

Bayesian Persuasion

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Abstract

When is it possible for one person to persuade another to change her action? We take a mechanism design approach to this question. Taking preferences and initial beliefs as given, we introduce the notion of a *persuasion mechanism*: a game between Sender and Receiver defined by an information structure and a message technology. We derive necessary and sufficient conditions for the existence of a persuasion mechanism that strictly benefits Sender. We characterize the optimal mechanism. Finally, we analyze several examples that illustrate the applicability of our results.

JEL classification: D83, K41, L15, M37

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