



# Optimal information disclosure policies in strategic queueing games



Eran Simhon<sup>a,\*</sup>, Yezekael Hayel<sup>b,c</sup>, David Starobinski<sup>a</sup>, Quanyan Zhu<sup>c</sup>

<sup>a</sup> Division of Systems Engineering, Boston University, 8 Saint Marys St., Boston, MA 02215, USA

<sup>b</sup> LIA/CERI, University of Avignon, 339 chemin des Meinajaries cedex 9, 84911 Avignon, France

<sup>c</sup> Department of Electrical and Computer Engineering, Tandon School of Engineering, New York University, 5 MetroTech Center, Brooklyn, NY 11201, USA

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## ABSTRACT

Information about queue length is an important parameter for customers who face the decision whether to join a queue or not. In this paper, we study how optimal information disclosure policies can be used by a service provider of an  $M/M/1$  queue to increase its revenue. Our main contribution is showing that the intuitive policy of informing customers about the current queue length when it is short and hiding this information when it is long is never optimal.

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## 1. Introduction

The literature on the strategic behavior of customers in queues is traditionally divided into the classical observable and unobservable queues. In the former case, introduced by Naor [8], customers are informed about the current queue length before deciding whether to join or balk. In the latter case, introduced by Edelson and Hilderbrand [2], customers make their decisions based on statistical information (e.g., the queue parameters). In both cases, customers behave strategically and join the queue only if their expected waiting cost is smaller than the reward obtained upon being served.

The goal of this work is to find out whether there are situations where the service provider can increase its revenue by combining those two frameworks. In particular, we are interested in studying policies where the provider shares information with some customers and hides it from others, depending on the actual queue length. We assume that the service provider has a fixed income from each customer that joins the queue. Thus, in order to maximize its revenue, the provider should maximize the effective arrival rate, which is the rate of customers that join the queue, or equivalently, minimize the idle period of its system.

We compare between the outcomes of the following three policies: (i) always inform customers about the queue length; (ii) never inform customers about the queue length; (iii) inform

customers based on a threshold policy in which queue length information is provided when the queue length is below the specified threshold and is hidden otherwise. Although the third policy seems intuitive, we formally prove that, in any setting, either sharing information with all customers or hiding information from all customers always yields greater expected revenue.

The rest of the paper is structured as follows. In Section 2, we discuss related works. In Section 3, we formally define the model. In Section 4, we find the equilibrium structure of a game with threshold information policy. In Section 5, we compare between the outcomes of the three policies. In Section 6, we prove our main result.

## 2. Related works

Information disclosure plays a key factor in customers' behavior at call centers. For a recent review of call center theory with many references in the role of information on the balking behavior of customers see [1]. The authors of [9] give examples of queueing systems providing on-line queue length information, including emergency rooms in hospitals, voting locations, security gates at international airports and amusement parks. Most of these systems assume that providing queue-length helps customers to optimize their expected payoffs.

Both [10,4] compare between the outcomes of observable and unobservable  $M/M/1$  queues. It is shown that each model can outperform the other depending on the settings. In [7], the authors consider a population with two types of customers: informed and uninformed. The proportion of informed customers is an

\* Corresponding author.

E-mail address: [simhon@bu.edu](mailto:simhon@bu.edu) (E. Simhon).

exogenous parameter of the model. They analytically characterize the equilibrium and find that the effective incoming rate is unimodal with respect to the fraction of informed customers. A similar result is presented in [9], where the model assumes that each customer follows a two-step decision process: (i) to buy or not to buy the information about the queue; (ii) to join or not join the queue. The characterization of an equilibrium strategy is based on an analysis of topological properties of the expected utility sets. The authors prove the existence and uniqueness of a symmetric Nash equilibrium.

In our work, we adopt a control-theoretic perspective. In particular, we are interested in finding the best information disclosure policy that should be used by a service provider in order to maximize its revenue. The fact that the disclosed information is state-dependent complicates the analysis of the equilibrium. In [6], the authors consider informed and uninformed customers, but the latter are non-strategic and follow a determined threshold policy. In [11], the authors consider customers' decisions in observable and unobservable queueing games with endogenously determined arrivals and batch services. The equilibrium strategies are evaluated numerically.

### 3. System model

We consider a standard  $M/M/1/$  FCFS queue system. The arrival rate is a Poisson process with mean  $\lambda$ . The service rate is exponential with mean  $1/\mu$ . We denote  $\rho = \lambda/\mu$  to be the maximum load of the queue (recall that customers do not always join the queue). The cost of each time unit spent at the queue (waiting and being served) is  $C$ . Without loss of generality we set  $C = 1$ . All customers have the same reward  $R$  from service, where  $R > 1/\mu$  (otherwise, no customer ever joins the queue).

The standard set-up in all the problems related to strategic behavior in queueing systems [5] is that a new customer decides to join or to balk depending on her expected sojourn time in the queue and the reward obtained for service completion. The behavior of a new customer is highly dependent on her knowledge/information about the current queue length (the queue length at the instant of her arrival). Naturally, a customer will join the queue if and only if the expected sojourn time (which depends on the information about the queue length provided to her) is smaller than the reward.

We consider a state-dependent information disclosure policy, such that the control parameter  $u$  is a mapping from the queue length  $i$  into the interval  $[0, 1]$ . Then, the control  $u(i)$  for all  $i = 0, 1, \dots$  is the probability that the provider gives the information to an arrival customer when there are  $i$  customers in the queue. We only consider stationary information disclosure policies, i.e. control policies that do not depend on time. If  $u(i) = 1$ , for all  $i \geq 0$ , then it is exactly the (fully) observable model presented by Naor [8] and if  $u(i) = 0$ , for all  $i \geq 0$ , then it is the unobservable model presented by Edelson and Hilderbrand [2]. For the rest of the paper, the former information disclosure policy is denoted  $u_+$  and the latter policy is denoted  $u_-$ .

The provider's objective is to maximize its revenue, generated through the service completion. Thus, it aims to maximize the utilization of the queue which is equivalent to minimizing the idle stationary probability of the queue, denoted by  $\pi_0$ . The optimization problem for the provider is the following:

$$\min_{u \in \mathcal{U}} \pi_0^u,$$

where  $\mathcal{U}$  is the set of information disclosure policies/mapping from  $\mathbb{N}$  to the interval  $[0, 1]$ . Based on Naor's model, we know that an informed customer will join if the queue length is strictly lower than the threshold  $L = \lfloor R\mu \rfloor$ . An uninformed customer makes her decision based on her expected sojourn time, denoted

by  $W^U$ . We assume that the uninformed customers are aware of the policy used by the provider (this information can be obtained by trials or via exogenous sources). Thus, an uninformed customer can evaluate her sojourn time given the system parameters and the provider policy.

Getting results for all type of information disclosure policies can be complicated. Therefore, in this paper, we restrict our analysis to deterministic threshold information disclosure policies, which make sense in applicative contexts. The principle of revealing the queue length when the system is empty and not revealing it when the system is full seems intuitive. Revealing information when the queue is small should increase the incoming rate of customers. At the opposite, when the system is overloaded, the provider may aim not to scare incoming customers and give them the information about the queue length.

### 4. Equilibrium analysis of threshold policies

In this section, we consider threshold policies, denoted  $u_D(\cdot)$ , for which the provider informs all customers about the queue length if the actual queue length is below or equal some threshold  $D$  and does not inform them otherwise, that is,

$$u_D(i) = \begin{cases} 1 & \text{if } i \leq D, \\ 0 & \text{if } i > D. \end{cases}$$

Since an uninformed customer knows that the queue length is greater than  $D$ , her expected sojourn time, denoted  $W^U(D, q)$ , depends on the threshold  $D$  and on the decision of the other uninformed customers, denoted by  $q$ , where  $q \in [0, 1]$  represents the probability that an uninformed customer joins the queue (all customers are identical, hence we only consider symmetric strategies). We denote an equilibrium solution by  $q^*$ .

If  $D \geq L - 1$ , uninformed customers will never join the queue as their expected sojourn times, conditioned on the fact that the queue length is at least  $L$ , is necessarily higher than the reward  $R$  (recall that  $L = \lfloor R\mu \rfloor$ ). Thus, the unique equilibrium is  $q^* = 0$  and a threshold policy with a threshold  $D \geq L - 1$  is equivalent to the observable model. Henceforth, we only consider threshold policies with  $D \in \{0, 1, \dots, L - 2\}$  (which also means that we only consider  $R\mu \geq 2$ ). Thus, at equilibrium, all informed customers join, while all uninformed customers join with probability  $q$ .

The evolution of the queue length process forms a Markov chain with transition rate  $\lambda$  from state  $i$  to state  $i + 1$  if  $i \leq D$  and transition rate  $\lambda q$  otherwise. The transition rate from  $i$  to  $i - 1$  is  $\mu$  for all  $i > 0$ . The Markov chain is illustrated in Fig. 1. This Markov chain is a birth–death process and the stationary distribution is given by

$$\pi_i = \begin{cases} \pi_0 \left(\frac{\lambda}{\mu}\right)^i & \text{if } i \leq D + 1, \\ \pi_0 \frac{\lambda^i q^{i-D-1}}{\mu^i} & \text{if } i > D + 1, \end{cases} \quad (1)$$

where  $\pi_i$  is the stationary probability that the queue length is equal to  $i$ . The idle stationary probability (i.e., the probability that the queue is empty) as a function of the threshold  $D$  and the joining probability  $q$  is given by:

$$\begin{aligned} \pi_0(D, q) &= \left[ \sum_{i=0}^{D+1} \left(\frac{\lambda}{\mu}\right)^i + \sum_{i=D+2}^{\infty} \frac{\lambda^i q^{i-D-1}}{\mu^i} \right]^{-1} \\ &= \frac{(\lambda - \mu)(\lambda q - \mu)}{\lambda^2(-1 + q)(\lambda/\mu)^D - \lambda q \mu + \mu^2}. \end{aligned} \quad (2)$$

We define  $\pi(i | i > D)$  to be the probability that the queue length is  $i$ , given that the queue length is higher than  $D$ . Using conditional

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