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Pricing and lot-sizing decisions for perishable goods when demand depends on selling price, reference price, product freshness, and displayed stocks

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Highlights

- Freshness index of perishable goods ages from 1 initially to 0 at the sell-by date.
- Demand depends on selling and reference prices, inventory level, and sell-by date.
- The equilibrium solution is unique for both loss-neutral and loss-aversion demands.
- Optimal decisions for both demand behaviors are strategically complementary.
- The initial reference price plays an important role in making optimal decisions.