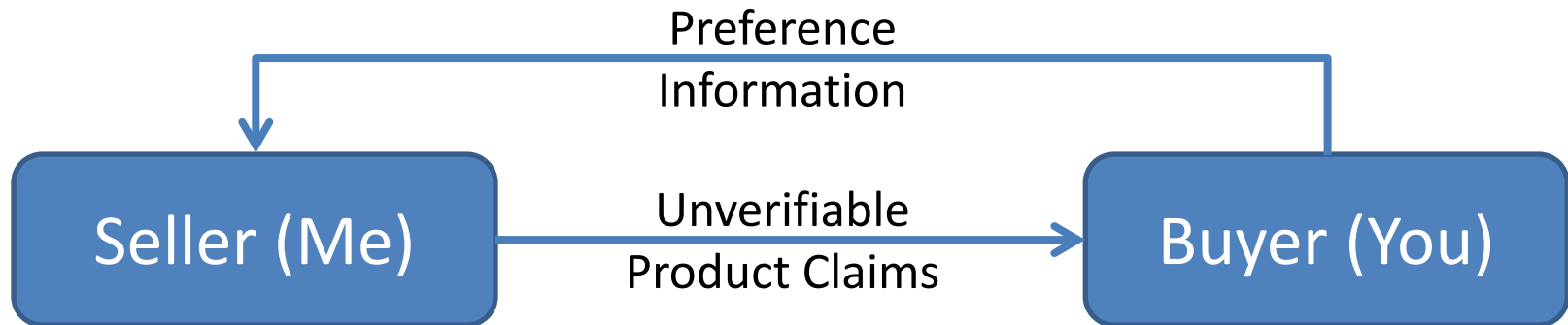# Discussion (Tailored Cheap Talk)

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Idea in a Nutshell

```
                    Preference
                    Information
    ┌──────────────────────────────────────┐
    ↓                                        │
┌─────────────┐   Unverifiable   ┌─────────────┐
│ Seller (Me) │ ───────────────→ │ Buyer (You) │
│             │  Product Claims  │             │
└─────────────┘                  └─────────────┘
```

- I can collect information about you, and tailor my claims to influence you

- The more (*you think*) I know about you, the less influence I will have over you

  The more I know about you => The more I pander

  => What I say is less informative => Less influential

- So I do not want to (*appear to*) know too much about you

What I Like

- Novel addition to cheap-talk literature
  - Few studies on information acquisition for cheap talk

- Elegant mathematical formulation to deliver the main insight

- Nice insight for "big brother - big data" era
  - Growing literature on why gathering information can be counterproductive in many different contexts

Suggestions To Strengthen Impact on Practice

- Better examples of "horizontal" product claims
  - Most product claims are "vertical" in nature (e.g., We are the best restaurant in town)

  - Horizontal => If we are good at serving segment A, then we MUST be bad at serving segment B AND this is common knowledge (e.g., fuel economy vs. acceleration, liberal vs. conservative)

  - Claims can also be neutral => If we are good at serving segment A, it says nothing about whether we are good at serving segment B (e.g., Soy milk is healthy & tasty & environmental & compassionate)
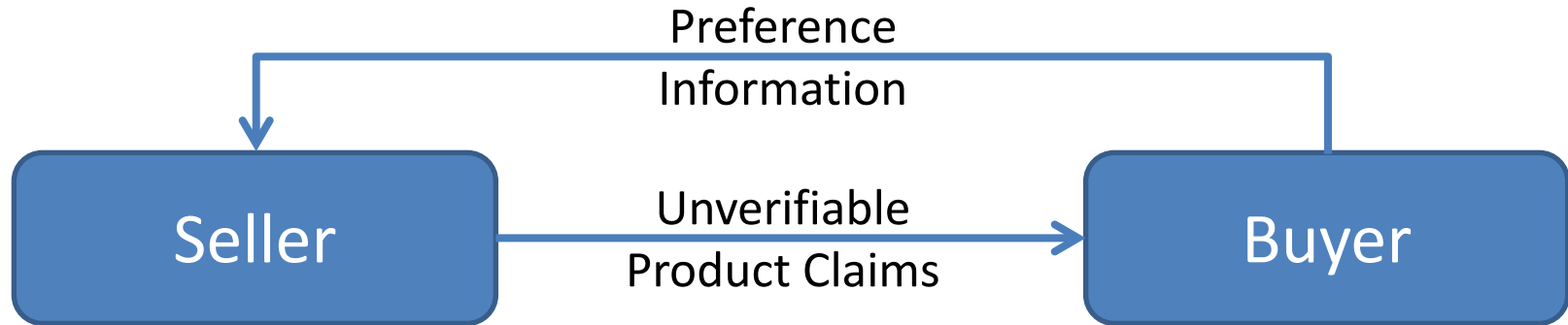
Suggestions To Strengthen Impact on Practice

- How do you know about what I know about you
  - Observability and Common Knowledge
    - Consider unobservable info acquisition with epsilon cost
  - How can I make what I know known to you?

- Can you influence what I know about you
  - Targeting often based on buyer's past behavior, or on information explicitly elicited for this purpose
  - Buyer can manipulate what seller learns
  - Can be a blessing in disguise (prevents seller from learning too much)

Suggestions To Strengthen Impact on Practice

- Is talk really cheap?
  - Many standard remedies exist
  - Seller can back up claims with satisfaction guarantees
  - Reputation concerns in the age of Twitter and Facebook
  - Seller may make other (costly) decisions based on buyer's preference information that can act as signals of the product's true value to buyer
    - E.g. Customized price discounts (uninformed seller has incentive to reveal its type)

- Adapt model to specific industry context(s)
  - Where is cheap talk a first-order problem?

Cheap Talk in the Big(ger) Picture

Cheap Talk in the Big(ger) Picture