

ORIE 4154 - Pricing and Market Design

Instructor: Siddhartha Banerjee

Spring 2017



Cornell University

Essential Course Information (contd.)

Lectures

Course Number: ORIE 4154

Class time: TR 11:40am-12:55pm

Class location: Thurston 205

Course Communication:

Piazza:

<http://piazza.com/cornell/spring2017/orie4154>

Website:

[http://people.orie.cornell.edu/sbanerjee/
ORIE4154/orie4154s17.html](http://people.orie.cornell.edu/sbanerjee/ORIE4154/orie4154s17.html)

Blackboard:

<http://blackboard.cornell.edu> (Search for ORIE 4154)

Essential Course Information

Instructor

Sid Banerjee

Office: 229 Rhodes Hall

E-mail: sbanerjee@cornell.edu

Website: people.orie.cornell.edu/sbanerjee/

Office hours: Tuesday 3pm-5pm (or by appointment)

Teaching Assistants

Alberto Vera (email: aav39@cornell.edu)

James Dong (email: jd748@cornell.edu;))

Office hours: Monday, Wednesday 3-5pm Room no: TBD

Why study revenue optimization?

A canonical example

What is RM?

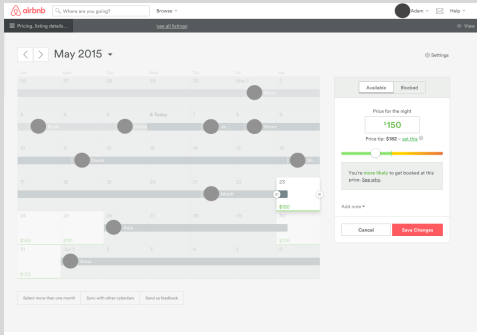


- Consider the decisions faced in selling a house?
 - When should we put it on the market?
 - What price should we ask?
 - Given an offer, should we accept it?
 - If there are no offers, should we lower the asking price? If so, by how much? When?

Courtesy: Huseyin Topaloglu

Why study revenue optimization??

Canonical example ++



Courtesy: www.guesty.com

Travel trends in your area are changing.



You can take advantage of these changes by adjusting your price on a daily basis. Over time, this can help you make more money.

See Price Tips for May

Price tips will next update tomorrow

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Demand management vs. marketplace design

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Travel websites (Kayak/Tripadvisor/etc.): market design

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AirBnB Reputation mechanisms: market design

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AirBnB price recommendation tool: ?

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- **Optimization:** at the level of ORIE 3300
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- **Optional project:**
 - Used in place of either 3 assignment grades (after dropping lowest) OR the prelim grade
 - Used for determining A+ grade
 - Ideally groups of 2-3

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2. Seller's constraints and objectives
3. Structure of available information

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