

MENGQI ZHANG

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EDUCATION

University of Colorado Boulder

Ph.D. in Economics

Expected Spring 2025

University of Colorado Boulder

M.A. in Economics

2019

Shanghai Jiao Tong University

Master's Program in Economics

2017

South China University of Technology

B.A. in Economics

2014

RESEARCH INTERESTS

Microeconomic Theory (Information and Mechanism Designs), Industrial Organization, Marketing

JOB MARKET PAPER

“Receiver Inattention and Persuading to be Persuaded”

Frictions in a Bayesian persuasion game, such as the receiver’s rational inattention, can constrain the feasible information structures beyond Bayes’ plausibility. In a conventional persuasion scenario with a binary state and binary action, we examine the properties of the inattention constraint under which the sender is likely to benefit from extending the persuasion game. These properties transform the sender’s persuasion problem into an intertemporal one, where her strategy not only determines the current chance to succeed but also the receiver’s prior belief in the next persuasion attempt, if necessary. In contrast to the optimal static persuasion strategy, the intertemporal approach may lead the sender to adopt a “piecemeal” information disclosure strategy, where she sacrifices the chance of immediate success to ensure that the receiver can be persuaded in subsequent attempts should her current attempt fail. While extending the persuasion game can improve overall persuasiveness beyond the static efficiency level, frictional constraints continue to define the efficiency limits of this sequential strategy. Friction-free efficiency remains unattainable, even with unlimited opportunities to persuade.

“Price Signal in Conspicuous Consumption”

In conspicuous consumption, if consumers lack information about market demand, they are uncertain about the exclusivity for which they are willing to pay a premium. The price set by a monopolistic firm with an information advantage can be a signal of product exclusivity to consumers. In a signaling game, we show that the consumer’s heuristic, that higher prices justify higher levels of exclusivity, supports the equilibria where prices are pooling or separating signals. In these equilibria, as compared to the perfect-information benchmark, the firm earns a higher profit in the premium luxury market, where most potential consumers are high-type, and a lower profit in the affordable luxury market, where there

is a large proportion of low-type consumers. In addition, the difference in consumption value between high- and low-type consumers, as well as consumers' preference for exclusivity, affect the firm's profit in imperfect-information equilibria, which generate important managerial implications for product design and marketing strategies.

WORKING PAPERS

“Over-Persuasion and Mechanism Design”

In a Bayesian persuasion game, the sender may have to use the same persuasion strategy to persuade a group of receivers. An optimal strategy to persuade targeted receivers may provide unnecessary information to some other receivers with different prior beliefs. Such unnecessary information may change these receivers' beliefs and actions in ways that the sender does not desire, resulting in over-persuasion. This study investigates when the over-persuasion issue arises and how mechanism design can address it. We propose a mechanism in which contract transfer is contingent on signal realizations. Receivers can accept the contract to process the persuasion signals and pay the transfer, or they can decline it and maintain their prior beliefs. The mechanism exploits confirmation bias, which arises from receivers' heterogeneous beliefs, to create their heterogeneous incentives to accept the contract. We apply the general theorem to the market with a monopolistic seller and heterogeneous consumers who are uncertain about the product's value. This application demonstrates an important managerial implication for the optimal pricing of a product trial or demo, which was largely overlooked previously.

“Income Effect and Product Quality in Conspicuous Consumption”

For conspicuous consumption to occur, certain price levels must exclude low-income consumers while retaining as many high-income consumers as possible to create exclusivity. This phenomenon necessitates the income effect if consumers with different incomes share similar preferences for a status good. However, as a result of the income effect, the direct value determined by product quality and the conspicuous value determined by exclusivity may act as substitutes for consumers. Therefore, when a product becomes a status good, its quality may decrease. Consumers who purchase a good solely for its direct value may incur a loss, and the market may experience a decrease in efficiency. Moreover, the quality decline of a status good reduces the effectiveness of price as a signal of product quality, whereas a high price indicates only high quality if the good is an ordinary good under the same conditions.

RESEARCH IN PROGRESS

“Buying to Qualify: Audience and Exclusivity in Conspicuous Consumption”

“Strategy of Information Disclosure, Receiver Heterogeneity and Mechanism Design”

“Advertising Experience Goods”

“Information Design and Contract Enforcement”

“Price Discrimination Design in Conspicuous Consumption”

PRESENTATION (CONFERENCE AND WORKSHOP)

2024 Midwest Theory Conference (University of Rochester, Rochester, NY)	<i>October, 2024</i>
19th Economics Graduate Student Conference (WUSTL, St. Louis, MO)	<i>October, 2024</i>
2024 Annual Conference of EARIE (University of Amsterdam, Netherlands)	<i>August, 2024</i>

2023 Hong Kong Economic Association Biennial Conference (HKU, Hong Kong)	<i>December, 2023</i>
2023 Midwest Theory Conference (Georgia Institute of Technology, Atlanta, GA)	<i>November, 2023</i>
2023 INFORMS Annual Meeting (Phoenix, AZ)	<i>October, 2023</i>

TEACHING EXPERIENCE

Instructor

Intermediate Macroeconomic Theory	<i>Fall 2019</i>
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Teaching Assistant

Intermediate Microeconomic Theory	<i>Spring 2022, Fall 2022</i>
Introduction to Statistics with Computer Applications	<i>Fall 2023</i>
Principles of Microeconomics	<i>Spring 2018, Spring 2020 - Fall 2021</i>
Principles of Macroeconomics	<i>Fall 2017, Fall 2018, Spring 2019, Spring 2023, Spring 2024</i>
Natural Resource Economics	<i>Fall 2017</i>
Advanced Microeconomic Theory	<i>Fall 2015</i>

ACADEMIC AWARDS

Sieglinde Talbott Haller Endowed Economics Scholarship	<i>2021</i>
Paula M. Hildebrandt Economics Graduate Student Support Award	<i>2020</i>
Morris E. Garnsey Fellowship	<i>2019</i>
Yordon Prize in Microeconomics	<i>2018</i>
Robert and Lauri McNown Award	<i>2018</i>
Bacon Family Fellowship	<i>2017</i>

LANGUAGES

English (Fluent), Mandarin (Native), Cantonese (Native)

REFERENCES

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