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## **Benefits and Challenges of Ambiguous Product Information\***

### Abstract

We study the welfare effects of ambiguous product information for a buyer with  $\alpha$ -max-min preferences and a price-setting seller. The buyer privately receives information about her valuation. We show that both can benefit when this information is ambiguous, and we characterize all possible combinations of consumer and producer surplus. Ambiguity concerning the valuation perceived by the buyer when making the purchase decision can induce the seller to change the price. Before receiving information, ambiguity concerning the purchase decision can make the buyer optimistic about buying only for high valuations, which relaxes the participation constraint. Our results inform the regulation of ambiguous information.

\* joint with Cédric Wasser

[Link to the paper](#)