

THE HONG KONG POLYTECHNIC UNIVERSITY  
DEPARTMENT OF MANAGEMENT AND MARKETING  
Asian Centre for Branding & Marketing  
Research Seminar



Scalpers: When “How Many”  
is the Question  
By

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Time : 10:30 am –12:00 nn  
Venue : Online via Zoom

**Abstract**

Scalping has long existed in many markets. Scalpers purchase products with limited supply for resale at inflated prices later. A somewhat puzzling observation is that although firms often impose restrictions on scalping, we rarely observe actions that completely eliminate it. This paper explains why and how an intermediate level of restrictions on scalping may be optimal for the firm purely from the perspective of the firm’s most desired amount of scalping, i.e., without reliance on the decision space constraints. We consider a firm with limited capacity and consumers deciding whether to buy the product in advance (before their individual valuation uncertainty is resolved) or to wait at the risk of an increased price or sold out product. We find that the consumer willingness to pay in advance and the firm’s profit may indeed be maximal at an intermediate level of scalping. Extending the model to allow consumer-to-consumer resale, we obtain that in our model, whenever an intermediate level of scalping is optimal without the consumer ability to resell, this ability would hurt the firm. This may further explain why resale restrictions may be formulated in such a way that only knowledgeable resellers (scalpers) are able to circumvent them.

**Dr Chenxi Liao** is an Assistant Professor of Marketing at The Chinese University of Hong Kong (CUHK). Prior to joining CUHK, she obtained her PhD degree in Marketing from University of Texas at Dallas, and her BS degree in Mathematics and Applied Mathematics from University of Science and Technology of China. She is interested in pricing, competitive strategy, channel coordination, opinion leader marketing, and digital marketing. Her research work has been published in *Journal of Marketing Research* and *Marketing Science*.

**All interested are welcome.**



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