

## Description for the general public

In the neoclassical literature the rationality of consumers is a dominant assumption. Among others, it is indicating that consumer while making purchase decisions is always choosing an option that maximizes her happiness. In that process she acknowledges and fully understands the characteristics of the offered product, however if she does not possess complete information about it, she can perform complicated procedures of statistical inference and base its results in decision making process.

However, as it is shown by empirical evidence, people make their purchasing decisions based on not objective premises but fragments of the knowledge, often collected from own experience or from close relatives. The inference is whereas performed not from objective statistics but from collecting a sampling of data and in a very simplified manner.

Nevertheless, for decades while analyzing the oligopoly models, that is situations where there are so few firms on the market that they have a significant impact on market situation, there was a dominant assumption of rationality of consumers. However, the irrational behaviour of consumers gives foundations to existence of phenomena such as deliberate choosing of the worse and more expensive products, existence of quacks, information campaigns or existence of different prices of products with identical characteristics.

The purpose of the project is an attempt to include into classical oligopoly models an aspect of leaving the consumers' rationality assumption and analysis of consequences of such an action. In particular, a pursuit will be made to answer the question of in what extend firms can exercise the irrationality of consumers and how it affects prices and quality of the offered products in the dynamically changing experiences and tastes. Moreover, determining the loss for the consumers due to their irrationality will allow to verify the possibilities and scope of public policies concerning educating consumers in terms of purchased product such as rating agencies or quality certificates.

The conducted analysis will have theoretical character and will be performed through mathematical modeling with usage of game theoretical tools. Due to the research it will be possible to describe the more realistic market interactions. It will also constitute a foundation for more applied models and empirical analysis in this field of study.