong in Oct 2022. She obtained her bachelor's degree in Business Administration from the University of Science and Technology of China in 2017. Her major research interests lie in the interface of marketing and operations management, including pricing strategies, sharing economy, and biased communication with information asymmetry. She has won the Ph.D. Student Research Excellence Award 2021 in the College of Business and the Ph.D. student Teaching Excellence Award 2021 in the Department of Marketing at City University of Hong Kong.



Date: 23 November 2022 (Wednesday)

Time: 09:00 – 10:30am (HK Time)

Venue: Zoom (ID 984 1910 7486)

Language: English



***** All are Welcome *****