



Dr. Meng Li

Associate Professor, Bauer Fellow

Bauer College of Business

University of Houston

Date: Tuesday, Sept. 30, 2022

Time: 1:00 - 1:50 pm

Location: Melcher Hall 180

Managerial Regret in Revenue Management

Abstract: In practice, the seller often engages in counterfactual thinking to compare her selected choice with other forgone alternatives. If a forgone alternative (ex post) generates a better outcome than the selected one, the seller experiences regret. We characterize the pricing decision of a regretful seller and find that, although regret leads the seller to set a price that is lower than that set by an unbiased seller, the regretful seller employs decision policies whose structure is similar to those of the unbiased seller: the price decreases with the remaining inventory and increases with the time-to-go. Interestingly, we find that the seller who has a greater number of goods does not necessarily receive greater revenue. We also have explored the concept of managerial regret in other revenue management contexts.

Biography: Dr. Meng Li is an Associate Professor, SCM PhD coordinator, and Bauer Fellow at C.T. Bauer College of Business, University of Houston. His recent research interests focus on managerial behavior, platform and AI. His research has appeared in *Management Science*, *Manufacturing and Service Operations Management*, *Production and Operations Management*, and *Strategic Management Journal*, among others. He is a Guest Editor and Senior Editor for *Production and Operations Management*, and an Associate Editor for *Decision Sciences Journal*.