DYNAMIC MULTI-PRODUCT SELECTION AND PRICING UNDER PREFERENCE FEEDBACK

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Paper under double-blind review

ABSTRACT

In this study, we investigate the problem of dynamic multi-product selection and pricing by introducing a novel framework based on a *censored multinomial logit* (C-MNL) choice model. In this model, sellers present a set of products with prices, and buyers filter out products priced above their valuation, purchasing at most one product from the remaining options based on their preferences. The goal is to maximize seller revenue by dynamically adjusting product offerings and prices, while learning both product valuations and buyer preferences through purchase feedback. To achieve this, we propose a Lower Confidence Bound (LCB) pricing strategy. By combining this pricing strategy with either an Upper Confidence Bound (UCB) or Thompson Sampling (TS) product selection approach, our algorithms achieve regret bounds of $\widetilde{O}(d^{\frac{3}{2}}\sqrt{T})$ and $\widetilde{O}(d^2\sqrt{T})$, respectively. Finally, we validate the performance of our methods through simulations, demonstrating their effectiveness.

1 INTRODUCTION

The rapid growth of online markets has underscored the critical importance of developing strategies for dynamic pricing to maximize revenue. In these markets, sellers have the flexibility to adjust the prices of products sequentially in response to buyer behavior. However, optimizing prices is not a trivial task. To effectively set prices, sellers must learn the underlying demand parameters, as buyers make purchasing decisions based on their preferences and willingness to pay, as modeled by demand functions (Bertsimas & Perakis, 2006; Cheung et al., 2017; den Boer & Zwart, 2015; Javanmard & Nazerzadeh, 2019; Cohen et al., 2020; Javanmard & Nazerzadeh, 2019; Luo et al., 2022; Fan et al., 2024; Shah et al., 2019; Xu & Wang, 2021; Choi et al., 2023). While the prior work has focused on dynamically adjusting prices for single products, real-world applications such as e-commerce, hotel reservations, and air travel often involve multiple products, further complicating the pricing strategy (Den Boer, 2014; Ferreira et al., 2018; Javanmard et al., 2020; Goyal & Perivier, 2021).

In practice, sellers must do more than just set prices—they also need to determine which products to offer. Buyers purcahse a product based on their preferences for available items, and this purchasing process is influenced by the price. Higher prices reduce the likelihood of a purchase, as buyers filter out products priced above their perceived value. This dynamic interplay between pricing and buyer preferences is a fundamental aspect of real-world online markets, making it essential to model both product selection and pricing together.

In this work, we tackle the problem of dynamic multi-product pricing and selection by developing a novel framework that captures the censored behavior of buyers—where buyers consider only those products priced below their valuation and purchase one product from the remaining options. To model this behavior, we extend the widely used multinomial logit (MNL) choice model (Agrawal et al., 2017a;b; Oh & Iyengar, 2021; 2019) to a censored MNL (C-MNL) model. This model allows us to capture buyer behavior more accurately in scenarios where product prices impact buyer choices. In our framework, sellers dynamically learn both the product valuations and buyer preferences, all while facing the challenge of not receiving feedback on which products buyers filtered out due to high prices, reflecting real-world conditions.

To address the inherent uncertainty in buyer behavior, we propose a novel Lower Confidence Bound (LCB) pricing strategy, which sets lower initial prices to encourage exploration and avoid price censorship. In combination with Upper Confidence Bound (UCB) or Thompson Sampling (TS) strategies for product assortment selection, we provide algorithms that not only maximize revenue but also efficiently balance exploration and exploitation in the face of censored feedback. Through theoretical analysis, we derive regret bounds for our algorithms, and we validate their performance using synthetic datasets.

Summary of Our Contributions.

- We propose a novel framework for dynamic multi-product selection and pricing that incorporates a censored version of the multinomial logit (C-MNL) model. In this model, buyers filter out overpriced products and choose from the remaining options based on their preferences.
- We introduce a Lower Confidence Bound (LCB)-based pricing strategy to promote exploration by setting lower prices, avoiding buyer censorship, and facilitating the learning of buyer preferences and product valuations.
- We develop two algorithms that combine LCB pricing with Upper Confidence Bound (UCB) and Thompson Sampling (TS) for assortment selection, achieving regret bounds of $\widetilde{O}(d^{\frac{3}{2}}\sqrt{T})$ and $\widetilde{O}(d^2\sqrt{T})$, respectively.
- We provide extensive theoretical analysis, including regret bounds, and validate the effectiveness of our algorithms using synthetic datasets, demonstrating their superiority over existing approaches.

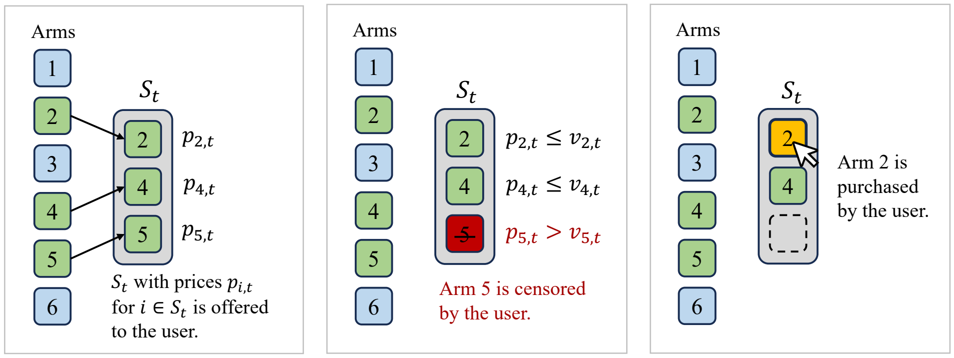
2 Related Work

Dynamic Pricing and Learning Dynamic pricing with learning demand functions or market values has been widely studied (Bertsimas & Perakis, 2006; Cheung et al., 2017; den Boer & Zwart, 2015; Javanmard & Nazerzadeh, 2019; Cohen et al., 2020; Luo et al., 2022; Xu & Wang, 2021; Fan et al., 2024; Shah et al., 2019; Choi et al., 2023; Den Boer, 2014; Ferreira et al., 2018; Javanmard et al., 2020; Goyal & Perivier, 2021). However, previous work typically assumes that products are introduced arbitrarily or stochastically, meaning the products themselves are given rather than being part of the decision-making process. In contrast, our study incorporates a preference model for dynamic selection and pricing, where the agent must determine the assortment of products to offer with prices.

We note that Javanmard et al. (2020); Goyal & Perivier (2021); Erginbas et al. (2023) considered MNL structure for dynamic pricing, which was widely considered in the assortment bandits literature (Agrawal et al., 2017a;b; Oh & Iyengar, 2021; 2019). Based on the MNL structure, the previous pricing strategies have focused solely on optimizing revenue function. Notably, Javanmard et al. (2020); Perivier & Goyal (2022) examined scenarios where the assortment is predetermined rather than chosen by the agent under the dynamic pricing problems, and Erginbas et al. (2023) directly extended Goyal & Perivier (2021) by considering assortment selection under the same MNL structure. Moreover, Javanmard et al. (2020) consider i.i.d feature vectors fixed over time.

In our study, we utilize the MNL model with arbitrary features at each time to capture buyer preferences. Inspired by real-world scenarios, we further incorporate activation functions to address the non-continuous nature of buyer behavior, specifically their acceptable price thresholds. The presence of activation functions in our MNL model prevents a direct conversion to the standard MNL structure, distinguishing our work from that of Javanmard et al. (2020); Goyal & Perivier (2021); Erginbas et al. (2023). Furthermore, we address a multi-product setting where the agent not only prices but also selects products at each time. As a result, we must develop a novel strategy for both pricing and assortment selection to address this challenge.

Notably, while activation functions for buyer demand have been considered in Javanmard & Nazerzadeh (2019); Cohen et al. (2020); Luo et al. (2022); Xu & Wang (2021); Fan et al. (2024); Shah et al. (2019); Choi et al. (2023), these studies focused on single-product offered by the environment with single binary feedback at each time indicating whether the product was purchased or not. In contrast, we examine a multi-product setting where the agent must both select and price multiple products while receiving preference feedback, a scenario commonly observed in real-world online markets.



(a) The agent offer an assortment of arms S_t with price $p_{i,t}$ for $i \in S_t$.

(b) Arms $i \in S_t$ satisfying $p_{i,t} > v_{i,t}$ are censored by the user.

(c) The user purchases an arm from the remaining arms in S_t based on preference.

Figure 1: The illustration describes the process involved in making a purchase.

3 PROBLEM STATEMENT

There are N arms (products) in the market. As illustrated in Figure 1, at each time $t \in [T]$, (**a**) an agent (seller) selects a set of arms $S_t \subseteq [N]$, referred to as 'assortment,' to a user (buyer) with a size constraint $|S_t| \leq K(\leq N)$. At the same time, the agent prices each arm $i \in S_t$ as $p_{i,t} \in \mathbb{R}_{\geq 0}$ and suggests the assortment with the corresponding prices to the user. (**b**) Then, based on the valuation $v_{i,t}$ and price $p_{i,t}$ for each arm $i \in S_t$, the user filters out any arms $i \in S_t$ where the price exceeds their valuation, i.e., $v_{i,t} < p_{i,t}$. (**c**) Finally, the user purchases at most one arm from the remaining options based on preference. In what follows, we describe our models for the user behavior and the revenue of the agent in more detail.

There are latent parameters θ_v and $\theta_\alpha \in \mathbb{R}^d$ (unknown to the agent) for valuation and price sensitivity, respectively. At each time t, each arm $i \in [N]$ has known feature information $x_{i,t}$ and $w_{i,t} \in \mathbb{R}^d$ for its valuation and price sensitivity, respectively. Then the (latent) valuation of each arm i for the user is defined as $v_{i,t} := x_{i,t}^\top \theta_v \geq 0$. We also consider that there are (latent) price sensitivity parameters as $\alpha_{i,t} := w_{i,t}^\top \theta_\alpha \geq 0$. In this work, we propose a modification of the conventional MNL choice model with threshold-based activation functions, which we name as the *censored multinomial logit* (C-MNL) choice model.

Definition 1 (Censored multinomial logit choice model) *Let set of prices $p_t := \{p_{i,t}\}_{i \in S_t}$. Then, given S_t and p_t, the user purchases an arm $i \in S_t$ by paying $p_{i,t}$ according to the probability defined as follows:*

$$\mathbb{P}_t(i|S_t, p_t) := \frac{\exp(v_{i,t} - \alpha_{i,t} p_{i,t}) \mathbb{1}(p_{i,t} \leq v_{i,t})}{1 + \sum_{j \in S_t} \exp(v_{j,t} - \alpha_{j,t} p_{j,t}) \mathbb{1}(p_{j,t} \leq v_{j,t})}. \tag{1}$$

From the activation function in the above definition, the user considers purchasing only the arms $i \in S_t$ satisfying that its price is lower than the user's valuation (or willingness to pay) as $p_{i,t} \leq v_{i,t}$. We also note that a higher price for an arm decreases the user's preference for it, while a higher valuation indicates a stronger preference. For notation simplicity, we use $\theta^* := [\theta_v; \theta_\alpha] \in \mathbb{R}^{2d}$ and $z_{i,t}(p) := [x_{i,t}; -p w_{i,t}] \in \mathbb{R}^{2d}$. Then the C-MNL of (1) can be represented as

$$\begin{aligned}
\mathbb{P}_t(i|S_t, p_t) &= \frac{\exp(x_{i,t}^\top \theta_v - w_{i,t}^\top \theta_\alpha p_{i,t}) \mathbb{1}(p_{i,t} \leq x_{i,t}^\top \theta_v)}{1 + \sum_{j \in S_t} \exp(x_{j,t}^\top \theta_v - w_{j,t}^\top \theta_\alpha p_{j,t}) \mathbb{1}(p_{j,t} \leq x_{i,t}^\top \theta_v)} \\
&= \frac{\exp(z_{i,t}(p_{i,t})^\top \theta^*) \mathbb{1}(p_{i,t} \leq x_{i,t}^\top \theta_v)}{1 + \sum_{j \in S_t} \exp(z_{j,t}(p_{j,t})^\top \theta^*) \mathbb{1}(p_{j,t} \leq x_{j,t}^\top \theta_v)}.
\end{aligned}$$

As in the previous literature for MNL, it is allowed for each user to choose an outside option (i_0), or not to choose any, as $\mathbb{P}_t(i_0|S_t, p_t) = \frac{1}{1+\sum_{j \in S_t} \exp(z_{j,t}(p_{j,t})^\top \theta^*) \mathbb{1}(p_{j,t} \leq x_{j,t}^\top \theta_v)}$. Importantly, at each time t, the agent only observes feedback of chosen arm i_t but does *not* observe feedback on which arms are censored from the activation function based on the latent user's valuation. This makes it challenging to learn the valuation from the preference feedback and the naive pricing strategies for maximizing revenue (Javanmard et al., 2020; Goyal & Perivier, 2021; Erginbas et al., 2023) do not work properly for our model.

The expected revenue from chosen arm $i \in S_t$ is represented as $R_{i,t}(S_t) = p_{i,t}\mathbb{P}_t(i|S_t, p_t)$. Then the overall expected revenue for the agent is formulated as

$$R_t(S_t, p_t) = \sum_{i \in S_t} R_{i,t}(S_t) = \sum_{i \in S_t} \frac{p_{i,t} \exp(z_{i,t}(p_{i,t})^\top \theta^*) \mathbb{1}(p_{i,t} \le x_{i,t}^\top \theta_v)}{1 + \sum_{j \in S_t} \exp(z_{j,t}(p_{j,t})^\top \theta^*) \mathbb{1}(p_{j,t} \le x_{j,t}^\top \theta_v)}.$$

For notation simplicity, we use $p = \{p_i\}_{i \in [N]}$. Then we define an oracle policy (with prior knowledge of θ^*) regarding assortment and prices such that

$$(S_t^*, p_t^*) \in \operatorname*{arg\,max}_{S \subseteq [N], p \in \mathbb{R}^N_{\ge 0}: |S| \le K,} R_t(S, p).$$

Then given S_t and p_t for all t from a policy π, regret is defined as

$$R^\pi(T) = \sum_{t \in [T]} \mathbb{E}\left[R_t(S_t^*, p_t^*) - R_t(S_t, p_t)\right].$$

The goal of this problem is to find a policy π that minimizes regret.

4 Algorithms and Regret Analyses

4.1 UCB-based Assortment-selection with LCB Pricing: UCBA-LCBP

Here we propose a UCB-based assortment-selection with LCB pricing algorithm (Algorithm 1) as follows. We denote by $P_{t,\theta}(i|S, p) := \frac{\exp(z_{i,t}(p_i)^\top \theta)}{1 + \sum_{j \in S} \exp(z_{j,t}(p_j)^\top \theta)}$ the choice probability without the activation functions. We also use $\theta^{n:m}$ for representing a vector consisting of elements from index n to m in $\theta \in \mathbb{R}^{2d}$. Let the negative log-likelihood $f_t(\theta) := -\sum_{i \in S_t \cup \{i_0\}} y_{i,t} \log P_{t,\theta}(i|S_t, p_t)$ where $y_{i,t} \in \{0, 1\}$ is observed preference feedback (1 denotes a choice, and 0 otherwise) and define the gradient of the likelihood as

$$g_t(\theta) := \nabla_\theta f_t(\theta) = \sum_{i \in S_t} (P_{t,\theta}(i|S_t, p_t) - y_{i,t}) z_{i,t}(p_{i,t}). \tag{2}$$

We also define gram matrices from $\nabla_\theta^2 f(\theta)$ as follows:

$$G_t(\theta) := \sum_{i \in S_t} P_{t,\theta}(i|S_t, p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top - \sum_{i,j \in S_t} P_{t,\theta}(i|S_t, p_t) P_{t,\theta}(j|S_t, p_t) z_{i,t}(p_{i,t}) z_{j,t}(p_{j,t})^\top,$$
$$G_{v,t}(\theta) := \sum_{i \in S_t} P_{t,\theta}(i|S_t, p_t) x_{i,t} x_{i,t}^\top - \sum_{i,j \in S_t} P_{t,\theta}(i|S_t, p_t) P_{t,\theta}(j|S_t, p_t) x_{i,t} x_{j,t}^\top. \tag{3}$$

Then we construct the estimator of $\widehat{\theta}_t \in \mathbb{R}^{2d}$ for θ^* from the online mirror descent with (2) and (3), as studied by Zhang & Sugiyama (2024); Lee & Oh (2024), within the range of $\Theta = \{\theta \in \mathbb{R}^{2d} : \|\theta^{1:d}\|_2 \le 1 \text{ and } \|\theta^{d+1:2d}\|_2 \le 1\}$, which is described in Line 5.

Now we explain the details regarding the strategy for the decision of price and assortment. For the price strategy, we construct the lower confidence bound (LCB) of the valuation of arms. Let $\beta_\tau = C_1\sqrt{d\tau}\log(T)\log(K)$ where τ is the number of estimator updates for price, $H_t = \lambda I_{2d} + \sum_{s=1}^{t-1} G_s(\widehat{\theta}_s)$, and $H_{v,t} = \lambda I_d + \sum_{s=1}^{t-1} G_{v,s}(\widehat{\theta}_s)$ for some constant $C_1 > 0$ and $\lambda > 0$. We use $\theta^{n:m}$ for representing a vector consisting of elements from index n to m in $\theta \in \mathbb{R}^{2d}$. Then we denote the estimator regarding valuation by $\widehat{\theta}_{v,t} := \widehat{\theta}_t^{1:d}$. Let t_τ be the time step when τ-th update of the estimation for price occurs and we use $\widehat{\theta}_{v,(\tau)} := \widehat{\theta}_{v,t_\tau}$ for the pricing strategy. Then with a constant

$C > 1$, for the time steps t corresponding to the τ-th update, we construct the lower confidence bound (LCB) of the valuation of arm $i \in [N]$ as

$$\underline{v}_{i,t} := x_{i,t}^\top \widehat{\theta}_{v,(\tau)} - \sqrt{C}\beta_\tau \|x_{i,t}\|_{H_{v,t}^{-1}}.$$

We use notation $x^+ = \max\{x, 0\}$ for $x \in \mathbb{R}$. Then, for the LCB pricing strategy, we set the price of arm i using its LCB as

$$p_{i,t} = \underline{v}_{i,t}^+.$$

Importantly, from this pricing strategy, the algorithm can effectively explore arms avoiding censorship because the arm having a small price is likely to be activated from the user's threshold in the C-MNL choice model. In the analysis, under the condition of a favorable event regarding the LCB, we can appropriately handle the preference feedback from C-MNL for estimating θ^* with $\widehat{\theta}_t$. However, the conditional analysis for estimation introduces regret with each update. To solve this issue, we periodically update the estimator $\widehat{\theta}_{v,(\tau)}$ for LCB with constant $C > 1$, as described in Line 6, without hurting regret (in order) from estimation error.

Next, for the assortment selection, we construct upper confidence bounds (UCB) for valuation $v_{i,t}$ and preference utility $u_{i,t}$ as $\overline{v}_{i,t}$ and $\overline{u}_{i,t}$, respectively. We construct UCB for the valuation as

$$\overline{v}_{i,t} := x_{i,t}^\top \widehat{\theta}_{v,t} + \beta_\tau \|x_{i,t}\|_{H_{v,t}^{-1}}.$$

Interestingly, when constructing $\overline{u}_{i,t}$ regarding utility $u_{i,t} = z_{i,t}(p_{i,t}^*)^\top \theta^*$, it is required to consider enhanced-exploration under the uncertainty regarding both $\widehat{\theta}_t$ and $p_{i,t}$ (in $z_{i,t}(p_{i,t})$). We construct

$$\overline{u}_{i,t} := z_{i,t}(p_{i,t})^\top \widehat{\theta}_t + \beta_\tau \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 2\sqrt{C}\beta_\tau \|x_{i,t}\|_{H_{v,t}^{-1}},$$

where $\beta_\tau \|z_{i,t}(p_{i,t})\|_{H_t^{-1}}$ comes from uncertainty of $\widehat{\theta}_t$ and $2\sqrt{C}\beta_\tau \|x_{i,t}\|_{H_{v,t}^{-1}}$ comes from that of $p_{i,t}$ in $z_{i,t}(p_{i,t})$. Then, using the UCB indexes, the assortment is chosen from

$$S_t \in \underset{S \subseteq [N]: |S| \le K}{\arg\max} \sum_{i \in S} \frac{\overline{v}_{i,t} \exp(\overline{u}_{i,t})}{1 + \sum_{j \in S} \exp(\overline{u}_{j,t})}.$$

We set $\eta = \frac{1}{2}\log(K+1) + 3$ and $\lambda = \max\{84d\eta, 192\sqrt{2}\eta\}$ for the algorithm.

4.2 Regret Analysis of Algorithm 1 (UCBA-LCBP)

Similar to previous work for logistic and MNL bandit (Oh & Iyengar, 2019; 2021; Lee & Oh, 2024; Goyal & Perivier, 2021; Erginbas et al., 2023; Faury et al., 2020; Abeille et al., 2021), we consider the following regularity condition and definition for regret analysis.

Assumption 1 $\|\theta_v\|_2 \le 1$, $\|\theta_\alpha\|_2 \le 1$, $\|x_{i,t}\|_2 \le 1$, *and* $\|w_{i,t}\|_2 \le 1$ *for all* $i \in [N]$, $t \in [T]$

Recall $\Theta = \{\theta \in \mathbb{R}^{2d} : \|\theta^{1:d}\|_2 \le 1 \text{ and } \|\theta^{d+1:2d}\|_2 \le 1\}$. Then we define a problem-dependent quantity regarding non-linearlity of the MNL structure as follows.

$$\kappa := \inf_{t \in [T], \theta \in \Theta, i \in S \subseteq [N], p \in [0,1]^N} P_{t,\theta}(i|S,p) P_{t,\theta}(i_0|S,p).$$

We note that in the worst-case, $1/\kappa = O(K^2)$ from the definition of $P_{t,\theta}(\cdot|S,p)$ with Assumption 1. Then Algorithm 1 achieves the regret bound in the following.

Theorem 1 *Under Assumption 1, the policy π of Algorithm 1 achieves a regret bound of*

$$R^\pi(T) = \widetilde{O}\left(d^{\frac{3}{2}}\sqrt{T} + \frac{d^3}{\kappa}\right).$$

Proof The full version of the proof is provided in Appendix A.2. Here we provide a proof sketch. We first define event $E_t = \{\|\widehat{\theta}_s - \theta^*\|_{H_s} \le \beta_{\tau_s}, \forall s \le t\}$ and E_T holds with a high probability. In what follows, we assume that E_t holds at each time t.

Algorithm 1 UCB-based Assortment-selection with LCB Pricing (`UCBA-LCBP`)

Input: $\lambda, \eta, \beta_\tau, C > 1$

Init: $\tau \leftarrow 1, t_1 \leftarrow 1, \widehat{\theta}_{v,(1)} \leftarrow \mathbf{0}_d$

for $t = 1, \ldots, T$ **do**

  $\widetilde{H}_t \leftarrow \lambda I_{2d} + \sum_{s=1}^{t-2} G_s(\widehat{\theta}_s) + \eta G_{t-1}(\widehat{\theta}_{t-1})$ with (3)

  $H_t \leftarrow \lambda I_{2d} + \sum_{s=1}^{t-1} G_s(\widehat{\theta}_s)$ with (3)

  $H_{v,t} \leftarrow \lambda I_d + \sum_{s=1}^{t-1} G_{v,s}(\widehat{\theta}_s)$ with (3)

  $\widehat{\theta}_t \leftarrow \arg\min_{\theta \in \Theta} g_{t-1}(\widehat{\theta}_{t-1})^\top \theta + \frac{1}{2\eta}\|\theta - \widehat{\theta}_{t-1}\|^2_{\widetilde{H}_t^{-1}}$ with (2) ; ▷ Estimation

  if $\det(H_t) > C \det(H_{t_\tau})$ **then**

    $\tau \leftarrow \tau + 1; t_\tau \leftarrow t$

    $\widehat{\theta}_{v,(\tau)} \leftarrow \widehat{\theta}_{v,t_\tau} (= \widehat{\theta}^{1:d}_{t_\tau})$

  for $i \in [N]$ **do**

    $\underline{v}_{i,t} \leftarrow x_{i,t}^\top \widehat{\theta}_{v,(\tau)} - \sqrt{C}\beta_\tau \|x_{i,t}\|_{H_{v,t}^{-1}}$; ▷ LCB for valuation

    $p_{i,t} \leftarrow \underline{v}_{i,t}^+$; ▷ **Price selection w/ LCB**

    $\overline{v}_{i,t} \leftarrow x_{i,t}^\top \widehat{\theta}_{v,t} + \beta_\tau \|x_{i,t}\|_{H_{v,t}^{-1}}$; ▷ UCB for valuation

    $\overline{u}_{i,t} \leftarrow z_{i,t}(p_{i,t})^\top \widehat{\theta}_t + \beta_\tau \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 2\sqrt{C}\beta_\tau \|x_{i,t}\|_{H_{v,t}^{-1}}$; ▷ UCB for utility

  $S_t \in \arg\max_{S \subseteq [N]: |S| \le L} \sum_{i \in S} \frac{\overline{v}_{i,t} \exp(\overline{u}_{i,t})}{1 + \sum_{j \in S} \exp(\overline{u}_{j,t})}$; ▷ **Assortment selection w/ UCB**

  Offer S_t with prices $p_t = \{p_{i,t}\}_{i \in S_t}$

  Observe preference (purchase) feedback $y_{i,t} \in \{0, 1\}$ for $i \in S_t$

For notation simplicity, we use $v_{i,t} := x_{i,t}^\top \theta_v$, $u_{i,t} := z_{i,t}(p^*_{i,t})^\top \theta^*$, and $u^p_{i,t} := z_{i,t}(p_{i,t})^\top \theta^*$. Then we can show that for all $i \in [N]$ and $t \in [T]$, we have

$$\underline{v}_{i,t}^+ \le v_{i,t} \le \overline{v}_{i,t} \text{ and } u_{i,t} \le \overline{u}_{i,t}. \tag{4}$$

For the regret analysis, we need to obtain a bound for

$$\begin{aligned} &R_t(S_t^*, p_t^*) - R_t(S_t, p_t) \\ &= \sum_{i \in S_t^*} \frac{p^*_{i,t} \exp(u_{i,t}) \mathbb{1}(p^*_{i,t} \le v_{i,t})}{1 + \sum_{j \in S_t^*} \exp(u_{j,t}) \mathbb{1}(p^*_{j,t} \le v_{j,t})} - \sum_{i \in S_t} \frac{p_{i,t} \exp(u^p_{i,t}) \mathbb{1}(p_{i,t} \le v_{i,t})}{1 + \sum_{j \in S_t} \exp(u^p_{j,t}) \mathbb{1}(p_{j,t} \le v_{j,t})}. \end{aligned} \tag{5}$$

For the purpose of analysis, we define $\overline{u}'_{i,t} = z_{i,t}(p_{i,t})^\top \theta^* + 2\beta_{\tau_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 2\sqrt{C}\beta_{\tau_t} \|x_{i,t}\|_{H_{v,t}^{-1}}$ so that $\overline{u}_{i,t} \le \overline{u}'_{i,t}$. For the first term in (5), with (4) and the UCB-based assortment selection policy, we can show that

$$\sum_{i \in S_t^*} \frac{p^*_{i,t} \exp(u_{i,t}) \mathbb{1}(p^*_{i,t} \le v_{i,t})}{1 + \sum_{j \in S_t^*} \exp(u_{j,t}) \mathbb{1}(p^*_{j,t} \le v_{j,t})} \le \frac{\sum_{i \in S_t} \overline{v}_{i,t} \exp(\overline{u}'_{i,t})}{1 + \sum_{i \in S_t} \exp(\overline{u}'_{i,t})}. \tag{6}$$

For the second term in (5), with (4) and the LCB-based pricing, we have

$$\sum_{i \in S_t} \frac{p_{i,t} \exp(u^p_{i,t}) \mathbb{1}(p_{i,t} \le v_{i,t})}{1 + \sum_{j \in S_t} \exp(u^p_{j,t}) \mathbb{1}(p_{j,t} \le v_{j,t})} = \frac{\sum_{i \in S_t} \underline{v}^+_{i,t} \exp(u^p_{i,t})}{1 + \sum_{i \in S_t} \exp(u^p_{i,t})}. \tag{7}$$

From (5), (6), and (7), we have

$$\begin{aligned} &R_t(S_t^*, p_t^*) - R_t(S_t, p_t) \le \frac{\sum_{i \in S_t} \overline{v}_{i,t} \exp(\overline{u}'_{i,t})}{1 + \sum_{i \in S_t} \exp(\overline{u}'_{i,t})} - \frac{\sum_{i \in S_t} \underline{v}^+_{i,t} \exp(u^p_{i,t})}{1 + \sum_{i \in S_t} \exp(u^p_{i,t})} \\ &= \frac{\sum_{i \in S_t} \overline{v}_{i,t} \exp(\overline{u}'_{i,t})}{1 + \sum_{i \in S_t} \exp(\overline{u}'_{i,t})} - \frac{\sum_{i \in S_t} \underline{v}^+_{i,t} \exp(\overline{u}'_{i,t})}{1 + \sum_{i \in S_t} \exp(\overline{u}'_{i,t})} + \frac{\sum_{i \in S_t} \underline{v}^+_{i,t} \exp(\overline{u}'_{i,t})}{1 + \sum_{i \in S_t} \exp(\overline{u}'_{i,t})} - \frac{\sum_{i \in S_t} \underline{v}^+_{i,t} \exp(u^p_{i,t})}{1 + \sum_{i \in S_t} \exp(u^p_{i,t})}. \end{aligned} \tag{8}$$

Let τ_t be the value of τ at the time step t. We can show that $\mathbb{E}[\beta_{\tau_T}] = \widetilde{O}(d)$ and $\mathbb{E}[\beta_{\tau_T}^2] = \widetilde{O}(d^2)$. Then, for a bound of the first two terms in (8), with expectation bounds for β_{τ_T} and $\beta_{\tau_T}^2$ in the above and elliptical potential bounds, we show that

$$\begin{aligned}
&\sum_{t\in[T]} \mathbb{E}\left[\left(\frac{\sum_{i\in S_t} \overline{v}_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t} \underline{v}^+_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})}\right)\mathbb{1}(E_t)\right] \\
&= O\left(\sum_{t\in[T]} \mathbb{E}\left[\left(\beta_{\tau_t}\sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|x_{i,t}\|_{H_{v,t}^{-1}}\right.\right.\right. \\
&\qquad\qquad \left.\left.\left. + \beta_{\tau_t}^2\left(\max_{i\in S_t}\|x_{i,t}\|^2_{H_{v,t}^{-1}} + \max_{i\in S_t}\|z_{i,t}(p_{i,t})\|^2_{H_t^{-1}}\right)\right)\mathbb{1}(E_t)\right]\right) \\
&= \widetilde{O}\left(d^{\frac{3}{2}}\sqrt{T} + \frac{d^3}{\kappa}\right). \qquad (9)
\end{aligned}$$

Likewise, for the bound of the last two terms in (8), we can show that

$$\sum_{t\in[T]} \mathbb{E}\left[\left(\frac{\sum_{i\in S_t} \underline{v}^+_{i,t}\exp(\overline{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}_{i,t})} - \frac{\sum_{i\in S_t} \underline{v}^+_{i,t}\exp(u^p_{i,t})}{1+\sum_{i\in S_t}\exp(u^p_{i,t})}\right)\mathbb{1}(E_t)\right] = \widetilde{O}\left(d^{\frac{3}{2}}\sqrt{T} + \frac{d^3}{\kappa}\right), \quad (10)$$

which conclude the proof with (8), (9), and the fact that E_T holds with a high probability. ■

Under the C-MNL model, our algorithm can achieve the tight regret bound with respect to T as those established in standard MNL bandits (Oh & Iyengar, 2021) and dynamic pricing under MNL with arbitrary features (Goyal & Perivier, 2021; Erginbas et al., 2023). Additionally, our regret bound does not contain $1/\kappa$ in the leading term, allowing it to remain $\widetilde{O}(\sqrt{T})$ for large enough T even in the worst case where $1/\kappa = O(K^2)$. In contrast, the regret bounds of Goyal & Perivier (2021); Erginbas et al. (2023) for the MNL dynamic pricing problems include $1/\kappa$ in the leading term where, in their work, κ was assumed to be a constant term. In the worst case where κ is not constant, their regret bounds become $\widetilde{O}(K^2\sqrt{T})$. Moreover, the previous works (Goyal & Perivier, 2021; Erginbas et al., 2023) assumed that $x_{i,t}^\top\theta_\alpha \geq L$ with a positive constant $L > 0$ and their regret bounds include $1/L^n$ for $n \geq 1$. This leads to trivial regret bounds in the worst case when L is small, whereas our regret bound does not depend on L. Regarding the dimensionality, the analysis of our new censored MNL model is significantly more challenging and involved due to the presence of activation functions, which adds complexity. As a result, our regret bound scales with $d^{\frac{3}{2}}$. However, whether this dependency can be improved remains an open question.

We now discuss the algorithmic differences between our method and the one proposed in Goyal & Perivier (2021); Erginbas et al. (2023). In the prior work of Goyal & Perivier (2021); Erginbas et al. (2023), the price is determined by maximizing revenue at each time. However, in our C-MNL framework, we cannot estimate θ^* using the revenue-maximizing price due to the hidden nature of non-purchased feedback regarding whether it is due to stochastic preference or elimination by an activation function. To address this issue, we employ an LCB pricing strategy that enhances exploration across all arms by adhering to acceptable user prices. Since our pessimistic pricing strategy introduces a gap from the optimal price, we further incorporate an exploration-enhanced strategy for choosing assortments.

Additionally, our algorithm is computationally more efficient since it does not require solving an optimization problem for pricing decisions, which was necessary in the previous work.[1] We also note that regarding the computational costs of assortment selection, which is common in all MNL bandit literature, the assortment optimization can be computed by solving an LP (Davis et al., 2013).

4.3 TS-based Assortment-selection with LCB Pricing: TSA-LCBP

Here we propose a Thompson sampling (TS)-based assortment-selection with LCB pricing algorithm (Algorithm 2). As in Algorithm 1, we first estimate $\widehat{\theta}_t$ using the online mirror descent

[1] Although Erginbas et al. (2023) suggested an approximation for the optimization, the regret bound under this approximation was not guaranteed.

Algorithm 2 TS-based Assortment-selection with LCB Pricing (`TSA-LCBP`)

Input: $\lambda, \eta, M, \beta_\tau, C > 1$
Init: $\tau \leftarrow 1, t_1 \leftarrow 1, \widehat{\theta}_{v,(1)} \leftarrow \mathbf{0}_d$
for $t = 1, \dots, T$ **do**
  $\widetilde{H}_t \leftarrow \lambda I_{2d} + \sum_{s=1}^{t-2} G_s(\widehat{\theta}_s) + \eta G_{t-1}(\widehat{\theta}_{t-1})$ with (3)
  $H_t \leftarrow \lambda I_{2d} + \sum_{s=1}^{t-1} G_s(\widehat{\theta}_s)$ with (3)
  $H_{v,t} \leftarrow \lambda I_d + \sum_{s=1}^{t-1} G_{v,s}(\widehat{\theta}_s)$ with (3)
  $\widehat{\theta}_t \leftarrow \arg\min_{\theta\in\Theta} g_t(\widehat{\theta}_{t-1})^\top \theta + \frac{1}{2\eta}\|\theta - \widehat{\theta}_{t-1}\|^2_{\widetilde{H}_t^{-1}}$ with (2) ; ▷ `Estimation`
  Sample $\{\widetilde{\theta}_{v,t}^{(m)}\}_{m\in[M]}$ independently from $\mathcal{N}(\widehat{\theta}_{v,t}(= \widehat{\theta}_t^{1:d}), \beta_\tau^2 H_{v,t}^{-1})$
  Sample $\{\widetilde{\theta}_t^{(m)}\}_{m\in[M]}$ independently from $\mathcal{N}(\widehat{\theta}_t, 2\beta_\tau^2 H_t^{-1})$
  if $\det(H_t) > C\det(H_{t_\tau})$ **then**
    $\tau \leftarrow \tau + 1; t_\tau \leftarrow t$
    $\widehat{\theta}_{v,(\tau)} \leftarrow \widehat{\theta}_{v,t_\tau}(= \widehat{\theta}_{t_\tau}^{1:d})$
  for $i \in [N]$ **do**
    $\underline{v}_{i,t} \leftarrow x_{i,t}^\top \widehat{\theta}_{v,(\tau)} - \sqrt{C}\beta_\tau \|x_{i,t}\|_{H_{v,t}^{-1}}$; ▷ `LCB for valuation`
    $p_{i,t} \leftarrow \underline{v}_{i,t}^+$; ▷ **`Price selection w/ LCB`**
    $\widetilde{v}_{i,t} \leftarrow \arg\max_{m\in[M]} x_{i,t}^\top \widetilde{\theta}_{v,t}^{(m)}$; ▷ `TS for valuation`
    $\widetilde{\eta}_{i,t} \leftarrow \widetilde{v}_{i,t} - x_{i,t}^\top \widehat{\theta}_{v,t}$
    $\widetilde{u}_{i,t} \leftarrow \arg\max_{m\in[M]} z_{i,t}(p_{i,t})^\top \widetilde{\theta}_t^{(m)} + 8C\widetilde{\eta}_{i,t}$; ▷ `TS for utility`
  $S_t \in \arg\max_{S\subseteq[N]:|S|\le K} \sum_{i\in S} \frac{\widetilde{v}_{i,t}\exp(\widetilde{u}_{i,t})}{1+\sum_{j\in S}\exp(\widetilde{u}_{j,t})}$; ▷ **`Assortment selection w/ TS`**
  Offer S_t with prices $p_t = \{p_{i,t}\}_{i\in S_t}$
  Observe preference (purchase) feedback $y_{i,t} \in \{0,1\}$ for $i \in S_t$

within the range of $\Theta = \{\theta \in \mathbb{R}^{2d} : \|\theta^{1:d}\|_2 \le 1 \text{ and } \|\theta^{d+1:2d}\|_2 \le 1\}$. For determining price, we utilize the LCB pricing as $p_{i,t} = \underline{v}_{i,t}^+$, where, recall, $\underline{v}_{i,t} = x_{i,t}^\top \widehat{\theta}_{v,(\tau)} - \beta_\tau \|x_{i,t}\|_{H_{v,t}^{-1}}$ with $\beta_\tau = C_1\sqrt{d\tau}\log(T)\log(K)$.

For choosing the assortment, we sample two different types of instances from Gaussian distributions; one is for valuation and the other is for preference utility, each of which is sampled for M times as $\widetilde{\theta}_{v,t}^{(m)} \in \mathbb{R}^d$ and $\widetilde{\theta}_t^{(m)} \in \mathbb{R}^{2d}$ for $m \in [M]$, respectively. We set $M = \lceil 1 - \frac{\log(2N)}{\log(1-1/4\sqrt{e\pi})}\rceil$. Then we construct TS indexes regarding the valuation and utility as

$$\widetilde{v}_{i,t} := \arg\max_{m\in[M]} x_{i,t}^\top \widetilde{\theta}_{v,t}^{(m)} \text{ and } \widetilde{u}_{i,t} := \arg\max_{m\in[M]} z_{i,t}(p_{i,t})^\top \widetilde{\theta}_t^{(m)} + 16\widetilde{\eta}_{i,t}, \text{ respectively,}$$

where $\widetilde{\eta}_{i,t} = \widetilde{v}_{i,t} - x_{i,t}^\top \widehat{\theta}_{v,t}$. For the utility of $\widetilde{u}_{i,t}$, we have to consider the uncertainty regarding $p_{i,t}$ as well as $\widehat{\theta}_t$, which leads to requiring an additional exploration term $\widetilde{\eta}_{i,t}$. Then the assortment is determined from

$$S_t \in \arg\max_{S\subseteq[N]:|S|\le K} \sum_{i\in S} \frac{\widetilde{v}_{i,t}\exp(\widetilde{u}_{i,t})}{1+\sum_{j\in S}\exp(\widetilde{u}_{j,t})}.$$

In the following, we provide a regret bound of the algorithm by setting $\eta = \frac{1}{2}\log(K+1) + 3$ and $\lambda = \max\{84d\eta, 192\sqrt{2}\eta\}$.

4.4 Regret Analysis of Algorithm 2 (`TSA-LCBP`)

Theorem 2 *Under Assumption 1, the policy π of Algorithm 2 achieves a regret bound of*

$$R^\pi(T) = \widetilde{O}\left(d^2\sqrt{T} + \frac{d^4}{\kappa}\right)$$

Proof The full version of the proof is provided in Appendix A.3. Here we provide some key components of the proof. We first define event $E_t = \{\|\widehat{\theta}_s - \theta^*\|_{H_s} \le \beta_t, \forall s \le t\}$ and E_T holds with a high probability. Let $A_t^* = \{i \in S_t^* : p_{i,t}^* \le v_{i,t}\}$ and, recall, $v_{i,t} = x_{i,t}^\top \theta_v$, $u_{i,t} = z_{i,t}(p_{i,t}^*)^\top \theta^*$, and $u_{i,t}^p = z_{i,t}(p_{i,t})^\top \theta^*$. Then under E_t, from the pricing and assortment selection strategies, we can show that

$$R_t(S_t^*, p_t^*) - R_t(S_t, p_t) \le \frac{\sum_{i \in A_t^*} v_{i,t} \exp(u_{i,t})}{1 + \sum_{i \in A_t^*} \exp(u_{i,t})} - \frac{\sum_{i \in S_t} \underline{v}_{i,t}^+ \exp(u_{i,t}^p)}{1 + \sum_{i \in S_t} \exp(u_{i,t}^p)}. \tag{11}$$

We define event $\widetilde{E}_t^{(a)}$ such that for all $i \in [N]$, we have

$$|\widetilde{v}_{i,t} - x_{i,t}^\top \widehat{\theta}_{v,t}| \le \gamma_t \|x_{i,t}\|_{H_{v,t}^{-1}} \text{ and } |\widetilde{u}_{i,t} - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t| \le 8C\gamma_t (\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + \|x_{i,t}\|_{H_{v,t}^{-1}}),$$

which is shown to hold with a high probability. We also define event $\widetilde{E}_t^{(b)}$ such that for all $i \in [N]$, we have $\widetilde{v}_{i,t} \ge v_{i,t}$ and $\widetilde{u}_{i,t} \ge u_{i,t}$, which is shown to holds at least a positive constant. Let $\widetilde{E}_t = \widetilde{E}_t^{(a)} \cap \widetilde{E}_t^{(b)}$. Then we can show that $\mathbb{P}(\widetilde{E}_t | \mathcal{F}_{t-1}, E_t) \ge 1/8\sqrt{e\pi}$ where $\mathcal{F}_{t-1}$ is the filtration containing information before t.

Let $\widetilde{z}_{i,t} = z_{i,t}(p_{i,t}) - \mathbb{E}_{j \sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[z_{i,t}(p_{i,t})]$ and $\widetilde{x}_{i,t} = x_{i,t} - \mathbb{E}_{j \sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[x_{i,t}]$ and $\gamma_t = \beta_{\tau_t}\sqrt{8d\log(Mt)}$ where τ_t is the value of τ at time t. For the ease of presentation, we use

$$\begin{aligned}L_t = {} & \gamma_t^2 (\max_{i \in S_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2 + \max_{i \in S_t} \|x_{i,t}\|_{H_{v,t}^{-1}}^2) + \gamma_t^2 (\max_{i \in S_t} \|\widetilde{z}_{i,t}\|_{H_t^{-1}}^2 + \max_{i \in S_t} \|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}^2) \\ & + \gamma_t \sum_{i \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)(\|\widetilde{z}_{i,t}\|_{H_t^{-1}} + \|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}} + \|x_{i,t}\|_{H_{v,t}^{-1}}).\end{aligned}$$

With a constant lower bound for $\mathbb{P}(\widetilde{E}_t | \mathcal{F}_{t-1}, E_t)$ and elliptical potential bounds, by omitting some details, we can show that

$$\begin{aligned}& \mathbb{E}\left[\mathbb{E}\left[\left(\frac{\sum_{i \in A_t^*} v_{i,t} \exp(u_{i,t})}{1 + \sum_{i \in A_t^*} \exp(u_{i,t})} - \frac{\sum_{i \in S_t} \underline{v}_{i,t}^+ \exp(u_{i,t}^p)}{1 + \sum_{i \in S_t} \exp(u_{i,t}^p)}\right) \mathbb{1}(E_t) \mid \mathcal{F}_{t-1}\right]\right] \\ & = O\left(\mathbb{E}\left[\mathbb{E}\left[L_t \mid \mathcal{F}_{t-1}, \widetilde{E}_t, E_t\right] \mathbb{P}(E_t | \mathcal{F}_{t-1})\right]\right) = \widetilde{O}\left(d^2\sqrt{T} + \frac{d^4}{\kappa}\right),\end{aligned}$$

which concludes the proof with (11) and the fact that E_T holds with a high probability. ■

To the best of our knowledge, this is the first work to apply Thompson Sampling (TS) to dynamic pricing under MNL functions, whereas the previous related works focused on UCB method (Erginbas et al., 2023) (or did not consider assortment selection (Goyal & Perivier, 2021)). Additionally, prior work on TS for MNL bandits (Oh & Iyengar, 2019) includes $1/\kappa$ in the regret bound so that $\widetilde{O}(K^2\sqrt{T})$ for the worst-case of $1/\kappa = O(K^2)$ and requires computationally intensive estimation with an $O(t)$ cost at each time step t. In contrast, by using online mirror descent updates, our TS algorithm eliminates the κ dependency in the main term of the regret bound with $\widetilde{O}(\sqrt{T})$ for large enough T and provides computationally efficient online updates with an $O(1)$ cost for estimation in MNL bandits. It is also worth noting that our TS regret bound has an additional $\sqrt{d}$ term compared to the UCB algorithm (Algorithm 1). This phenomenon of increased regret with respect to d, compared to that of UCB, is consistent with observations from previous TS-based bandit literature (Oh & Iyengar, 2019; Agrawal & Goyal, 2013; Abeille & Lazaric, 2017).

5 EXPERIMENTS

Here, we present numerical results using synthetic datasets with varying numbers of products N. For the experiments, we generate each element in θ_v and θ_α from the uniform distribution $(0,1)$ and normalize them. We also generate features in the same way. We set $K = 5$ and $d = 4$. Unfortunately, there is no algorithm that can be directly applied to our novel setting. Therefore, for the benchmarks, we utilize previous algorithms proposed for dynamic pricing under MNL model

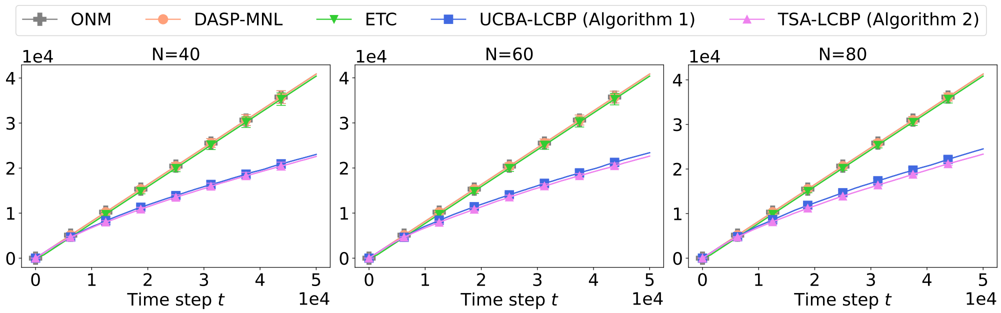


Figure 2: Experimental results for the regret of algorithms

such as DASP-MNL proposed in Erginbas et al. (2023) and ONM (online newton method) in Goyal & Perivier (2021). We note that ONM works under a given assortment rather than selecting one, so we adjust the method by adopting the method for the assortment optimization in Erginbas et al. (2023). We also utilize the method of Explore-then-commit (ETC) (Lattimore & Szepesvári, 2020) as a benchmark, which conducts exploration over the first $T^{2/3}$ time steps and then exploits for the remainder of the time. In Figure 2, we can observe other benchmarks do not work properly in our setting and our algorithms outperform the benchmarks with sublinear regret. Our algorithms demonstrate comparable performance, with TSA-LCBP slightly outperforming UCB-LCBP when N becomes sufficiently large.

6 Extensions to More General Problems

Randomness in Activation Function. We further investigate the presence of randomness in the activation function in C-MNL. Let $\zeta_{i,t}$ be a zero-mean random noise drawn from the range of $[-c, c]$ for some $0 < c \leq 1$. we consider

$$\widetilde{\mathbb{P}}_t(i|S_t, p_t) = \frac{\exp(z_{i,t}(p_{i,t})^\top \theta^*)\mathbb{1}(p_{i,t} \leq (x_{i,t}^\top \theta_v + \zeta_{i,t})^+)}{1 + \sum_{j \in S_t} \exp(z_{j,t}(p_{j,t})^\top \theta^*)\mathbb{1}(p_{j,t} \leq (x_{j,t}^\top \theta_v + \zeta_{j,t})^+)}.$$

We propose a variant of Algorithm 1 (Algorithm 3 in Appendix A.4) using an enhanced LCB pricing strategy, which achieves $\widetilde{O}(d^{\frac{3}{2}}\sqrt{T})$ when $c = O(1/\sqrt{T})$. Further details on the algorithm and theorem can be found in Appendix A.4.

Extension to RL with Once-per-episode Feedback. We also study the extension to reinforcement learning (RL) with once-per-episode feedback. In this framework, we consider that at each time, the seller suggests up to K trajectories each consisting of H state-action pairs (s, a) with associated prices for each trajectory. The buyer then purchases at most one trajectory based on the C-MNL model (without price sensitivity). In this problem, we account for the latent transition probability $\mathbb{P}(\cdot|s, a)$ with Eluder dimension $d_{\mathbb{P}}$, as well as the latent valuation of the trajectory. We propose an algorithm (Algorithm 4 in Appendix A.5) that uses an LCB pricing strategy and UCB-based assortment selection, considering uncertainty in both transition probability and trajectory valuation– key differences from the bandit setting. Our algorithm achieves a regret bound of $\widetilde{O}(d^{\frac{3}{2}}\sqrt{T} + \sqrt{d_{\mathbb{P}}KHT})$ (omitting the logarithmic dependency on the covering number), where the second term arises from learning the transition probability. Further details on the problem statement, algorithm, and theorem for the RL extension are provided in Appendix A.5.

7 Conclusion

In this study, we explore dynamic multi-product selection and pricing within a new framework of the censored multi-nomial logit choice model. We introduce algorithms that incorporate an LCB pricing strategy along with either a UCB or TS product selection strategy. These algorithms achieve regret bounds of $\widetilde{O}(d^{\frac{3}{2}}\sqrt{T})$ and $\widetilde{O}(d^2\sqrt{T})$, respectively. Lastly, we validate our algorithms through experiments with synthetic datasets.

Reproducibility Statement. Source code is submitted as supplementary material and complete proofs of the theorems are included in the appendix.

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A APPENDIX

A.1 NOTATION TABLE FOR THE PROOFS

Table 1: We provide definitions of notations for the proofs.

$v_{i,t}$	$:= x_{i,t}^\top \theta_v$
$\alpha_{i,t}$	$:= w_{i,t}^\top \theta_\alpha$
θ^*	$:= [\theta_v; \theta_\alpha]$
$z_{i,t}(p)$	$:= [x_{i,t}; -pw_{i,t}]$
$\mathbb{P}_t(i\|S_t, p_t)$	$:= \frac{\exp(v_{i,t}-\alpha_{i,t}p_{i,t})\mathbb{1}(p_{i,t}\le v_{i,t})}{1+\sum_{j\in S_t}\exp(v_{j,t}-\alpha_{j,t}p_{j,t})\mathbb{1}(p_{j,t}\le v_{j,t})}$
	$= \frac{\exp(x_{i,t}^\top\theta_v-w_{i,t}^\top\theta_\alpha p_{i,t})\mathbb{1}(p_{i,t}\le x_{i,t}^\top\theta_v)}{1+\sum_{j\in S_t}\exp(x_{j,t}^\top\theta_v-w_{j,t}^\top\theta_\alpha p_{j,t})\mathbb{1}(p_{j,t}\le x_{i,t}^\top\theta_v)}$
	$= \frac{\exp(z_{i,t}(p_{i,t})^\top\theta^*)\mathbb{1}(p_{i,t}\le x_{i,t}^\top\theta_v)}{1+\sum_{j\in S_t}\exp(z_{j,t}(p_{j,t})^\top\theta^*)\mathbb{1}(p_{j,t}\le x_{j,t}^\top\theta_v)}$
$R_{i,t}(S_t)$	$:= p_{i,t}\mathbb{P}_t(i\|S_t, p_t)$
$R_t(S_t, p_t)$	$:= \sum_{i\in S_t} R_{i,t}(S_t)$
$P_{t,\theta}(i\|S, p)$	$:= \frac{\exp(z_{i,t}(p_i)^\top\theta)}{1+\sum_{j\in S}\exp(z_{j,t}(p_j)^\top\theta)}$
$\widehat{\theta}_{v,t}$	$:= \widehat{\theta}_t^{1:d}$
$v_{i,t}$	$:= x_{i,t}^\top\theta_v$
$\overline{u}'_{i,t}$	$:= z_{i,t}(p_{i,t})^\top\theta^* + 2\beta_{\tau_t}\\|z_{i,t}(p_{i,t})\\|_{H_t^{-1}} + 2\sqrt{C}\beta_{\tau_t}\\|x_{i,t}\\|_{H_{v,t}^{-1}}$
$u_{i,t}$	$:= z_{i,t}(p_{i,t}^*)^\top\theta^*$
$x_{i,t}^o$	$:= [x_{i,t}; \mathbf{0}_d]$
$\widehat{u}_{i,t}$	$:= z_{i,t}(p_{i,t})^\top\widehat{\theta}_t$
$x_{i_0,t}$	$:= \mathbf{0}_d$
$z_{i_0,t}$	$:= \mathbf{0}_{2d}$
$Q(u)$	$:= \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(u_i)}{1+\sum_{i\in S_t}\exp(u_i)}$
$\widetilde{x}_{i,t}$	$:= x_{i,t} - \mathbb{E}_{j\sim P_{t,\widehat{\theta}_t}(\cdot\|S_t,p_t)}[x_{j,t}]$
$\widetilde{z}_{i,t}$	$:= z_{i,t}(p_{i,t}) - \mathbb{E}_{j\sim P_{t,\widehat{\theta}_t}(\cdot\|S_t,p_t)}[z_{j,t}(p_{j,t})]$
$\widetilde{G}_t(\widehat{\theta}_t)$	$:= \sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i\|S_t,p_t)z_{i,t}(p_{i,t})z_{i,t}(p_{i,t})^\top\mathbb{1}(E_t)$
	$-\sum_{i\in S_t}\sum_{j\in S_t}P_{t,\widehat{\theta}_t}(i\|S_t,p_t)P_{t,\widehat{\theta}_t}(j\|S_t,p_t)z_{i,t}(p_{i,t})z_{j,t}(p_{j,t})^\top\mathbb{1}(E_t)$
H'_t	$:= \lambda I_{2d} + \sum_{s=1}^{t-1}\widetilde{G}_s(\widehat{\theta}_s)$
$\widetilde{u}'_{i,t}$	$:= z_{i,t}(p_{i,t})^\top\theta^* + 9C\gamma_t(\\|z_{i,t}(p_{i,t})\\|_{H_t^{-1}} + \\|x_{i,t}\\|_{H_{v,t}^{-1}})$

A.2 PROOF OF THEOREM 1

Let τ_t be the value of τ at time t according to the update procedure in the algorithm. We first define event $E_t = \{\|\widehat{\theta}_s - \theta^*\|_{H_s} \le \beta_{\tau_s}, \forall s \le t\}$. Then we have $E_T \subset E_{T-1}, \dots, \subset E_1$ and E_T holds with a high probability (to be shown). In what follows, we first assume that E_t holds for each t. Under this event, we provide inequalities regarding the upper and lower bounds of valuation and utility function in the following. For notation simplicity, we use $v_{i,t} := x_{i,t}^\top\theta_v$, $u_{i,t} := z_{i,t}(p_{i,t}^*)^\top\theta^*$, and $x_{i,t}^o := [x_{i,t}; \mathbf{0}_d]$.

Lemma 1 *For $t > 0$, under E_t, for all $i \in [N]$ we have*

$$\underline{v}_{i,t}^+ \le v_{i,t} \le \overline{v}_{i,t} \text{ and } u_{i,t} \le \overline{u}_{i,t}.$$

Proof For $t_\tau \le t \le t_{\tau+1}-1$ for $\tau \ge 1$, under E_t, we have

$$\begin{aligned}
|x_{i,t}^\top \theta_v - x_{i,t}^\top \widehat{\theta}_{v,(\tau)}| &= |{x_{i,t}^o}^\top \theta^* - {x_{i,t}^o}^\top \widehat{\theta}_{t_\tau}| \\
&\le \|x_{i,t}^o\|_{H_t^{-1}} \|\theta^* - \widehat{\theta}_{t_\tau}\|_{H_t} \\
&\le \|x_{i,t}^o\|_{H_t^{-1}} \sqrt{\frac{\det(H_t)}{\det(H_{t_\tau})}} \|\theta^* - \widehat{\theta}_{t_\tau}\|_{H_{t_\tau}} \\
&\le \|x_{i,t}^o\|_{H_t^{-1}} \sqrt{C} \|\theta^* - \widehat{\theta}_{t_\tau}\|_{H_{t_\tau}} \\
&\le \|x_{i,t}\|_{H_{v,t}^{-1}} \sqrt{C} \beta_{\tau_t},
\end{aligned}$$

where the second inequality is obtained from Lemma 14 with the update procedure of $\widehat{\theta}_{v,(\tau)}$ in the algorithm. This implies $\underline{v}_{i,t} \le v_{i,t}$. Then with $v_{i,t} \ge 0$, we have

$$\underline{v}_{i,t}^+ \le v_{i,t}.$$

Under E_t, we also have

$$|x_{i,t}^\top \theta_v - x_{i,t}^\top \widehat{\theta}_{v,t}| = |{x_{i,t}^o}^\top \theta^* - {x_{i,t}^o}^\top \widehat{\theta}_t| \le \|x_{i,t}^o\|_{H_t^{-1}} \|\theta^* - \widehat{\theta}_t\|_{H_t} \le \|x_{i,t}\|_{H_{v,t}^{-1}} \beta_{\tau_t},$$

which implies

$$v_{i,t} \le \overline{v}_{i,t}.$$

Now we provide the proof for the upper bound of $u_{i,t}$. Under E_t, we have

$$\begin{aligned}
z_{i,t}(p_{i,t}^*)^\top \theta^* - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t &= z_{i,t}(p_{i,t}^*)^\top \theta^* - z_{i,t}(p_{i,t})^\top \theta^* + z_{i,t}(p_{i,t})^\top \theta^* - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t \\
&\le z_{i,t}(p_{i,t}^*)^\top \theta^* - z_{i,t}(p_{i,t})^\top \theta^* + |z_{i,t}(p_{i,t})^\top \widehat{\theta}_t - z_{i,t}(p_{i,t})^\top \theta^*| \\
&\le p_{i,t}^* w_{i,t}^\top \theta_\alpha - p_{i,t} w_{i,t}^\top \theta_\alpha + \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} \|\widehat{\theta}_t - \theta^*\|_{H_t} \\
&\le (p_{i,t}^* - p_{i,t}) w_{i,t}^\top \theta_\alpha + \beta_{\tau_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} \\
&\le (v_{i,t} - \underline{v}_{i,t}^+) + \beta_{\tau_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} \\
&\le (v_{i,t} - \underline{v}_{i,t}) + \beta_{\tau_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} \\
&\le 2\sqrt{C} \beta_{\tau_t} \|x_{i,t}\|_{H_{v,t}^{-1}} + \beta_{\tau_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}},
\end{aligned}$$

where the third last inequality comes from $p_{i,t}^* \le v_{i,t}$, $p_{i,t} = \underline{v}_{i,t}^+$, $v_{i,t} \ge \underline{v}_{i,t}^+$, and (positive sensitivity) $0 \le w_{i,t}^\top \theta_\alpha \le 1$. This concludes the proof.

■

We have

$$\begin{aligned}
&R_t(S_t^*, p_t^*) - R_t(S_t, p_t) \\
&= \sum_{i \in S_t^*} \frac{p_{i,t}^* \exp(z_{i,t}(p_{i,t}^*)^\top \theta^*) \mathbb{1}(p_{i,t}^* \le x_{i,t}^\top \theta_v)}{1 + \sum_{j \in S_t^*} \exp(z_{j,t}(p_{j,t}^*)^\top \theta^*) \mathbb{1}(p_{j,t}^* \le x_{j,t}^\top \theta_v)} \\
&\quad - \sum_{i \in S_t} \frac{p_{i,t} \exp(z_{i,t}(p_{i,t})^\top \theta^*) \mathbb{1}(p_{i,t} \le x_{i,t}^\top \theta_v)}{1 + \sum_{j \in S_t} \exp(z_{j,t}(p_{j,t})^\top \theta^*) \mathbb{1}(p_{j,t} \le x_{j,t}^\top \theta_v)}.
\end{aligned} \tag{12}$$

Let $\overline{u}'_{i,t} = z_{i,t}(p_{i,t})^\top \theta^* + 2\sqrt{C} \beta_{\tau_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 2\sqrt{C} \beta_{\tau_t} \|x_{i,t}\|_{H_{v,t}^{-1}}$. Then under E_t, we have $z_{i,t}(p_{i,t})^\top \widehat{\theta}_t - \beta_{\tau_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} \le z_{i,t}(p_{i,t})^\top \theta^*$, which implies $\overline{u}_{i,t} \le \overline{u}'_{i,t}$. In what follows, we provide lemmas for the bounds of each term in the above instantaneous regret. For notation simplicity, we use $u_{i,t}^p := z_{i,t}(p_{i,t})^\top \theta^*$.

Lemma 2 *For $t > 0$, under E_t we have*

$$\sum_{i \in S_t^*} \frac{p_{i,t}^* \exp(z_{i,t}(p_{i,t}^*)^\top \theta^*) \mathbb{1}(p_{i,t}^* \le x_{i,t}^\top \theta_v)}{1 + \sum_{j \in S_t^*} \exp(z_{j,t}(p_{j,t}^*)^\top \theta^*) \mathbb{1}(p_{j,t}^* \le x_{j,t}^\top \theta_v)} \le \frac{\sum_{i \in S_t} \overline{v}_{i,t} \exp(\overline{u}'_{i,t})}{1 + \sum_{i \in S_t} \exp(\overline{u}'_{i,t})}$$

and

$$\sum_{i\in S_t}\frac{p_{i,t}\exp(z_{i,t}(p_{i,t})^\top\theta^*)\mathbb{1}(p_{i,t}\le x_{i,t}^\top\theta_v)}{1+\sum_{j\in S_t}\exp(z_{j,t}(p_{j,t})^\top\theta^*)\mathbb{1}(p_{j,t}\le x_{j,t}^\top\theta_v)}=\frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(u_{i,t}^p)}{1+\sum_{i\in S_t}\exp(u_{i,t}^p)}.$$

Proof First, we provide a proof for the inequality in this lemma. We define $A_t^*=\{i\in S_t^*: p_{i,t}^*\le v_{i,t}\}$. We observe that $A_t^*=\arg\max_{S\subseteq[N]:|S|\le K}\frac{\sum_{i\in S}p_{i,t}^*\exp(u_{i,t})}{1+\sum_{i\in S}\exp(u_{i,t})}$. Then, from Lemma A.3 in Agrawal et al. (2017a) and $u_{i,t}\le\overline{u}_{i,t}$ from Lemma 1, we can show that

$$\frac{\sum_{i\in A_t^*}p_{i,t}^*\exp(u_{i,t})}{1+\sum_{i\in A_t^*}\exp(u_{i,t})}\le\frac{\sum_{i\in A_t^*}p_{i,t}^*\exp(\overline{u}_{i,t})}{1+\sum_{i\in A_t^*}\exp(\overline{u}_{i,t})}. \tag{13}$$

From the above, under E_t, we have

$$\begin{aligned}R_t(S_t^*,p_t^*)&=\frac{\sum_{i\in A_t^*}p_{i,t}^*\exp(u_{i,t})}{1+\sum_{i\in A_t^*}\exp(u_{i,t})}\\&\le\frac{\sum_{i\in A_t^*}p_{i,t}^*\exp(\overline{u}_{i,t})}{1+\sum_{i\in A_t^*}\exp(\overline{u}_{i,t})}\\&\le\frac{\sum_{i\in A_t^*}v_{i,t}\exp(\overline{u}_{i,t})}{1+\sum_{i\in A_t^*}\exp(\overline{u}_{i,t})}\\&\le\frac{\sum_{i\in A_t^*}\overline{v}_{i,t}\exp(\overline{u}_{i,t})}{1+\sum_{i\in A_t^*}\exp(\overline{u}_{i,t})}\\&\le\frac{\sum_{i\in S_t}\overline{v}_{i,t}\exp(\overline{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}_{i,t})},\end{aligned} \tag{14}$$

where the first inequality is obtained from (13), the second last inequality is obtained from $v_{i,t}\le\overline{v}_{i,t}$ from Lemma 1, and the last inequality is obtained from the policy π of constructing S_t. Then from the definition of S_t, as in Lemma H.2 in Lee & Oh (2024), we can show that

$$\frac{\sum_{i\in S_t}\overline{v}_{i,t}\exp(\overline{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}_{i,t})}\le\frac{\sum_{i\in S_t}\overline{v}_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})}. \tag{15}$$

Here we provide a proof for the equation in this lemma. Since $p_{i,t}=\underline{v}_{i,t}^+$ from the policy π and $\underline{v}_{i,t}^+\le v_{i,t}$ from Lemma 1, we have

$$R_t(S_t,p_t)=\frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(u_{i,t}^p)\mathbb{1}(\underline{v}_{i,t}^+\le v_{i,t})}{1+\sum_{i\in S_t}\exp(u_{i,t}^p)\mathbb{1}(\underline{v}_{i,t}^+\le v_{i,t})}=\frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(u_{i,t}^p)}{1+\sum_{i\in S_t}\exp(u_{i,t}^p)}, \tag{16}$$

which concludes the proof. ■

From (12) and Lemma 2, under E_t, we have

$$
\begin{aligned}
&R_t(S_t^*, p_t^*) - R_t(S_t, p_t) \\
&= \sum_{i\in S_t^*} \frac{p_{i,t}^* \exp(z_{i,t}(p_{i,t})^\top\theta^*)\mathbb{1}(p_{i,t}^* \le x_{i,t}^\top\theta_v)}{1+\sum_{j\in S_t^*}\exp(z_{j,t}(p_{j,t})^\top\theta^*)\mathbb{1}(p_{j,t}^*\le x_{j,t}^\top\theta_v)} \\
&\qquad - \sum_{i\in S_t} \frac{p_{i,t} \exp(z_{i,t}(p_{i,t})^\top\theta^*)\mathbb{1}(p_{i,t} \le x_{i,t}^\top\theta_v)}{1+\sum_{j\in S_t}\exp(z_{j,t}(p_{j,t})^\top\theta^*)\mathbb{1}(p_{j,t}\le x_{j,t}^\top\theta_v)} \\
&\le \frac{\sum_{i\in S_t}\overline{v}_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(u_{i,t}^p)}{1+\sum_{i\in S_t}\exp(u_{i,t}^p)} \\
&= \frac{\sum_{i\in S_t}\overline{v}_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} + \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(u_{i,t}^p)}{1+\sum_{i\in S_t}\exp(u_{i,t}^p)}.
\end{aligned} \tag{17}
$$

To obtain a bound for the above, we provide the following lemmas.

Lemma 3 *For $t > 0$, under E_t we have*

$$
\begin{aligned}
&\frac{\sum_{i\in S_t}\overline{v}_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} \\
&= O\left(\beta_{\tau_t}^2 \max_{i\in S_t}\|x_{i,t}\|_{H_{v,t}^{-1}}^2 + \beta_{\tau_t}^2\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2 + \beta_{\tau_t}\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|x_{i,t}\|_{H_{v,t}^{-1}}\right).
\end{aligned}
$$

Proof For $\tau \ge 0$ and $t_\tau \le t \le t_{\tau+1}-1$, under E_t, we have

$$
\begin{aligned}
\overline{v}_{i,t} - \underline{v}_{i,t} &= x_{i,t}^\top\widehat{\theta}_{v,t} - x_{i,t}^\top\widehat{\theta}_{v,(\tau_t)} + (\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} \\
&= x_{i,t}^\top\widehat{\theta}_{v,t} - x_{i,t}^\top\theta_v + x_{i,t}^\top\theta_v - x_{i,t}^\top\widehat{\theta}_{v,(\tau_t)} + (\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} \\
&= {x_{i,t}^o}^\top\widehat{\theta}_t - {x_{i,t}^o}^\top\theta^* + {x_{i,t}^o}^\top\theta^* - {x_{i,t}^o}^\top\widehat{\theta}_{t_\tau} + (\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} \\
&\le \|\widehat{\theta}_t - \theta^*\|_{H_t}\|x_{i,t}^o\|_{H_t^{-1}} + \|\widehat{\theta}_{t_\tau}-\theta^*\|_{H_t}\|x_{i,t}^o\|_{H_t^{-1}} + (\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} \\
&\le \beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} + \sqrt{\frac{\det(H_t)}{\det(H_{t_\tau})}}\|\widehat{\theta}_{t_\tau}-\theta^*\|_{H_{t_\tau}}\|x_{i,t}^o\|_{H_t^{-1}} + (\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} \\
&\le 2(\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}},
\end{aligned}
$$

where the second inequality is obtained from Lemma 14.

Let $\widehat{u}_{i,t} = z_{i,t}(p_{i,t})^\top\widehat{\theta}_t$. Using the above inequality, under E_t, we have

$$
\begin{aligned}
&\frac{\sum_{i\in S_t}\overline{v}_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} \\
&= \frac{\sum_{i\in S_t}(\overline{v}_{i,t}-\underline{v}_{i,t}^+)\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} \\
&\le \frac{\sum_{i\in S_t}(\overline{v}_{i,t}-\underline{v}_{i,t})\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} \\
&= \frac{\sum_{i\in S_t}2(\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t}2(\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}}\exp(\widehat{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\widehat{u}_{i,t})} \\
&\qquad + \frac{\sum_{i\in S_t}2(\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}}\exp(\widehat{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\widehat{u}_{i,t})}.
\end{aligned} \tag{18}
$$

Let $P_{i,t}(u) = \frac{\exp(u_i)}{1+\sum_{j\in S_t}\exp(u_j)}$, $\widehat{u}_t = [\widehat{u}_{i,t} : i \in S_t]$, and $\overline{u}'_t = [\overline{u}'_{i,t} : i \in S_t]$. For the first two terms in the above, by using the mean value theorem, there exists $\xi_t = (1-c)\widehat{u}_t + c\overline{u}'_t$ for some $c \in (0,1)$ such that

$$
\begin{aligned}
&\frac{\sum_{i\in S_t} 2(\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t} 2(\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}}\exp(\widehat{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\widehat{u}_{i,t})} \\
&= \sum_{i\in S_t}\sum_{j\in S_t} 2(\sqrt{C}+1)\beta_{\tau_t}\|x_{j,t}\|_{H_{v,t}^{-1}}\nabla_i P_{j,t}(\xi_t)(\overline{u}'_{i,t} - \widehat{u}_{i,t}) \\
&= \sum_{i\in S_t} 2(\sqrt{C}+1)\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} P_{i,t}(\xi_t)(\overline{u}'_{i,t} - \widehat{u}_{i,t}) \\
&\qquad - \sum_{i\in S_t}\sum_{j\in S_t} 2(\sqrt{C}+1)\beta_{\tau_t}\|x_{j,t}\|_{H_{v,t}^{-1}} P_{j,t}(\xi_t)P_{i,t}(\xi_t)(\overline{u}'_{i,t} - \widehat{u}_{i,t}) \\
&= O\left(\sum_{i\in S_t}\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} P_{i,t}(\xi_t)(\beta_{\tau_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + \beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}})\right) \\
&= O\left(\sum_{i\in S_t}\beta_{\tau_t}^2 P_{i,t}(\xi_t)(\|x_{i,t}\|^2_{H_{v,t}^{-1}} + \|z_{i,t}(p_{i,t})\|^2_{H_t^{-1}}) + \beta_{\tau_t}^2 P_{i,t}(\xi_t)\|x_{i,t}\|^2_{H_{v,t}^{-1}}\right) \\
&= O\left(\sum_{i\in S_t}\beta_{\tau_t}^2 P_{i,t}(\xi_t)\|x_{i,t}\|^2_{H_{v,t}^{-1}} + \beta_{\tau_t}^2 P_{i,t}(\xi_t)\|z_{i,t}(p_{i,t})\|^2_{H_t^{-1}}\right) \\
&= O\left(\beta_{\tau_t}^2 \max_{i\in S_t}\|x_{i,t}\|^2_{H_{v,t}^{-1}} + \beta_{\tau_t}^2\max_{i\in S_t}\|z_{i,t}(p_{i,t})|^2_{H_t^{-1}}\right),
\end{aligned}
\tag{19}
$$

where the third equality is obtained from $0 \le \overline{u}'_{i,t} - \widehat{u}_{i,t} \le \|z_{i,t}(p_{i,t})\|_{H_t^{-1}}\|\widehat{\theta}_t - \theta^*\|_{H_t} + 2\sqrt{C}\beta_{\tau_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 2\sqrt{C}\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} \le (2\sqrt{C}+1)\beta_{\tau_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 2\sqrt{C}\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}}$ under E_t, and the firth equality is from $ab \le \frac{1}{2}(a^2+b^2)$. Then from (18) and (19), we conclude the proof of (a) by

$$
\begin{aligned}
&\frac{\sum_{i\in S_t}\overline{v}^+_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}^+_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} \\
&= O\left(\beta_{\tau_t}^2\max_{i\in S_t}\|x_{i,t}\|^2_{H_{v,t}^{-1}} + \beta_{\tau_t}^2\max_{i\in S_t}\|z_{i,t}\|^2_{H_t^{-1}} + \beta_{\tau_t}\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|x_{i,t}\|_{H_{v,t}^{-1}}\right).
\end{aligned}
$$

■

Let $\widetilde{z}_{i,t} = z_{i,t}(p_{i,t}) - \mathbb{E}_{j\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[z_{j,t}(p_{j,t})]$ and $\widetilde{x}_{i,t} = x_{i,t} - \mathbb{E}_{j\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[x_{j,t}]$.

Lemma 4 *For $t > 0$, under E_t we have*

$$
\begin{aligned}
&\frac{\sum_{i\in S_t}\underline{v}^+_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}^+_{i,t}\exp(u^p_{i,t})}{1+\sum_{i\in S_t}\exp(u^p_{i,t})} \\
&= O\Bigg(\beta_{\tau_t}^2(\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|^2_{H_t^{-1}} + \max_{i\in S_t}\|x_{i,t}\|^2_{H_{v,t}^{-1}}) + \beta_{\tau_t}^2(\max_{i\in S_t}\|\widetilde{z}_{i,t}\|^2_{H_t^{-1}} + \max_{i\in S_t}\|\widetilde{x}_{i,t}\|^2_{H_{v,t}^{-1}}) \\
&\qquad\qquad + \beta_{\tau_t}\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)(\|\widetilde{z}_{i,t}\|_{H_t^{-1}} + \|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}})\Bigg).
\end{aligned}
$$

Proof *The proof is provided in Appendix A.6* ■

In the below, we provide elliptical potential lemmas.

Lemma 5

$$
\begin{aligned}
&\sum_{t=1}^{T} \max_{i \in S_t} \|z_{i,t}(p_{i,t})\|^2_{H_t^{-1}} \mathbb{1}(E_t) \le (4d/\kappa) \log(1 + (2TK/d\lambda)),\\
&\sum_{t=1}^{T} \max_{i \in S_t} \|\widetilde{z}_{i,t}\|^2_{H_t^{-1}} \mathbb{1}(E_t) \le (4d/\kappa) \log(1 + (8TK/d\lambda)),\\
&\sum_{t=1}^{T} \max_{i \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) \|\widetilde{z}_{i,t}\|^2_{H_t^{-1}} \mathbb{1}(E_t) \le 4d \log(1 + (8TK/d\lambda)).
\end{aligned}
$$

Proof Define

$$
\begin{aligned}
&\widetilde{G}_t(\widehat{\theta}_t)\\
&:= \sum_{i \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t)\\
&\qquad - \sum_{i \in S_t} \sum_{j \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) P_{t,\widehat{\theta}_t}(j|S_t,p_t) z_{i,t}(p_{i,t}) z_{j,t}(p_{j,t})^\top \mathbb{1}(E_t).
\end{aligned} \tag{20}
$$

Then we first have

$$
\begin{aligned}
&\widetilde{G}_t(\widehat{\theta}_t)\\
&= \sum_{i \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t)\\
&\quad - \sum_{i \in S_t} \sum_{j \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) P_{t,\widehat{\theta}_t}(j|S_t,p_t) z_{i,t}(p_{i,t}) z_{j,t}(p_{j,t})^\top \mathbb{1}(E_t)\\
&= \sum_{i \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t)\\
&\quad - \frac{1}{2} \sum_{i \in S_t} \sum_{j \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) P_{t,\widehat{\theta}_t}(j|S_t,p_t) (z_{i,t}(p_{i,t}) z_{j,t}(p_{j,t})^\top + z_{j,t}(p_{j,t}) z_{i,t}(p_{i,t})^\top) \mathbb{1}(E_t)\\
&\succeq \sum_{i \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t)\\
&\quad - \frac{1}{2} \sum_{i \in S_t} \sum_{j \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) P_{t,\widehat{\theta}_t}(j|S_t,p_t) (z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top + z_{j,t}(p_{j,t}) z_{j,t}(p_{j,t})^\top) \mathbb{1}(E_t)\\
&= \sum_{i \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t)\\
&\quad - \sum_{i \in S_t} \sum_{j \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) P_{t,\widehat{\theta}_t}(j|S_t,p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t)\\
&= \sum_{i \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) \left(1 - \sum_{j \in S_t} P_{t,\widehat{\theta}_t}(j|S_t,p_t)\right) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t)\\
&\succeq \sum_{i \in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) P_{t,\widehat{\theta}_t}(i_0|S_t,p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t)\\
&\succeq \sum_{i \in S_t} \kappa z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t).
\end{aligned} \tag{21}
$$

Define $H'_t := \lambda I_{2d} + \sum_{s=1}^{t-1} \widetilde{G}_s(\widehat{\theta}_s)$. Then we have

$$
H'_{t+1} = H'_t + \widetilde{G}_t(\widehat{\theta}_t) \succeq H'_t + \sum_{i \in S_t} \kappa z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t), \tag{22}
$$

which implies that

$$\begin{aligned}
\det(H'_{t+1}) &= \det(H'_t + \widetilde{G}_t(\widehat{\theta}_t)) \\
&\geq \det(H'_t + \sum_{i \in S_t} \kappa z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t)) \\
&= \det(H'_t) \det(I_{2d} + \sum_{i \in S_t} \kappa H_t'^{-1/2} z_{i,t}(p_{i,t})(H_t'^{-1/2} z_{i,t}(p_{i,t}))^\top \mathbb{1}(E_t)) \\
&= \det(H'_t)(1 + \sum_{i \in S_t} \kappa \|z_{i,t}(p_{i,t})\|^2_{H_t'^{-1}} \mathbb{1}(E_t)) \\
&\geq \det(\lambda I_{2d}) \prod_{s=1}^{t} \left(1 + \sum_{i \in S_s} \kappa \|z_{i,s}(p_{i,s})\|^2_{H_s'^{-1}} \mathbb{1}(E_s))\right) \\
&\geq \lambda^{2d} \prod_{s=1}^{t} \left(1 + \max_{i \in S_s} \kappa \|z_{i,s}(p_{i,s})\|^2_{H_s'^{-1}} \mathbb{1}(E_s))\right) \\
&\geq \lambda^{2d} \prod_{s=1}^{t} \left(1 + \max_{i \in S_s} \kappa \|z_{i,s}(p_{i,s})\|^2_{H_s'^{-1}} \mathbb{1}(E_s))\right). \qquad (23)
\end{aligned}$$

Since $p_{i,t} = \underline{v}^+_{i,t} \leq v_{i,t} \leq 1$ under E_t, we have $\|z_{i,t}(p_{i,t})\|_2^2 \leq (\|x_{i,t}\|_2 + \|w_{i,t}\|_2)^2 \leq 4$. Then under E_t, from the above inequality, $\lambda \geq 4$, and $0 < \kappa \leq 1$, using the fact that $x \leq 2\log(1+x)$ for any $x \in [0,1]$ and $\kappa \max_{i \in S_t} \|z_{i,t}(p_{i,t})\|^2_{H_t'^{-1}} \mathbb{1}(E_t) \leq \max_{i \in S_t} \|z_{i,t}(p_{i,t})\|_2^2 \mathbb{1}(E_t)/\lambda \leq 1$, we have

$$\begin{aligned}
\sum_{t \in [T]} \kappa \max_{i \in S_t} \|z_{i,t}(p_{i,t})\|^2_{H_t'^{-1}} \mathbb{1}(E_t) &\leq 2 \sum_{t \in [T]} \log\left(1 + \kappa \max_{i \in S_t} \|z_{i,t}(p_{i,t})\|^2_{H_t'^{-1}} \mathbb{1}(E_t)\right) \\
&= 2 \log \prod_{t \in [T]} \left(1 + \kappa \max_{i \in S_t} \|z_{i,t}(p_{i,t})\|^2_{H_t'^{-1}} \mathbb{1}(E_t)\right) \\
&\leq 2 \log\left(\frac{\det(H'_{t+1})}{\lambda^{2d}}\right). \qquad (24)
\end{aligned}$$

Using Lemma 15, $|S_t| \leq K$, $H'_t \preceq \lambda I_{2d} + \sum_{s=1}^{t-1} z_{i,s}(p_{i,s}) z_{i,s}(p_{i,s})^\top \mathbb{1}(E_t)$, $\|z_{i,t}(p_{i,t})\|_2 \leq 2$ under E_t, and $z_{i,t}(p_{i,t}) \in \mathbb{R}^{2d}$, we can show that

$$\det(H'_{t+1}) \leq (\lambda + (2TK/d))^{2d}.$$

Then from the above inequality, (24), and using the fact that $0 \prec H'_t \preceq H_t$ from $G_t(\theta) \succeq 0$, we can conclude

$$\sum_{t=1}^{T} \max_{i \in S_t} \|z_{i,t}(p_{i,t})\|^2_{H_t^{-1}} \mathbb{1}(E_t) \leq \sum_{t=1}^{T} \max_{i \in S_t} \|z_{i,t}(p_{i,t})\|^2_{H_t'^{-1}} \mathbb{1}(E_t) \leq (4d/\kappa)\log(1 + (2TK/d\lambda)).$$

Now we provide a proof for the second inequality of this lemma. Let $x_{i_0,t} = \mathbf{0}_d$ and $w_{i_0,t} = \mathbf{0}_d$ which implies $z_{i_0,t} = \mathbf{0}_{2d}$. Then we have

$$
\begin{aligned}
&\widetilde{G}_t(\widehat{\theta}_t) \\
&:= \sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t) \\
&\quad - \sum_{i\in S_t}\sum_{j\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) P_{t,\widehat{\theta}_t}(j|S_t,p_t) z_{i,t}(p_{i,t}) z_{j,t}(p_{j,t})^\top \mathbb{1}(E_t) \\
&= \sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t) \\
&\quad - \sum_{i\in S_t\cup\{i_0\}}\sum_{j\in S_t\cup\{i_0\}} P_{t,\widehat{\theta}_t}(i|S_t,p_t) P_{t,\widehat{\theta}_t}(j|S_t,p_t) z_{i,t}(p_{i,t}) z_{j,t}(p_{j,t})^\top \mathbb{1}(E_t) \\
&= \mathbb{E}_{i\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top]\mathbb{1}(E_t) - \mathbb{E}_{i\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[z_{i,t}(p_{i,t})]\mathbb{E}_{i\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[z_{i,t}(p_{i,t})]^\top \mathbb{1}(E_t) \\
&= \mathbb{E}_{i\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[\widetilde{z}_{i,t}\widetilde{z}_{i,t}^\top]\mathbb{1}(E_t) \\
&\succeq \sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\widetilde{z}_{i,t}\widetilde{z}_{i,t}^\top \mathbb{1}(E_t) \\
&\succeq \sum_{i\in S_t} \kappa \widetilde{z}_{i,t}\widetilde{z}_{i,t}^\top \mathbb{1}(E_t).
\end{aligned} \tag{25}
$$

Define $H_t' := \lambda I_{2d} + \sum_{s=1}^{t-1}\widetilde{G}_s(\widehat{\theta}_s)$. Then by following the same proof steps of the first inequality of this lemma, we can show that

$$
\det(H_{t+1}') \geq \lambda^{2d}\prod_{s=1}^{t}\left(1 + \kappa\max_{i\in S_s}\|\widetilde{z}_{i,s}\|_{H_s'^{-1}}\mathbb{1}(E_s)\right) \tag{26}
$$

Since, under E_t, we have $\|z_{i,t}(p_{i,t})\|_2 \leq \|x_{i,t}\|_2 + \|w_{i,t}\|_2 \leq 2$ implying that $\|\widetilde{z}_{i,t}\|_2^2 \leq 16$. Then, from the above inequality and $\lambda \geq 16$, using the fact that $x \leq 2\log(1+x)$ for any $x \in [0,1]$ and $\kappa\max_{i\in S_t}\|\widetilde{z}_{i,t}\|^2_{H_t'^{-1}}\mathbb{1}(E_t) \leq \max_{i\in S_t}\|\widetilde{z}_{i,t}\|_2^2\mathbb{1}(E_t)/\lambda \leq 1$, we have

$$
\begin{aligned}
\sum_{t\in[T]}\kappa\max_{i\in S_t}\|\widetilde{z}_{i,t}\|^2_{H_t'^{-1}}\mathbb{1}(E_t) &\leq 2\sum_{t\in[T]}\log\left(1+\kappa\max_{i\in S_t}\|\widetilde{z}_{i,t}\|^2_{H_t'^{-1}}\mathbb{1}(E_t)\right) \\
&= 2\log\prod_{t\in[T]}\left(1+\kappa\max_{i\in S_t}\|\widetilde{z}_{i,t}\|^2_{H_t'^{-1}}\mathbb{1}(E_t)\right) \\
&\leq 2\log\left(\frac{\det(H_{t+1}')}{\lambda^{2d}}\right).
\end{aligned} \tag{27}
$$

Since we have $\det(H_{t+1}') \leq (\lambda + (8TK/d))^{2d}$ and $0 \prec H_t' \preceq H_t$, from the above inequality and (27), we can conclude

$$
\sum_{t=1}^{T}\max_{i\in S_t}\|\widetilde{z}_{i,t}\|^2_{H_t^{-1}}\mathbb{1}(E_t) \leq \sum_{t=1}^{T}\max_{i\in S_t}\|\widetilde{z}_{i,t}\|^2_{H_t'^{-1}}\mathbb{1}(E_t) \leq (4d/\kappa)\log(1+(8TK/d\lambda)).
$$

Now we provide a proof for the third inequality in this lemma. Then we have

$$
\begin{aligned}
&\widetilde{G}_t(\widehat{\theta}_t) \\
&:= \sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t) \\
&\quad - \sum_{i\in S_t}\sum_{j\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) P_{t,\widehat{\theta}_t}(j|S_t,p_t) z_{i,t}(p_{i,t}) z_{j,t}(p_{j,t})^\top \mathbb{1}(E_t) \\
&= \sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t) z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top \mathbb{1}(E_t) \\
&\quad - \sum_{i\in S_t\cup\{i_0\}}\sum_{j\in S_t\cup\{i_0\}} P_{t,\widehat{\theta}_t}(i|S_t,p_t) P_{t,\widehat{\theta}_t}(j|S_t,p_t) z_{i,t}(p_{i,t}) z_{j,t}(p_{j,t})^\top \mathbb{1}(E_t) \\
&= \mathbb{E}_{i\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[z_{i,t}(p_{i,t}) z_{i,t}(p_{i,t})^\top]\mathbb{1}(E_t) \\
&\quad - \mathbb{E}_{i\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[z_{i,t}(p_{i,t})]\mathbb{E}_{i\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[z_{i,t}(p_{i,t})]^\top \mathbb{1}(E_t) \\
&= \mathbb{E}_{i\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[\widetilde{z}_{i,t}\widetilde{z}_{i,t}^\top]\mathbb{1}(E_t) \\
&\succeq \sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\widetilde{z}_{i,t}\widetilde{z}_{i,t}^\top \mathbb{1}(E_t).
\end{aligned} \tag{28}
$$

Define $H_t' := \lambda I_{2d} + \sum_{s=1}^{t-1}\widetilde{G}_s(\widehat{\theta}_s)$. Then by following the same proof steps, we can show that

$$
\det(H_{t+1}') \geq (2\lambda)^{2d}\prod_{s=1}^{t}\left(1+\max_{i\in S_s} P_{s,\widehat{\theta}_s}(i|S_s,p_s)\|\widetilde{z}_{i,s}\|_{H_s'^{-1}}\mathbb{1}(E_s)\right) \tag{29}
$$

Since, under E_t, we have $\|z_{i,t}(p_{i,t})\|_2 \leq \|x_{i,t}\|_2 + \|w_{i,t}\|_2 \leq 2$ implying that $\|\widetilde{z}_{i,t}\|_2^2 \leq 16$. Then, from the above inequality and $\lambda \geq 16$, using the fact that $x \leq 2\log(1+x)$ for any $x\in[0,1]$ and $\max_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{z}_{i,t}\|^2_{H_t'^{-1}}\mathbb{1}(E_t) \leq \max_{i\in S_t}\|\widetilde{z}_{i,t}\|_2^2\mathbb{1}(E_t)/\lambda \leq 1$, we have

$$
\begin{aligned}
\sum_{t\in[T]}\max_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{z}_{i,t}\|^2_{H_t'^{-1}}\mathbb{1}(E_t) &\leq 2\sum_{t\in[T]}\log\left(1+\max_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{z}_{i,t}\|^2_{H_t'^{-1}}\mathbb{1}(E_t)\right) \\
&= 2\log\prod_{t\in[T]}\left(1+\max_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{z}_{i,t}\|^2_{H_t'^{-1}}\mathbb{1}(E_t)\right) \\
&\leq 2\log\left(\frac{\det(H_{t+1}')}{\lambda^{2d}}\right).
\end{aligned} \tag{30}
$$

Since we have $\det(H_{t+1}') \leq (\lambda + (8TK/d))^{2d}$ and $0 \prec H_t' \preceq H_t$, from the above inequality and (30), we can conclude

$$
\begin{aligned}
\sum_{t=1}^{T}\max_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{z}_{i,t}\|^2_{H_t^{-1}}\mathbb{1}(E_t) &\leq \sum_{t=1}^{T}\max_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{z}_{i,t}\|^2_{H_t'^{-1}}\mathbb{1}(E_t) \\
&\leq 4d\log(1+(8TK/d\lambda)).
\end{aligned}
$$

■

Lemma 6

$$\sum_{t=1}^{T}\max_{i\in S_t}\|x_{i,t}\|^2_{H_{v,t}^{-1}}\le (2d/\kappa)\log(1+(TK/d\lambda)),$$
$$\sum_{t=1}^{T}\max_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|x_{i,t}\|_{H_{v,t}^{-1}}\le 2d\log(1+(TK/d\lambda)),$$
$$\sum_{t=1}^{T}\max_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}\le 2d\log(1+(4TK/d\lambda)).$$

Proof By following proof steps in Lemma 6, we can prove the inequalities. ■

Here we provide a lemma regarding the probability of the good event E_t. We define

$$\beta_1^2:=\eta(6\log(1+(K+1)t)+6)\left(\frac{17}{16}\lambda+2\sqrt{\lambda}\log\left(2\sqrt{1+2t}T^2\right)+16\left(\log(2\sqrt{1+2t}T^2)\right)^2\right)+4\eta$$
$$+2\eta\sqrt{6}cd\log(1+(t+1)/2\lambda)+16\lambda$$

and for $\tau\ge 1$,

$$\beta_{\tau+1}^2:=\eta(6\log(1+(K+1)t)+6)\left(\frac{17}{16}\lambda+2\sqrt{\lambda}\log\left(2\sqrt{1+2t}T^2\right)+16\left(\log(2\sqrt{1+2t}T^2)\right)^2\right)+4\eta$$
$$+2\eta\sqrt{6}cd\log(1+(t+1)/2\lambda)+\beta_\tau^2.$$

Lemma 7 *Let $c=2\eta$, $\lambda\ge\max\{192\sqrt{2}\eta,84d\eta\}$, and $\eta=\frac{1}{2}\log(K+1)+3$. Then for $1\le t\le t_2$, we have*

$$\mathbb{P}(E_t)\ge 1-\frac{1}{T^2},$$

and for $\tau\ge 2$ and $t_\tau+1\le t\le t_{\tau+1}$, we have

$$\mathbb{P}(E_t|E_{t_\tau})\ge 1-\frac{1}{T^2}.$$

Proof The proof is provided in Appendix A.7

■

Lemma 8

$$\mathbb{P}(E_T)\ge 1-\frac{2}{T}.$$

Proof Recall $E_t=\{\|\widehat{\theta}_s-\theta^*\|_{H_s}\le\beta_s,\forall s\le t\}$. For the time step $t_\tau+1\le t\le t_{\tau+1}$ for $\tau\ge 2$, since $E_1\subseteq E_2,\dots,\subseteq E_T$, from Lemma 7 we have $\mathbb{P}(E_t|E_{t_\tau})=\mathbb{P}(E_t)/\mathbb{P}(E_{t_\tau})\ge 1-\frac{1}{T^2}$ implying $\mathbb{P}(E_t)\ge\left(1-\frac{1}{T^2}\right)\mathbb{P}(E_{t_\tau})$. Likewise, we have $\mathbb{P}(E_{t_\tau})\ge\left(1-\frac{1}{T^2}\right)\mathbb{P}(E_{t_{\tau-1}})$. We also have $\mathbb{P}(E_t)\ge 1-\frac{1}{T^2}$ for $1\le t\le t_2$.

Therefore, from $\tau_T\le T$, we can obtain

$$\mathbb{P}(E_T)\ge\left(1-\frac{1}{T^2}\right)\mathbb{P}(E_{t_{\tau_T}})$$
$$\ge\left(1-\frac{1}{T^2}\right)^{T-1}\mathbb{P}(E_{t_2})$$
$$\ge\left(1-\frac{1}{T^2}\right)^{T}.$$

Let $X = \left(1-\frac{1}{T^2}\right)^T$. By using the fact that $1-\frac{1}{x} \le \log(x) \le x-1$ for $x>0$, we have

$$X-1 \ge \log(X) = T\log\left(1-\frac{1}{T^2}\right) \ge T\left(1-\frac{1}{1-\frac{1}{T^2}}\right) = \frac{-T}{T^2-1},$$

which conclude that $\mathbb{P}(E_T) \ge 1-\frac{T}{T^2-1} \ge 1-\frac{2}{T}$.

■

Now we provide a bound for the total number of estimation updates, τ_T. Using Lemma 15, under E_T, with $\|z_{i,t}(p_{i,t})\|_2 \le 2$ and $z_{i,t}(p_{i,t}) \in \mathbb{R}^{2d}$, we can show that $\det(H_{T+1}) \le (\lambda+(2TK/d))^{2d}$. Therefore, from the update procedure in the algorithm, τ_T satisfies $2^{\tau_T} \le 2(\lambda+(TK/2d))^{2d}$, which implies $\tau_T = O(d\log(TK))$. Then we have

$$\begin{aligned}\mathbb{E}[\beta_{\tau_T}] &= \mathbb{E}[\beta_{\tau_T}|E_T]\mathbb{P}(E_T) + \mathbb{E}[\beta_{\tau_T}|E_T^c]\mathbb{P}(E_T^c)\\ &\le C_1 d\sqrt{\log(KT)}\log(T)\log(K) + \mathbb{E}[\beta_{\tau_T}|E_T^c]\mathbb{P}(E_T^c)\\ &\le C_1 d\sqrt{\log(KT)}\log(T)\log(K) + C_1\sqrt{dT}\log(T)\log(K)(2/T)\\ &= \widetilde{O}(d),\end{aligned} \tag{31}$$

where the second inequality is obtained from $\mathbb{P}(E_T^c) \le \frac{2}{T}$ and $\tau_T \le T$. Likewise, we have

$$\begin{aligned}\mathbb{E}[\beta_{\tau_T}^2] &= \mathbb{E}[\beta_{\tau_T}^2|E_T]\mathbb{P}(E_T) + \mathbb{E}[\beta_{\tau_T}^2|E_T^c]\mathbb{P}(E_T^c)\\ &\le C_1^2 d^2\log(KT)\log(T)^2\log(K)^2 + \mathbb{E}[\beta_{\tau_T}^2|E_T^c]\mathbb{P}(E_T^c)\\ &\le C_1^2 d^2\log(KT)\log(T)^2\log(K)^2 + C_1^2 dT\log(T)^2\log(K)^2(2/T)\\ &= \widetilde{O}(d^2),\end{aligned} \tag{32}$$

Then from Lemmas 3, 4, 5, 8, and (17), (31), (32), using the fact that $E_1^c \subseteq E_2^c, \dots, \subseteq E_T^c$, we obtain

$$\begin{aligned}R^\pi(T) &= \sum_{t\in[T]} \mathbb{E}[R_t(S_t^*, p_t^*) - R_t(S_t, p_t)]\\ &= \sum_{t\in[T]} \mathbb{E}[(R_t(S_t^*, p_t^*) - R_t(S_t, p_t))\mathbb{1}(E_t)] + \sum_{t\in[T]} \mathbb{E}[(R_t(S_t^*, p_t^*) - R_t(S_t, p_t))\mathbb{1}(E_t^c)]\\ &\le \sum_{t\in[T]} \mathbb{E}[(R_t(S_t^*, p_t^*) - R_t(S_t, p_t))\mathbb{1}(E_t)] + \sum_{t\in[T]} \mathbb{P}(E_T^c)\\ &\le \sum_{t\in[T]} \mathbb{E}\left[\left(\frac{\sum_{i\in S_t}\overline{v}_{i,t}\exp(\overline{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(u_{i,t}^p)}{1+\sum_{i\in S_t}\exp(u_{i,t}^p)}\right)\mathbb{1}(E_t)\right] + O(1)\\ &\le \sum_{t\in[T]} \mathbb{E}\Bigg[\Bigg(\frac{\sum_{i\in S_t}\overline{v}_{i,t}\exp(\overline{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(\overline{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}_{i,t})}\\ &\qquad + \frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(\overline{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(u_{i,t}^p)}{1+\sum_{i\in S_t}\exp(u_{i,t}^p)}\Bigg)\mathbb{1}(E_t)\Bigg] + O(1)\end{aligned}$$

$$
\begin{aligned}
&= O\Bigg(\mathbb{E}\Bigg[\beta_{\tau_T}\sum_{t\in T}\Bigg(\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)\left(\|x_{i,t}\|_{H_{v,t}^{-1}}+\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}+\|\widetilde{z}_{i,t}\|_{H_t^{-1}}\right)\Bigg)\mathbb{1}(E_t)\Bigg]\\
&\quad+\mathbb{E}\Bigg[\beta_{\tau_T}^2\sum_{t\in[T]}\left(\max_{i\in S_t}\|x_{i,t}\|_{H_{v,t}^{-1}}^2+\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2+\max_{i\in S_t}\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}^2+\max_{i\in S_t}\|\widetilde{z}_{i,t}\|_{H_t^{-1}}^2\right)\mathbb{1}(E_t)\Bigg]\Bigg)\\
&= \widetilde{O}\Bigg(\mathbb{E}\Bigg[\beta_{\tau_T}\sqrt{\sum_{t\in[T]}\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)}\Bigg(\sqrt{\sum_{t\in[T]}\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|x_{i,t}\|_{H_{v,t}^{-1}}^2}\\
&\quad+\sqrt{\sum_{t\in[T]}\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}^2}+\sqrt{\sum_{t\in[T]}\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{z}_{i,t}\|_{H_t^{-1}}^2}\Bigg)\mathbb{1}(E_t)\Bigg]+\frac{d}{\kappa}\mathbb{E}[\beta_{\tau_T}^2]\Bigg)\\
&= \widetilde{O}\left(\mathbb{E}[\beta_{\tau_T}]\sqrt{dT}+\frac{d^3}{\kappa}\right)\\
&= \widetilde{O}\left(d^{3/2}\sqrt{T}+\frac{d^3}{\kappa}\right).
\end{aligned}
$$

A.3 Proof of Theorem 2

Let τ_t be the value of τ at time t according to the update procedure in the algorithm. We first define event $E_t=\{\|\widehat{\theta}_s-\theta^*\|_{H_s}\le\beta_{\tau_s},\forall s\le t\}$. Then we can observe $E_T\subset E_{T-1},\dots,\subset E_1$ and $\mathbb{P}(E_T)\ge 1-1/T$ from Lemma 8. From Lemma 1, under E_t, we have

$$\underline{v}_{i,t}^{+}\le v_{i,t}. \tag{33}$$

We let $\gamma_t=\beta_{\tau_t}\sqrt{8d\log(Mt)}$ and filtration $\mathcal{F}_{t-1}$ be the σ-algebra generated by random variables before time t. In the following, we provide a lemma for error bounds of TS indexes.

Lemma 9 *For any given $\mathcal{F}_{t-1}$, with probability at least $1-\mathcal{O}(1/t^2)$, for all $i\in[N]$, we have*

$$|\widetilde{v}_{i,t}-x_{i,t}^\top\widehat{\theta}_{v,t}|\le\gamma_t\|x_{i,t}\|_{H_{v,t}^{-1}} \text{ and } |\widetilde{u}_{i,t}-z_{i,t}(p_{i,t})^\top\widehat{\theta}_t|\le 8C\gamma_t(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}+\|x_{i,t}\|_{H_{v,t}^{-1}}).$$

Proof We can show this lemma by adopting proof techniques of Lemma 10 in Oh & Iyengar (2019). We first provide a proof of the first inequality in this lemma. Given $\mathcal{F}_{t-1}$, Gaussian random variable $x_{i,t}^\top\widetilde{\theta}_{v,t}^{(m)}$ has mean $x_{i,t}^\top\widehat{\theta}_t$ and standard deviation $\beta_{\tau_t}\|x_{i,t}\|_{H_t^{-1}}$. Let $m'=\arg\max_{m\in M}x_{i,t}^\top\widetilde{\theta}_{v,t}^{(m)}$. Then we have

$$
\begin{aligned}
|\max_{m\in[M]}x_{i,t}^\top\widetilde{\theta}_{v,t}^{(m)}-x_{i,t}^\top\widehat{\theta}_t| &= |x_{i,t}^\top(\widetilde{\theta}_{v,t}^{(m')}-\widehat{\theta}_t)|\\
&= |x_{i,t}^\top H_{v,t}^{-1/2}H_{v,t}^{1/2}(\widetilde{\theta}_{v,t}^{(m')}-\widehat{\theta}_t)|\\
&\le \beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}}\|\beta_{\tau_t}^{-1}H_{v,t}^{1/2}(\widetilde{\theta}_{v,t}^{(m')}-\widehat{\theta}_t)\|_2\\
&\le \beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}}\max_{m\in[M]}\|\beta_{\tau_t}^{-1}H_{v,t}^{1/2}(\widetilde{\theta}_{v,t}^{(m)}-\widehat{\theta}_t)\|_2\\
&= \beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}}\max_{m\in[M]}\|\xi_{v,m}\|_2,
\end{aligned}
$$

where each element in $\xi_{v,m}$ is a standard normal random variable, which concludes the proof of the last inequality in this lemma from $\max_{m\in[M]}\|\xi_{v,m}\|_2\le\sqrt{4d\log(Mt)}$ with probability at least $1-\frac{1}{t^2}$.

Now we provide a proof for the second inequality in this lemma. Let $m^* = \arg\max_{m\in[M]} x_{i,t}^\top \widetilde{\theta}_t^{(m)}$. Then we have

$$
\begin{aligned}
&|\max_{m\in[M]} z_{i,t}(p_{i,t})^\top \widetilde{\theta}_t^{(m)} - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t + 8C\widetilde{\eta}_{i,t}| \\
&\le |z_{i,t}(p_{i,t})^\top (\widetilde{\theta}_t^{(m^*)} - \widehat{\theta}_t)| + 8C|x_{i,t}^\top (\widetilde{\theta}_{v,t}^{(m')} - \widehat{\theta}_{v,t})| \\
&= |z_{i,t}(p_{i,t})^\top H_t^{-1/2} H_t^{1/2} (\widetilde{\theta}_t^{(m^*)} - \widehat{\theta}_t)| + 8C|x_{i,t}^\top H_{v,t}^{-1/2} H_{v,t}^{1/2} (\widetilde{\theta}_{v,t}^{(m')} - \widehat{\theta}_{v,t})| \\
&\le \sqrt{2}\beta_{\tau_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} \|(\sqrt{2}\beta_{\tau_t})^{-1} H_t^{1/2} (\widetilde{\theta}_t^{(m^*)} - \widehat{\theta}_t)\|_2 + 8C\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} \|\beta_{\tau_t}^{-1} H_{v,t}^{1/2} (\widetilde{\theta}_{v,t}^{(m')} - \widehat{\theta}_{v,t})\|_2 \\
&\le \sqrt{2}\beta_{\tau_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} \max_{m\in[M]} \|(\sqrt{2}\beta_{\tau_t})^{-1} H_t^{1/2} (\widetilde{\theta}_t^{(m)} - \widehat{\theta}_t)\|_2 \\
&\qquad + 8C\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} \max_{m\in[M]} \|\beta_{\tau_t}^{-1} H_{v,t}^{1/2} (\widetilde{\theta}_{v,t}^{(m)} - \widehat{\theta}_{v,t})\|_2 \\
&= \sqrt{2}\beta_{\tau_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} \max_{m\in[M]} \|\xi_m\|_2 + 8C\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} \max_{m\in[M]} \|\xi_{v,m}\|_2,
\end{aligned}
$$

where each element in ξ_m and $\xi_{v,m}$ is a standard normal random variable. We use the fact that $\|\xi_m\|_2 \le \sqrt{8d\log(t)}$ and $\|\xi_{v,m}\|_2 \le \sqrt{4d\log(t)}$ with probability at least $1 - \frac{2}{t^2}$. By using union bound for all $m \in [M]$, with probability at least $1 - O(1/t^2)$, we have

$$
\begin{aligned}
\left|\max_{m\in[M]} z_{i,t}(p_{i,t})^\top \widetilde{\theta}_t^{(m)} - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t\right| &\le \left(\sqrt{8d\log(Mt)}\right) \beta_{\tau_t} (\sqrt{2}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 8C\|x_{i,t}\|_{H_{v,t}^{-1}}) \\
&\le 8C\gamma_t (\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + \|x_{i,t}\|_{H_{v,t}^{-1}}),
\end{aligned}
$$

which concludes the proof.

■

For notation simplicity, we use $u_{i,t}^p = z_{i,t}(p_{i,t})^\top \theta^*$. We define $A_t^* = \{i \in S_t^* : p_{i,t}^* \le v_{i,t}\}$. As in (14) and (16), under E_t, we have

$$
\begin{aligned}
&R_t(S_t^*, p_t^*) - R_t(S_t, p_t) \\
&= \frac{\sum_{i\in A_t^*} p_{i,t}^* \exp(u_{i,t})}{1 + \sum_{i\in A_t^*} \exp(u_{i,t})} - \frac{\sum_{i\in S_t} \underline{v}_{i,t}^+ \exp(u_{i,t}^p) \mathbb{1}(\underline{v}_{i,t}^+ \le v_{i,t})}{1 + \sum_{i\in S_t} \exp(u_{i,t}^p) \mathbb{1}(\underline{v}_{i,t}^+ \le v_{i,t})} \\
&\le \frac{\sum_{i\in A_t^*} v_{i,t} \exp(u_{i,t})}{1 + \sum_{i\in A_t^*} \exp(u_{i,t})} - \frac{\sum_{i\in S_t} \underline{v}_{i,t}^+ \exp(u_{i,t}^p) \mathbb{1}(\underline{v}_{i,t}^+ \le v_{i,t})}{1 + \sum_{i\in S_t} \exp(u_{i,t}^p) \mathbb{1}(\underline{v}_{i,t}^+ \le v_{i,t})} \\
&= \frac{\sum_{i\in A_t^*} v_{i,t} \exp(u_{i,t})}{1 + \sum_{i\in A_t^*} \exp(u_{i,t})} - \frac{\sum_{i\in S_t} \underline{v}_{i,t}^+ \exp(u_{i,t}^p)}{1 + \sum_{i\in S_t} \exp(u_{i,t}^p)}.
\end{aligned}
\tag{34}
$$

In what follows, we provide several definitions of sets and events for the analysis of Thompson sampling. Regarding the valuation, we first define $\widetilde{v}_{i,t}(\Theta_v) = \max_{m\in[M]} x_{i,t}^\top \theta_v^{(m)}$ for $\Theta_v = \{\theta_v^{(m)} \in \mathbb{R}^d\}_{m\in[M]}$ and define sets

$$
\widetilde{\Theta}_{v,t} = \left\{\Theta_v \in \mathbb{R}^{d\times M} : \left|\widetilde{v}_{i,t}(\Theta_v) - x_{i,t}^\top \widehat{\theta}_{v,t}\right| \le \gamma_t \|x_{i,t}\|_{H_{v,t}^{-1}} \ \forall i \in [N]\right\} \text{ and}
$$

$$
\widetilde{\Theta}'_{v,t} = \left\{\Theta_v \in \mathbb{R}^{d\times M} : \widetilde{v}_{i,t}(\Theta) \ge v_{i,t} \ \forall i \in [N]\right\} \cap \widetilde{\Theta}_t.
$$

Then we define event $\widetilde{E}_{v,t} = \{\{\widetilde{\theta}_{v,t}^{(m)}\}_{m\in[M]} \in \widetilde{\Theta}'_{v,t}\}$.

Regarding the utility, we define $\widetilde{u}_{i,t}(\Theta_u, \Theta_v) = \max_{m\in[M]} z_{i,t}(p_{i,t})^\top \theta^{(m)} + \max_{m\in[M]} z_{i,t}(p_{i,t})^\top (\theta_v^{(m)} - \widehat{\theta}_{v,t})$ for $\Theta_u = \{\theta^{(m)} \in \mathbb{R}^{2d}\}_{m\in[M]}$ and $\Theta_v = \{\theta_v^{(m)} \in \mathbb{R}^d\}_{m\in[M]}$, and define sets

$$\widetilde{\Theta}_t = \Big\{\Theta_u \times \Theta_v \in \mathbb{R}^{2d\times M} \times \mathbb{R}^{d\times M} : \Big|\widetilde{u}_{i,t}(\Theta_u,\Theta_v) - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t\Big| \\ \leq 8C\gamma_t(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + \|x_{i,t}\|_{H_{v,t}^{-1}})\ \forall i \in [N]\Big\}$$

$$\text{and } \widetilde{\Theta}_t' = \Big\{\Theta_u \times \Theta_v \in \mathbb{R}^{2d\times M} \times \mathbb{R}^{d\times M} : \widetilde{u}_{i,t}(\Theta_u,\Theta_v) \geq u_{i,t}\ \forall i \in [N]\Big\} \cap \widetilde{\Theta}_t$$

Then we define event $\widetilde{E}_{u,t} = \{\{\widetilde{\theta}_t^{(m)}\}_{m\in[M]} \times \{\widetilde{\theta}_{v,t}^{(m)}\}_{m\in[M]} \in \widetilde{\Theta}_t'\}$. For the ease of presentation, we define $\widetilde{E}_t = \widetilde{E}_{v,t} \cap \widetilde{E}_{u,t}$. In the following, we provide a lemma that will be used for following regret analysis. Let $\widetilde{z}_{i,t} = z_{i,t}(p_{i,t}) - \mathbb{E}_{j\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[z_{i,t}(p_{i,t})]$ and $\widetilde{x}_{i,t} = x_{i,t} - \mathbb{E}_{j\sim P_{t,\widehat{\theta}_t}(\cdot|S_t,p_t)}[x_{i,t}]$.

Lemma 10 *For $t \in [T]$, under $\widetilde{E}_{u,t}$ and E_t, we have*

$$\sup_{\Theta_u\times\Theta_v\in\widetilde{\Theta}_t}\left(\frac{\sum_{i\in S_t}\widetilde{v}_{i,t}\exp(\widetilde{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}\right)$$
$$= O\bigg(\gamma_t^2(\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2 + \max_{i\in S_t}\|x_{i,t}\|_{H_{v,t}^{-1}}^2) + \gamma_t^2(\max_{i\in S_t}\|\widetilde{z}_{i,t}\|_{H_t^{-1}}^2 + \max_{i\in S_t}\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}^2)$$
$$+ \gamma_t\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)(\|\widetilde{z}_{i,t}\|_{H_t^{-1}} + \|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}} + \|x_{i,t}\|_{H_{v,t}^{-1}})\bigg).$$

Proof We define $\widetilde{u}_{i,t}' = z_{i,t}(p_{i,t})^\top\theta^* + 9C\gamma_t(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + \|x_{i,t}\|_{H_{v,t}^{-1}})$. Then from $\widetilde{E}_{u,t}$ and E_t, we have

$$\begin{aligned}\widetilde{u}_{i,t} &\leq z_{i,t}(p_{i,t})^\top\widehat{\theta}_t + 8C\gamma_t(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + \|x_{i,t}\|_{H_{v,t}^{-1}})\\ &\leq z_{i,t}(p_{i,t})^\top\theta^* + \beta_{\tau_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 8C\gamma_t(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + \|x_{i,t}\|_{H_{v,t}^{-1}})\\ &\leq \widetilde{u}_{i,t}'.\end{aligned}$$

From the definition of S_t, we have $\widetilde{v}_{i,t} \geq 0$ for $i \in S_t$. This is because if $\widetilde{v}_{i,t} < 0$ for some $i \in [N]$ then $i \notin S_t$. Then as in (15), we can show that

$$\frac{\sum_{i\in S_t}\widetilde{v}_{i,t}\exp(\widetilde{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t})} \leq \frac{\sum_{i\in S_t}\widetilde{v}_{i,t}\exp(\widetilde{u}_{i,t}')}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}')}.$$

Then we have

$$\begin{aligned}&\frac{\sum_{i\in S_t}\widetilde{v}_{i,t}\exp(\widetilde{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}\\ &\leq \frac{\sum_{i\in S_t}\widetilde{v}_{i,t}\exp(\widetilde{u}_{i,t}')}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}')} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}\\ &\leq \frac{\sum_{i\in S_t}\widetilde{v}_{i,t}\exp(\widetilde{u}_{i,t}')}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}')} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(\widetilde{u}_{i,t}')}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}')} + \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(\widetilde{u}_{i,t}')}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}')} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^+\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}.\end{aligned} \tag{35}$$

We define $\widehat{u}_{i,t} = z_{i,t}(p_{i,t})^\top\widehat{\theta}_t$. Then, for the first two terms in the above, we have

$$
\begin{aligned}
&\frac{\sum_{i\in S_t}\widetilde{v}_{i,t}\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}-\frac{\sum_{i\in S_t}\underline{v}^{+}_{i,t}\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}\\
&=\frac{\sum_{i\in S_t}(\widetilde{v}_{i,t}-\underline{v}^{+}_{i,t})\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}\\
&\le\frac{\sum_{i\in S_t}(\widetilde{v}_{i,t}-\underline{v}_{i,t})\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}\\
&\le\frac{\sum_{i\in S_t}(|\widetilde{v}_{i,t}-x_{i,t}^\top\widehat{\theta}_{v,t}|+|x_{i,t}^\top\widehat{\theta}_{v,t}-\underline{v}_{i,t}|)\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}\\
&=\frac{\sum_{i\in S_t}(\gamma_t+\beta_t)\|x_{i,t}\|_{H_{v,t}^{-1}}\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}\\
&\le\frac{\sum_{i\in S_t}2\gamma_t\|x_{i,t}\|_{H_{v,t}^{-1}}\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}\\
&=\frac{\sum_{i\in S_t}2\gamma_t\|x_{i,t}\|_{H_{v,t}^{-1}}\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}-\frac{\sum_{i\in S_t}2\gamma_t\|x_{i,t}\|_{H_{v,t}^{-1}}\exp(\widehat{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\widehat{u}_{i,t})}+\frac{\sum_{i\in S_t}2\gamma_t\|x_{i,t}\|_{H_{v,t}^{-1}}\exp(\widehat{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\widehat{u}_{i,t})}.
\end{aligned}
\tag{36}
$$

Let $P_{i,t}(u)=\frac{\exp(u_i)}{1+\sum_{j\in S_t}\exp(u_j)}$, $\widehat{u}_t=[\widehat{u}_{i,t}:i\in S_t]$, and $\widetilde{u}'_t=[\widetilde{u}'_{i,t}:i\in S_t]$. For the first two terms in the above, by using the mean value theorem, there exists $\xi_t=(1-c)\widehat{u}_t+c\widetilde{u}'_t$ for some $c\in(0,1)$ such that

$$
\begin{aligned}
&\frac{\sum_{i\in S_t}2\gamma_t\|x_{i,t}\|_{H_{v,t}^{-1}}\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}-\frac{\sum_{i\in S_t}2\gamma_t\|x_{j,t}\|_{H_{v,t}^{-1}}\exp(\widehat{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\widehat{u}_{i,t})}\\
&=\sum_{i\in S_t}\sum_{j\in S_t}2\gamma_t\|x_{j,t}\|_{H_{v,t}^{-1}}\nabla_i P_{j,t}(\xi_t)(\widetilde{u}'_{i,t}-\widehat{u}_{i,t})\\
&=\sum_{i\in S_t}2\gamma_t\|x_{i,t}\|_{H_{v,t}^{-1}}P_{i,t}(\xi_t)(\widetilde{u}'_{i,t}-\widehat{u}_{i,t})-\sum_{i\in S_t}\sum_{j\in S_t}2\gamma_t\|x_{j,t}\|_{H_{v,t}^{-1}}P_{j,t}(\xi_t)P_{i,t}(\xi_t)(\widetilde{u}'_{i,t}-\widehat{u}_{i,t})\\
&=O\left(\sum_{i\in S_t}\gamma_t\|x_{i,t}\|_{H_{v,t}^{-1}}P_{i,t}(\xi_t)(\gamma_t\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}+\gamma_t\|x_{i,t}\|_{H_{v,t}^{-1}})\right)\\
&=O\left(\sum_{i\in S_t}\gamma_t^2P_{i,t}(\xi_t)(\|x_{i,t}\|^2_{H_{v,t}^{-1}}+\|z_{i,t}(p_{i,t})\|^2_{H_t^{-1}})+\gamma_t^2P_{i,t}(\xi_t)\|x_{i,t}\|^2_{H_{v,t}^{-1}}\right)\\
&=O\left(\sum_{i\in S_t}\gamma_t^2P_{i,t}(\xi_t)\|x_{i,t}\|^2_{H_{v,t}^{-1}}+\gamma_t^2P_{i,t}(\xi_t)\|z_{i,t}(p_{i,t})\|^2_{H_t^{-1}}\right)\\
&=O\left(\gamma_t^2\max_{i\in S_t}\|x_{i,t}\|^2_{H_{v,t}^{-1}}+\gamma_t^2\max_{i\in S_t}\|z_{i,t}(p_{i,t})|^2_{H_t^{-1}}\right),
\end{aligned}
\tag{37}
$$

where the third equality is obtained from $\widetilde{u}'_{i,t}\ge\widehat{u}_{i,t}$ and $\widetilde{u}'_{i,t}-\widehat{u}_{i,t}\le 3\gamma_t(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}+\|x_{i,t}\|_{H_{v,t}^{-1}})$ under E_t with $\gamma_t\ge\beta_t$, and the firth equality is from $ab\le\frac{1}{2}(a^2+b^2)$. Then from (36) and (37), we have

$$
\begin{aligned}
&\frac{\sum_{i\in S_t}\widetilde{v}_{i,t}\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}-\frac{\sum_{i\in S_t}\underline{v}^{+}_{i,t}\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}\\
&=O\left(\gamma_t^2\max_{i\in S_t}\|x_{i,t}\|^2_{H_{v,t}^{-1}}+\gamma_t^2\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|^2_{H_t^{-1}}+\gamma_t\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|x_{i,t}\|_{H_{v,t}^{-1}}\right).
\end{aligned}
\tag{38}
$$

For the latter two terms in (35), by following the same proof technique in Lemma 4 and using the fact that $|\widetilde{u}'_{i,t} - \widetilde{u}_{i,t}(\Theta_u,\Theta_v)| \le |\widetilde{u}'_{i,t} - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t| + |z_{i,t}(p_{i,t})^\top \widehat{\theta}_t - \widetilde{u}_{i,t}(\Theta_u,\Theta_v)| = O(\gamma_t(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + \|x_{i,t}\|_{H_{v,t}^{-1}}))$ from E_t and $\Theta_u \times \Theta_v \in \widetilde{\Theta}_t$ with $\beta_t \le \gamma_t$, we can show that

$$
\begin{aligned}
&\sup_{\Theta_u\times\Theta_v\in\widetilde{\Theta}_t}\left(\frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(\widetilde{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}'_{i,t})}-\frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}\right)\\
&=O\Bigg(\gamma_t^2(\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2+\max_{i\in S_t}\|x_{i,t}\|_{H_{v,t}^{-1}}^2)+\gamma_t^2(\max_{i\in S_t}\|\widetilde{z}_{i,t}\|_{H_t^{-1}}^2+\max_{i\in S_t}\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}^2)\\
&\qquad+\gamma_t\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)(\|\widetilde{z}_{i,t}\|_{H_t^{-1}}+\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}})\Bigg),
\end{aligned}
\tag{39}
$$

We can conclude the proof from (35), (38), and (39). ■

Then, for a bound of instantaneous regret of (34), we have

$$
\begin{aligned}
&\mathbb{E}\left[\mathbb{E}\left[\left(\frac{\sum_{i\in A_t^*}v_{i,t}\exp(u_{i,t})}{1+\sum_{i\in A_t^*}\exp(u_{i,t})}-\frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(u_{i,t}^{p})}{1+\sum_{i\in S_t}\exp(u_{i,t}^{p})}\right)\mathbb{1}(E_t)\mid\mathcal{F}_{t-1}\right]\right]\\
&\le\mathbb{E}\left[\mathbb{E}\left[\left(\frac{\sum_{i\in A_t^*}v_{i,t}\exp(u_{i,t})}{1+\sum_{i\in A_t^*}\exp(u_{i,t})}-\inf_{\Theta_u\times\Theta_v\in\widetilde{\Theta}_t}\max_{S\subseteq[N]:|S|\le K}\frac{\sum_{i\in S}\underline{v}_{i,t}^{+}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}{1+\sum_{i\in S}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}\right)\mathbb{1}(E_t)\mid\mathcal{F}_{t-1}\right]\right]\\
&=\mathbb{E}\left[\mathbb{E}\left[\left(\frac{\sum_{i\in A_t^*}v_{i,t}\exp(u_{i,t})}{1+\sum_{i\in A_t^*}\exp(u_{i,t})}-\inf_{\Theta_u\times\Theta_v\in\widetilde{\Theta}_t}\max_{S\subseteq[N]:|S|\le K}\frac{\sum_{i\in S}\underline{v}_{i,t}^{+}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}{1+\sum_{i\in S}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}\right)\mathbb{1}(E_t)\mid\mathcal{F}_{t-1},\widetilde{E}_t\right]\right]\\
&\le\mathbb{E}\left[\mathbb{E}\left[\left(\frac{\sum_{i\in A_t^*}v_{i,t}\exp(\widetilde{u}_{i,t})}{1+\sum_{i\in A_t^*}\exp(\widetilde{u}_{i,t})}-\inf_{\Theta_u\times\Theta_v\in\widetilde{\Theta}_t}\frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}\right)\mathbb{1}(E_t)\mid\mathcal{F}_{t-1},\widetilde{E}_t\right]\right]\\
&\le\mathbb{E}\left[\mathbb{E}\left[\left(\frac{\sum_{i\in A_t^*}\widetilde{v}_{i,t}\exp(\widetilde{u}_{i,t})}{1+\sum_{i\in A_t^*}\exp(\widetilde{u}_{i,t})}-\inf_{\Theta_u\times\Theta_v\in\widetilde{\Theta}_t}\frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}\right)\mathbb{1}(E_t)\mid\mathcal{F}_{t-1},\widetilde{E}_t\right]\right]\\
&\le\mathbb{E}\left[\mathbb{E}\left[\left(\frac{\sum_{i\in S_t}\widetilde{v}_{i,t}\exp(\widetilde{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t})}-\inf_{\Theta_u\times\Theta_v\in\widetilde{\Theta}_t}\frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}\right)\mathbb{1}(E_t)\mid\mathcal{F}_{t-1},\widetilde{E}_t\right]\right]\\
&=\mathbb{E}\left[\mathbb{E}\left[\sup_{\Theta_u\times\Theta_v\in\widetilde{\Theta}_t}\left(\frac{\sum_{i\in S_t}\widetilde{v}_{i,t}\exp(\widetilde{u}_{i,t})}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t})}-\frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}{1+\sum_{i\in S_t}\exp(\widetilde{u}_{i,t}(\Theta_u,\Theta_v))}\right)\mathbb{1}(E_t)\mid\mathcal{F}_{t-1},\widetilde{E}_t\right]\right]\\
&=O\Bigg(\mathbb{E}\Bigg[\mathbb{E}\Bigg[\Bigg(\gamma_t^2(\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2+\max_{i\in S_t}\|x_{i,t}\|_{H_{v,t}^{-1}}^2)+\gamma_t^2(\max_{i\in S_t}\|\widetilde{z}_{i,t}\|_{H_t^{-1}}^2+\max_{i\in S_t}\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}^2)\\
&\qquad+\gamma_t\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)(\|\widetilde{z}_{i,t}\|_{H_t^{-1}}+\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}+\|x_{i,t}\|_{H_{v,t}^{-1}})\Bigg)\mathbb{1}(E_t)\mid\mathcal{F}_{t-1},\widetilde{E}_t\Bigg]\Bigg]\Bigg)\\
&=O\Bigg(\mathbb{E}\Bigg[\mathbb{E}\Bigg[\gamma_t^2(\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2+\max_{i\in S_t}\|x_{i,t}\|_{H_{v,t}^{-1}}^2)+\gamma_t^2(\max_{i\in S_t}\|\widetilde{z}_{i,t}\|_{H_t^{-1}}^2+\max_{i\in S_t}\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}^2)\\
&\qquad+\gamma_t\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)(\|\widetilde{z}_{i,t}\|_{H_t^{-1}}+\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}+\|x_{i,t}\|_{H_{v,t}^{-1}})\mid\mathcal{F}_{t-1},\widetilde{E}_t,E_t\Bigg]\times\mathbb{P}(E_t|\widetilde{E}_t,\mathcal{F}_{t-1})\Bigg]\Bigg)\\
&=O\Bigg(\mathbb{E}\Bigg[\mathbb{E}\Bigg[\gamma_t^2(\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2+\max_{i\in S_t}\|x_{i,t}\|_{H_{v,t}^{-1}}^2)+\gamma_t^2(\max_{i\in S_t}\|\widetilde{z}_{i,t}\|_{H_t^{-1}}^2+\max_{i\in S_t}\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}^2)\\
&\qquad+\gamma_t\sum_{i\in S_t}P_{t,\widehat{\theta}_t}(i|S_t,p_t)(\|\widetilde{z}_{i,t}\|_{H_t^{-1}}+\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}+\|x_{i,t}\|_{H_{v,t}^{-1}})\mid\mathcal{F}_{t-1},\widetilde{E}_t,E_t\Bigg]\mathbb{P}(E_t|\mathcal{F}_{t-1})\Bigg]\Bigg),
\end{aligned}
\tag{40}
$$

where the first equality comes from the independency of $\widetilde{E}_t$ given $\mathcal{F}_{t-1}$, the second inequality is obtained from $u_{i,t} \le \widetilde{u}_{i,t}$ under the event $\widetilde{E}_t$ and from the definition of S_t, the third inequality is obtained from the fact that $v_{i,t}^+ \le \widetilde{v}_{i,t}^+$ under $\widetilde{E}_t$, the third last equality is obtained from Lemma 10, and the last equality comes from independence between E_t and $\widetilde{E}_t$ given $\mathcal{F}_{t-1}$.

We provide a lemma below for further analysis.

Lemma 11 *For all $t \in [T]$, we have*

$$\mathbb{P}\left(\widetilde{v}_{i,t} \ge v_{i,t} \text{ and } \widetilde{u}_{i,t} \ge u_{i,t}\ \forall i \in [N] \mid \mathcal{F}_{t-1}, E_t\right) \ge \frac{1}{4\sqrt{e\pi}}.$$

Proof Given $\mathcal{F}_{t-1}$, $x_{i,t}^\top \widetilde{\theta}_{v,t}^{(m)}$ follows Gaussian distribution with mean $x_{i,t}^\top \widehat{\theta}_{v,t}$ and standard deviation $\beta_{\tau_t} \|x_{i,t}\|_{H_{v,t}^{-1}}$. Then we have

$$\begin{aligned}
&\mathbb{P}\left(\max_{m\in[M]} x_{i,t}^\top \widetilde{\theta}_{v,t}^{(m)} \ge x_{i,t}^\top \theta_v\ \forall i \in [N] | \mathcal{F}_{t-1}, E_t\right) \\
&\ge 1 - N\mathbb{P}\left(x_{i,t}^\top \widetilde{\theta}_{v,t}^{(m)} < x_{i,t}^\top \theta_v\ \forall m \in [M] | \mathcal{F}_{t-1}, E_t\right) \\
&\ge 1 - N\mathbb{P}\left(Z_m < \frac{x_{i,t}^\top \theta_v - x_{i,t}^\top \widehat{\theta}_{v,t}}{\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}}}\ \forall m \in [M] | \mathcal{F}_{t-1}, E_t\right) \\
&\ge 1 - N\mathbb{P}\left(Z < 1\right)^M,
\end{aligned}$$

where Z_m and Z are standard normal random variables. Likewise, we have

$$\begin{aligned}
&\mathbb{P}\left(\max_{m_1\in[M]} z_{i,t}(p_{i,t})^\top \widetilde{\theta}_t^{(m_1)} + 8C \max_{m_2\in[M]}(x_{i,t}^\top \widetilde{\theta}_{v,t}^{(m_2)} - x_{i,t}^\top \widehat{\theta}_{v,t}) \ge z_{i,t}(p_{i,t}^*)^\top \theta^*\ \forall i \in [N] \mid \mathcal{F}_{t-1}, E_t\right) \\
&\ge \mathbb{P}\left(\max_{m\in[M]} z_{i,t}(p_{i,t})^\top \widetilde{\theta}_t^{(m)} + 8C(x_{i,t}^\top \widetilde{\theta}_{v,t}^{(m)} - x_{i,t}^\top \widehat{\theta}_{v,t}) \ge z_{i,t}(p_{i,t}^*)^\top \theta^*\ \forall i \in [N] \mid \mathcal{F}_{t-1}, E_t\right) \\
&\ge 1 - N\mathbb{P}\left(z_{i,t}(p_{i,t})^\top \widetilde{\theta}_t^{(m)} + 8C(x_{i,t}^\top \widetilde{\theta}_{v,t}^{(m)} - x_{i,t}^\top \widehat{\theta}_{v,t}) < z_{i,t}(p_{i,t}^*)^\top \theta^*\ \forall m \in [M] \mid \mathcal{F}_{t-1}, E_t\right) \\
&= 1 - N\mathbb{P}\Bigg(\frac{z_{i,t}(p_{i,t})^\top \widetilde{\theta}_t^{(m)} - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t + 8C(x_{i,t}^\top \widetilde{\theta}_{v,t}^{(m)} - x_{i,t}^\top \widehat{\theta}_{v,t})}{\beta_{\tau_t}\sqrt{2\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2 + 8C\|x_{i,t}\|_{H_{v,t}^{-1}}^2}} \\
&\qquad \times \frac{\beta_{\tau_t}\sqrt{2\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2 + 8C\|x_{i,t}\|_{H_{v,t}^{-1}}^2}}{\beta_{\tau_t}(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 2\sqrt{C}\|x_{i,t}\|_{H_{v,t}^{-1}})} \\
&\qquad < \frac{z_{i,t}(p_{i,t}^*)^\top \theta^* - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t}{\beta_{\tau_t}(\|z_{i,t}(p_{i,t})\|_{V_t^{-1}} + 2\sqrt{C}\|x_{i,t}\|_{V_{v,t}^{-1}})}\ \forall m \in [M] \mid \mathcal{F}_{t-1}, E_t\Bigg) \\
&\ge 1 - N\mathbb{P}\Bigg(Z_m \frac{\beta_{\tau_t}\sqrt{2\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2 + 8C\|x_{i,t}\|_{H_{v,t}^{-1}}^2})}{\beta_{\tau_t}(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 2\sqrt{C}\|x_{i,t}\|_{H_{v,t}^{-1}})} \\
&\qquad < \frac{z_{i,t}(p_{i,t}^*)^\top \theta^* - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t}{\beta_{\tau_t}(\|z_{i,t}(p_{i,t})\|_{V_t^{-1}} + 2\sqrt{C}\|x_{i,t}\|_{V_{v,t}^{-1}})}\ \forall m \in [M] \mid \mathcal{F}_{t-1}, E_t\Bigg) \\
&\ge 1 - N\mathbb{P}\left(Z_m < \frac{z_{i,t}(p_{i,t}^*)^\top \theta^* - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t}{\beta_{\tau_t}(\|z_{i,t}(p_{i,t})\|_{V_t^{-1}} + 2\sqrt{C}\|x_{i,t}\|_{V_{v,t}^{-1}})}\ \forall m \in [M] \mid \mathcal{F}_{t-1}, E_t\right) \\
&\ge 1 - N\mathbb{P}\left(Z < 1\right)^M,
\end{aligned}$$

where the third last inequality is obtained from the fact that the variance of $z_{i,t}(p_{i,t})^\top \widetilde{\theta}_t^{(m)} - z_{i,t}(p_{i,t})^\top \widehat{\theta}_t + 8C(x_{i,t}^\top \widetilde{\theta}_{v,t}^{(m)} - x_{i,t}^\top \widehat{\theta}_{v,t})$ is $\beta_{\tau_t}^2(2\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2 + 8C\|x_{i,t}\|_{H_{v,t}^{-1}}^2)$ and second last inequality is obtained from $\sqrt{2(a^2+b^2)} \geq (a+b)$, and the last inequality is obtained from $u_{i,t} \leq \overline{u}_{i,t}$ in Lemma 1 and independency for M samples.

Then using union bound, we have

$$\begin{aligned}
&\mathbb{P}\left(\widetilde{v}_{i,t} \geq v_{i,t} \text{ and } \widetilde{u}_{i,t} \geq u_{i,t}\ \forall i \in [N] | \mathcal{F}_{t-1}, E_t\right) \\
&\geq 1 - 2N\mathbb{P}\left(Z < 1\right)^M. \\
&\geq 1 - 2N(1 - \frac{1}{4\sqrt{e\pi}})^M \\
&\geq \frac{1}{4\sqrt{e\pi}},
\end{aligned}$$

where the second last inequality is obtained from $\mathbb{P}(Z \leq 1) \leq 1 - 1/4\sqrt{e\pi}$ using the anti-concentration of standard normal distribution, and the last inequality comes from $M = \lceil 1 - \frac{\log 2N}{\log(1-1/4\sqrt{e\pi})} \rceil$. This concludes the proof. ■

From Lemmas 9 and 11, for $t \geq t_0$ for some constant $t_0 > 0$, we have

$$\begin{aligned}
&\mathbb{P}(\widetilde{E}_t | \mathcal{F}_{t-1}, E_t) \\
&= \mathbb{P}\left(\widetilde{u}_{i,t} \geq u_{i,t}, \widetilde{v}_{i,t} \geq v_{i,t}\ \forall i \in [N] \text{ and } \{\widetilde{\theta}_{v,t}^{(m)}\}_{m\in[M]} \in \widetilde{\Theta}_{v,t}, \{\widetilde{\theta}_t^{(m)}\}_{m\in[M]} \times \{\widetilde{\theta}_{v,t}^{(m)}\}_{m\in[M]} \in \widetilde{\Theta}_t | \mathcal{F}_{t-1}, E_t\right) \\
&= \mathbb{P}\left(\widetilde{u}_{i,t} \geq u_{i,t}, \widetilde{v}_{i,t} \geq v_{i,t}\ \forall i \in [N] | \mathcal{F}_{t-1}, E_t\right) \\
&\qquad\qquad - \mathbb{P}\left(\{\widetilde{\theta}_{v,t}^{(m)}\}_{m\in[M]} \notin \widetilde{\Theta}_{v,t}, \{\widetilde{\theta}_t^{(m)}\}_{m\in[M]} \times \{\widetilde{\theta}_{v,t}^{(m)}\}_{m\in[M]} \notin \widetilde{\Theta}_t | \mathcal{F}_{t-1}, E_t\right) \\
&\geq 1/4\sqrt{e\pi} - \mathcal{O}(1/t^2) \\
&\geq 1/8\sqrt{e\pi}.
\end{aligned}$$

For simplicity of the proof, we ignore the time steps before (constant) t_0, which does not affect our final result. For simplicity, we also use

$$\begin{aligned}
L_t &= \gamma_t^2 (\max_{i\in S_t} \|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2 + \max_{i\in S_t} \|x_{i,t}\|_{H_{v,t}^{-1}}^2) + \gamma_t^2 (\max_{i\in S_t} \|\widetilde{z}_{i,t}\|_{H_t^{-1}}^2 + \max_{i\in S_t} \|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}^2) \\
&+ \gamma_t \sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t, p_t)(\|\widetilde{z}_{i,t}\|_{H_t^{-1}} + \|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}} + \|x_{i,t}\|_{H_{v,t}^{-1}}).
\end{aligned}$$

Hence, we have

$$\begin{aligned}
\mathbb{E}\left[L_t \mid \mathcal{F}_{t-1}, E_t\right] &\geq \mathbb{E}\left[L_t \mid \mathcal{F}_{t-1}, E_t, \widetilde{E}_t\right] \mathbb{P}(\widetilde{E}_t | \mathcal{F}_{t-1}, E_t) \\
&\geq \mathbb{E}\left[L_t \mid \mathcal{F}_{t-1}, E_t, \widetilde{E}_t\right] 1/8\sqrt{e\pi}. \qquad (41)
\end{aligned}$$

With (40) and (41), we have

$$\begin{aligned}
&\mathbb{E}\left[\left(\frac{\sum_{i\in A_t^*} v_{i,t}\exp(u_{i,t})}{1+\sum_{i\in A_t^*}\exp(u_{i,t})} - \frac{\sum_{i\in S_t} \underline{v}_{i,t}^{+}\exp(u_{i,t}^p)}{1+\sum_{i\in S_t}\exp(u_{i,t}^p)}\right)\mathbb{1}(E_t) \mid \mathcal{F}_{t-1}\right] \\
&= O\left(\mathbb{E}\left[L_t \mid \mathcal{F}_{t-1}, \widetilde{E}_t, E_t\right]\mathbb{P}(E_t \mid \mathcal{F}_{t-1})\right) \\
&= O\left(\mathbb{E}\left[L_t \mid \mathcal{F}_{t-1}, E_t\right]\mathbb{P}(E_t \mid \mathcal{F}_{t-1})\right). \qquad (42)
\end{aligned}$$

Then from (34), (42), (31), (32) and Lemma 5, 6, 8, with $E_T^c \supset E_{T-1}^c, \ldots, \supset E_1^c$, we have

$$
\begin{aligned}
&R^{\pi}(T) = \sum_{t\in[T]} \mathbb{E}[R_t(S_t^*, p_t^*) - R_t(S_t, p_t)\mathbb{1}(E_t)] + \sum_{t\in[T]} \mathbb{E}[R_t(S_t^*, p_t^*) - R_t(S_t, p_t)\mathbb{1}(E_t^c)] \\
&\le \sum_{t\in[T]} \mathbb{E}\left[\left(\frac{\sum_{i\in A_t^*} p_{i,t}^* \exp(u_{i,t})}{1+\sum_{i\in A_t^*}\exp(u_{i,t})} - \frac{\sum_{i\in S_t} \underline{v}_{i,t}^+ \exp(u_{i,t}^p)\mathbb{1}(\underline{v}_{i,t}^+ \le v_{i,t})}{1+\sum_{i\in S_t}\exp(u_{i,t}^p)\mathbb{1}(\underline{v}_{i,t}^+ \le v_{i,t})}\right)\mathbb{1}(E_t)\right] + \sum_{t\in[T]} \mathbb{P}[E_T^c] \\
&= O\left(\sum_{t\in[T]} \mathbb{E}\left[\mathbb{E}\left[L_t \mid \mathcal{F}_{t-1}, E_t\right]\mathbb{P}(E_t \mid \mathcal{F}_{t-1})\right]\right) \\
&= O\left(\sum_{t\in[T]} \mathbb{E}\left[L_t \mathbb{1}(E_t)\right]\right) \\
&= \widetilde{O}\left(\mathbb{E}\left[\sqrt{d}\beta_{\tau_T}\sqrt{\sum_{t\in[T]}\sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)}\left(\sqrt{\sum_{t\in[T]}\sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|x_{i,t}\|^2_{H_{v,t}^{-1}}}\right.\right.\right. \\
&\quad \left.\left.\left. + \sqrt{\sum_{t\in[T]}\sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{x}_{i,t}\|^2_{H_{v,t}^{-1}}} + \sqrt{\sum_{t\in[T]}\sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{z}_{i,t}\|^2_{H_t^{-1}}\mathbb{1}(E_t)}\right)\right] + \frac{d^2}{\kappa}\mathbb{E}[\beta_{\tau_T^2}]\right) \\
&= \widetilde{O}\left(\mathbb{E}[\beta_{\tau_T}]d\sqrt{T} + \frac{d^4}{\kappa}\right) \\
&= \widetilde{O}\left(d^2\sqrt{T} + \frac{d^4}{\kappa}\right).
\end{aligned}
$$

A.4 Randomness in Activation Function

In this section, we study the case where there exists randomness in the activation function of C-MNL. Let $\zeta_{i,t}$ be a zero-mean random noise drawn from the range of $[-c, c]$ for some $0 < c \le 1$. Then the noisy activation is modeled in C-MNL as

$$
\widetilde{\mathbb{P}}_t(i|S_t, p_t) = \frac{\exp(z_{i,t}(p_{i,t})^\top\theta^*)\mathbb{1}(p_{i,t} \le x_{i,t}^\top\theta_v + \zeta_{i,t})}{1+\sum_{j\in S_t}\exp(z_{j,t}(p_{j,t})^\top\theta^*)\mathbb{1}(p_{j,t} \le x_{j,t}^\top\theta_v + \zeta_{j,t})}.
$$

A.4.1 Algorithm & Regret Analysis

Here we provide an algorithm (Algorithm 3) for the random activation C-MNL. The different part from Algorithm 1 is in pricing strategy such that $p_{i,t} = (\underline{v}_{i,t} - c)^+$. The remaining parts are the same.

Now we provide a regret bound of the algorithm in the following.

Theorem 3 *Under Assumption 1, the policy π of Algorithm 3 achieves a regret bound of*

$$
R^{\pi}(T) = \widetilde{O}\left(d^{\frac{3}{2}}\sqrt{T} + cT\right).
$$

Therefore, if we have $c = O(1/\sqrt{T})$, the regret bound in the above theorem becomes $\widetilde{O}(d^{\frac{3}{2}}\sqrt{T})$ same as that in Theorem 1 for the case without the noise in activation functions.

Proof Here we provide only the different parts from the proof of Theorem 1. Let $\underline{v}_{i,t}^c = (\underline{v}_{i,t} - c)$ and $\overline{u}_{i,t}'^c = z_{i,t}(p_{i,t})^\top\theta^* + 2\sqrt{2}\beta_{\tau_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 2\sqrt{2}\beta_{\tau_t}\|x_{i,t}\|_{H_{v,t}^{-1}} + c$. Then we can observe that under E_t, $p_{i,t} \le v_{i,t} + \zeta_{i,t}$ and $\overline{u}_{i,t} \le \overline{u}_{i,t}'$. From (12) and Lemma 2, under E_t, we have

$$
\begin{aligned}
&R_t(S_t^*, p_t^*) - R_t(S_t, p_t) \\
&\le \frac{\sum_{i\in S_t}\overline{v}_{i,t}\exp(\overline{u}_{i,t}'^c)}{1+\sum_{i\in S_t}\exp(\overline{u}_{i,t}'^c)} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^{c+}\exp(\overline{u}_{i,t}'^c)}{1+\sum_{i\in S_t}\exp(\overline{u}_{i,t}'^c)} + \frac{\sum_{i\in S_t}\underline{v}_{i,t}^{c+}\exp(\overline{u}_{i,t}'^c)}{1+\sum_{i\in S_t}\exp(\overline{u}_{i,t}'^c)} - \frac{\sum_{i\in S_t}\underline{v}_{i,t}^{c+}\exp(u_{i,t}^p)}{1+\sum_{i\in S_t}\exp(u_{i,t}^p)}.
\end{aligned}
\tag{43}
$$

Algorithm 3 UCB-based Assortment-selection with Enhanced-LCB Pricing (UCBA-ELCBP)

Input: $\lambda, \eta, \beta_\tau, c$
Init: $\tau \leftarrow 1, t_1 \leftarrow 1, \widehat{\theta}_{v,(1)} \leftarrow \mathbf{0}_d$
for $t = 1, \ldots, T$ **do**
  $\widetilde{H}_t \leftarrow \lambda I_{2d} + \sum_{s=1}^{t-2} G_s(\widehat{\theta}_s) + \eta G_{t-1}(\widehat{\theta}_{t-1})$ with (3)
  $H_t \leftarrow \lambda I_{2d} + \sum_{s=1}^{t-1} G_s(\widehat{\theta}_s)$ with (3)
  $H_{v,t} \leftarrow \lambda I_d + \sum_{s=1}^{t-1} G_{v,s}(\widehat{\theta}_s)$ with (3)
  $\widehat{\theta}_t \leftarrow \arg\min_{\theta\in\Theta} g_t(\widehat{\theta}_{t-1})^\top \theta + \frac{1}{2\eta}\|\theta - \widehat{\theta}_{t-1}\|^2_{\widetilde{H}_t^{-1}}$ with (2) ; ▷ Estimation
  if $\det(H_t) > 2\det(H_{t_\tau})$ **then**
    $\tau \leftarrow \tau + 1; t_\tau \leftarrow t$
    $\widehat{\theta}_{v,(\tau)} \leftarrow \widehat{\theta}_{v,t_\tau} (= \widehat{\theta}^{1:d}_{t_\tau})$
  for $i \in [N]$ **do**
    $\underline{v}_{i,t} \leftarrow x_{i,t}^\top \widehat{\theta}_{v,(\tau)} - \sqrt{2}\beta_t \|x_{i,t}\|_{H_{v,t}^{-1}}$; ▷ LCB for valuation
    $p_{i,t} \leftarrow (\underline{v}_{i,t} - c)^+$; ▷ **Price selection w/ LCB**
    $\overline{v}_{i,t} \leftarrow x_{i,t}^\top \widehat{\theta}_{v,t} + \beta_t \|x_{i,t}\|_{H_{v,t}^{-1}}$; ▷ UCB for valuation
    $\overline{u}^c_{i,t} \leftarrow z_{i,t}(p_{i,t})^\top \widehat{\theta}_t + \beta_t \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} + 2\sqrt{2}\beta_t\|x_{i,t}\|_{H_{v,t}^{-1}} + c$; ▷ UCB for utility
  $S_t \leftarrow \arg\max_{S\subseteq[N]:|S|\le L} \sum_{i\in S} \frac{\overline{v}_{i,t}\exp(\overline{u}_{i,t})}{1+\sum_{j\in S}\exp(\overline{u}_{j,t})}$; ▷ **Assortment selection w/ UCB**
  Offer S_t with prices $p_t = \{p_{i,t}\}_{i\in S_t}$
  Observe preference (purchase) feedback $y_{i,t} \in \{0,1\}$ for $i \in S_t$

By following the proof of Lemmas 3 and 4, under E_t , we can show that

$$(a)\quad \frac{\sum_{i\in S_t}\overline{v}_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}^{c+}_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})}$$
$$= O\left(\beta_{\tau_t}^2 \max_{i\in S_t}\|x_{i,t}\|^2_{H_{v,t}^{-1}} + \beta_{\tau_t}^2 \max_{i\in S_t}\|z_{i,t}(p_{i,t})\|^2_{H_t^{-1}} + \beta_{\tau_t}\sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|x_{i,t}\|_{H_{v,t}^{-1}} + c\right),$$

$$(b)\quad \frac{\sum_{i\in S_t}\underline{v}^{c+}_{i,t}\exp(\overline{u}'_{i,t})}{1+\sum_{i\in S_t}\exp(\overline{u}'_{i,t})} - \frac{\sum_{i\in S_t}\underline{v}^{c+}_{i,t}\exp(u^p_{i,t})}{1+\sum_{i\in S_t}\exp(u^p_{i,t})}$$
$$= O\Bigg(\beta_{\tau_t}^2(\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|^2_{H_t^{-1}} + \max_{i\in S_t}\|x_{i,t}\|^2_{H_{v,t}^{-1}}) + \beta_{\tau_t}^2(\max_{i\in S_t}\|\widetilde{z}_{i,t}\|^2_{H_t^{-1}} + \max_{i\in S_t}\|\widetilde{x}_{i,t}\|^2_{H_{v,t}^{-1}})$$
$$+\beta_{\tau_t}\sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)(\|\widetilde{z}_{i,t}\|_{H_t^{-1}} + \|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}) + c\Bigg).$$

Then by following the proof steps of Theorem 1, we can show that

$$R^\pi(T) = \widetilde{O}\left(d^{\frac{3}{2}}\sqrt{T} + cT + \frac{d^3}{\kappa}\right)$$

■

A.5 Extension to RL with Once-per-episode Feedback

In this section, we adopt the RL framework with once-per-episode preference feedback, as described by (Chen et al., 2022; Pacchiano et al., 2021). The main difference from previous literature is that we consider dynamic pricing to maximize revenue based on the model. Furthermore, we consider the multinomial logit model for the preference model, which allows feedback among up to K options rather than a duel between two options, which was considered in the previous work. In our model, an agent proposes up to K different trajectories with prices for each trajectory, and the user purchases at most one trajectory based on their preference.

A.5.1 Problem Statement

We consider T-episode, H-horizon RL $(\mathbb{P}, \mathcal{S}, \mathcal{A}, H, \rho)$ where $\mathcal{S}$ is a finite set of states, $\mathcal{A}$ is a set of actions, $\mathbb{P}(\cdot|s,a)$ is the *latent* MDP transition probabilities given a state and action pair (s,a), H is the length of an episode, ρ denotes the initial distribution over states. We denote a trajectory during H steps as $l = (s_{1,l}, a_{1,l}, \dots, s_{H,l}, a_{H,l}) \in \mathcal{T}$ where $\mathcal{T}$ is the set of all possible trajectories of length H. Then at each time t, an agent selects a set of policies for sampling trajectory assortment denoted as $\Pi_t = \{\pi_{i,t} \in \Pi : i \in [K_t]\}$ with $0 \le K_t \le K$ where Π is the set of all feasible policies. Then a set of trajectories (assortment) is sampled from the transition probability under Π_t as $\Gamma_t = \{l_i \sim \mathbb{P}^{\pi_{i,t}} : i \in [K_t]\}$ with $\Gamma_t \subseteq \mathcal{T}$. At the same time, the agent prices each trajectory $l \in \Gamma_t$ as $p_{l,t}$ and suggests the trajectory assortment to a user.

We define an embedding function for a trajectory l as $\phi_t(l) \in \mathbb{R}^d$. There is a latent parameter $\theta_v \in \mathbb{R}^d$, and the valuation of each trajectory l is defined as $v_{l,t} := \phi_t(l)^\top \theta_v \ge 0$. For simplicity, we consider $\|\phi_t(l)\|_2 \le 1$ and $\|\theta_v\|_2 \le 1$. Let $p_t := \{p_{l,t}\}_{l \in \mathcal{T}}$. Given Γ_t and p_t, the user chooses (purchases) a trajectory $l \in \Gamma_t$ by paying $p_{l_t,t}$ according to the probability of the censored MNL as follows:

$$\mathbb{P}_t(l|\Gamma_t, p_t) = \frac{\exp(v_{l,t})\mathbb{1}(p_{l,t} \le v_{l,t})}{1 + \sum_{l' \in \Gamma_t} \exp(v_{l',t})\mathbb{1}(p_{l',t} \le v_{l',t})}.$$

It is allowed for the user to choose an outside option (l_0) as $\mathbb{P}_t(l_0|\Gamma_t, p_t) = \frac{1}{1+\sum_{l' \in \Gamma_t} \exp(v_{l',t})\mathbb{1}(p_{l',t} \le v_{l',t})}$. In this extension of MDPs, we consider the nested MNL model without a price-sensitivty. It is an open problem to consider a price-sensitivity in the MDP setting.

We adopt the generalized function approximation for transition probability in Chen et al. (2022); Ayoub et al. (2020). For the latent state transition probability $\mathbb{P}$, we consider that $\mathbb{P}$ belongs to a given transition set $\mathcal{P}$. We define a set of functions $\mathcal{V} = \{\nu : \mathcal{S} \to [0,1]\}$. Then for the complexity of the model class, we consider a generalized function approximation regarding the transition probability such that $\mathcal{F}_{\mathbb{P}} = \left\{f : \exists \mathbb{P} \in \mathcal{P} \; s.t. \; \forall (s,a,\nu) \in \mathcal{S} \times \mathcal{A} \times \mathcal{V}, f(s,a,v) = \int \mathbb{P}(ds' \mid s,a)\nu(s')) \right\}$. We describe the concept of Eluder dimension introduced by Russo & Van Roy (2013).

Definition 2 **(α-independent)** *Let $\mathcal{F}$ be a function class defined in $\mathcal{X}$, and $\{x, 1, x_2, \dots, x_n\} \in \mathcal{X}$. We say $x \in \mathcal{X}$ is α-independent of $\{x_1, x_2, \dots, x_n\}$ with respect to $\mathcal{F}$ if there exists $f_1, f_2 \in \mathcal{F}$ such that $\sqrt{\sum_{i=1}^n (f_1(x_i) - f_2(x_i))^2} \le \alpha$ but $f_1(x) - f_2(x) \ge \alpha$.*

Definition 3 (Eluder Dimension) *Suppose $\mathcal{F}$ is a function class defined in $\mathcal{X}$, the α-Eluder dimension is the longest sequence $\{x_1, x_2, \dots, x_n\} \in \mathcal{X}$ such that there exists $\alpha' \ge \alpha$ where x_i is α'-independent of $\{x_1, \dots, x_{i-1}\}$ for all $i \in [n]$.*

By using the concept of Eluder dimension, we define $d_{\mathbb{P}} = dim(\mathcal{F}_{\mathbb{P}}, \alpha)$ to be the α-Eluder dimension of $\mathcal{F}_{\mathbb{P}}$. As described in Chen et al. (2022); Ayoub et al. (2020), the generalized model includes linear mixture models where $d_{\mathbb{P}} = O(d \log(1/\alpha))$.

The expected revenue from trajectory l is represented as $R_{l,t}(\Gamma_t) = p_{l,t}\mathbb{P}_{\theta,t}(l_t = l|\Gamma_t, p_t)$. Then the overall expected revenue for the agent is formulated as $R_t(\Pi_t, p_t) = \mathbb{E}_{\Gamma \sim \{\mathbb{P}^\pi : \pi \in \Pi_t\}}\left[\sum_{l \in \Gamma} R_{l,t}(\Gamma)\right]$. For notation simplicity, we use $p = \{p_l\}_{l \in \Gamma}$. Then we define an oracle policy under known $\mathbb{P}$ and θ regarding assortment and prices such that $\Pi_t^* \in \arg\max_{\Pi' \subseteq \Pi : |\Pi'| \le K} \mathbb{E}_{\Gamma \sim \Pi'}\left[\max_{0 \le p_l \le 1 \; \forall l \in \Gamma} R_t(\Gamma, p)\right]$. We can observe that given Γ, the optimal price is $p_{l,t}^* = v_{l,t}$ for $l \in \Gamma$ from censored MNL. Then for Π_t and p_t, the regret is defined as

$$R(T) = \sum_{t \in [T]} \mathbb{E}\left[R_t(\Pi_t^*, p_t^*)\right] - \mathbb{E}[R_t(\Pi_t, p_t)].$$

Now we introduce regularity assumption and definition similar to the bandit setting.

Assumption 2 $\|\theta_v\|_2 \le 1$ *and* $\|\phi_t(l)\|_2 \le 1$ *for all* $l \in \mathcal{T}$ *and* $t \in [T]$

For the ease of presentation, we denote by $P_{t,\theta}(l|\Gamma,p)=\frac{\exp(\phi_t(l)^\top\theta)}{1+\sum_{l'\in\Gamma}\exp(\phi_t(l')^\top\theta)}$ the choice probability without the activation functions. Same as previous work for logistic and MNL bandit (Oh & Iyengar, 2019; 2021; Goyal & Perivier, 2021; Erginbas et al., 2023; Faury et al., 2020; Abeille et al., 2021), here we define a problem-dependent quantity regarding the non-linearlity of the MNL structure as follows.

$$\kappa:=\inf_{\theta\in\mathbb{R}^d,p\in[0,1]^N:\|\theta\|_2\le 1}P_{t,\theta}(l|\Gamma',p)P_{t,\theta}(l_0|\Gamma',p).$$

A.5.2 Algorithm & Regret Analysis

For dealing with the activation function in MNL, we utilize LCB for the price strategy. The main difference from the bandit setting is in selecting policy Π_t for suggesting trajectory assortment. For the assortment strategy, we consider exploration not only for learning valuation but also for learning transition probability. We describe our algorithm (Algorithm 4) in what follows.

Let $f_t(\theta):=-\sum_{l\in\Gamma_t\cup\{l_0\}}y_{l,t}\log P_{t,\theta}(l|\Gamma_t,p_t)$ where $y_{l,t}\in\{0,1\}$ is observed preference feedback (1 denotes choice, otherwise 0) and define the gradient of the likelihood as

$$g_t(\theta)=\nabla_\theta f_t(\theta)=\sum_{l\in\Gamma_t}(P_{t,\theta}(l|\Gamma_t,p_t)-y_{l,t})\phi_t(l). \tag{44}$$

We also define gram matrices from $\nabla^2_\theta f(\theta)$ as follows:

$$G_t(\theta):=\sum_{l\in\Gamma_t}P_{t,\theta}(l|S_t,p_t)\phi_t(l)\phi_t(l)^\top-\sum_{l,l'\in\Gamma_t}P_{t,\theta}(l|S_t,p_t)P_{t,\theta}(l'|S_t,p_t)\phi_t(l)\phi_t(l')^\top, \tag{45}$$

Then we construct the estimator of $\widehat{\theta}_t\in\mathbb{R}^d$ for θ_v from the online mirror descent within the range of $\Theta=\{\theta\in\mathbb{R}^d:\|\theta\|_2\le 1\}$. Let $\beta_l=C_1\sqrt{dl}\log(T)\log(K)$ and $H_t=\lambda I_d+\sum_{s=1}^{t-1}G_s(\widehat{\theta}_s)$ for some constants $C_1>0$, $\lambda>0$. We first construct the lower confidence bound (LCB) of the valuation of trajectory l as $\underline{v}_{l,t}=\phi_t(l)^\top\widehat{\theta}_{v,(\tau)}-\beta_\tau\|\phi_t(l)\|_{H_t^{-1}}$, where $\widehat{\theta}_{(\tau)}=\widehat{\theta}_{t_\tau}$ and t_τ is the time step for τ-th update of the estimation for price. Then, for the LCB pricing strategy, we set the price of trajectory l using its LCB as $p_{l,t}=\underline{v}_{l,t}^+$. Furthermore, for constructing assortment policy, we construct upper confidence bounds (UCB) for valuation $v_{l,t}$ as $\overline{v}_{l,t}=\phi_t(l)^\top\widehat{\theta}_t+\beta_t\|\phi_t(l)\|_{H_t^{-1}}$.

Now we describe the procedure regarding latent transition probability. In our setting of preference feedback without reward information, we cannot calculate the value estimation for each given state. To tackle this, we utilize the approach introduced in Chen et al. (2022). Given $V_{n,h,l}\in[0,1]^{|\mathcal{S}|}$ for $0<n<t$ (to be specified), we estimate the transition probability as $\widehat{\mathbb{P}}_t=\arg\min_{\mathbb{P}'\in\mathcal{P}}\sum_{n=1}^{t-1}\sum_{l\in\Gamma_l}\sum_{h=1}^{H-1}\left(\sum_{s\in\mathcal{S}}\mathbb{P}'(s|s_{h,l},a_{h,l})V_{n,h,l}(s)-V_{n,h,l}(s_{h+1,l})\right)^2$. We denote by $\mathcal{N}(\mathcal{F},\alpha,\|\cdot\|_\infty)$ the α-covering number of $\mathcal{F}$ in the sup-norm $\|\cdot\|_\infty$. Let $\beta_{\mathbb{P}}=C_2\log(T\mathcal{N}(\mathcal{F}_{\mathbb{P}},1/THK,\|\cdot\|_\infty))$ for some constant $C_2>0$ and $\mathcal{B}_{\mathbb{P},t}=\{\mathbb{P}'\in\mathcal{P}:L_t(\mathbb{P}',\widehat{\mathbb{P}}_t)\le\beta_{\mathbb{P}}\}$ where $L_t(\mathbb{P}_1,\mathbb{P}_2)=\sum_{n=1}^{t-1}\sum_{l\in\Gamma_l}\sum_{h=1}^{H}(\langle\mathbb{P}_1(\cdot|s_{h,l},a_{h,l})-\mathbb{P}_2(\cdot|s_{h,l},a_{h,l}),V_{n,h,l}\rangle)^2$. Then for $V\in\mathcal{V}$, $s\in\mathcal{S}$, $a\in\mathcal{A}$, we construct a confidence bound for the transition probability as

$$b_{\mathbb{P},t}(s,a,V)=\max_{\mathbb{P}_1,\mathbb{P}_2\in\mathcal{B}_{\mathbb{P},t}}\sum_{s'\in\mathcal{S}}(\mathbb{P}_1(s'|s,a)-\mathbb{P}_2(s'|s,a))V(s'). \tag{46}$$

Then we define

$$V_{t,h,l}=\arg\max_{V\in\mathcal{V}}b_{\mathbb{P},t}(s_{h,l},a_{h,l},V), \tag{47}$$

which is similar to the reward-free exploration for MDPs in Chen et al. (2021). Using the confidence bound, we select a set of policies Π_t for sampling trajectory assortment $\Gamma_t\sim\mathbb{P}^{\Pi_t}$ as follows:

$$\Pi_t=\arg\max_{\Pi'\subseteq\Pi:|\Pi'|\le K}\mathbb{E}_{\Gamma\sim\widehat{\mathbb{P}}_t(\Pi')}\left[\sum_{l\in\Gamma}\left(\frac{\overline{v}_{l,t}\exp(\overline{v}_{l,t})}{1+\sum_{l'\in\Gamma}\exp(\overline{v}_{l',t})}+\sum_{h=1}^{H-1}b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right)\right].$$

We set $\eta=\frac{1}{2}\log(K+1)+3$ and $\lambda=\max\{84d\eta,192\sqrt{2}\eta\}$ for the algorithm. Then the algorithm achieves the regret bound in the following theorem.

Algorithm 4 UCB-based Trajectory Assortment-selection with LCB Pricing (`UCBTA-LCBP`)

Input: $\lambda, \eta, \beta_t, \beta_{\mathbb{P}}$
Init: $\tau \leftarrow 1, t_1 \leftarrow 1, \widehat{\theta}_{v,(1)} \leftarrow \mathbf{0}_d$
for $t = 1, \ldots, T$ **do**
  $H_t \leftarrow \lambda I_d + \sum_{s=1}^{t-1} G_s(\widehat{\theta}_s)$ with (45)
  $\widetilde{H}_t \leftarrow \lambda I_d + \sum_{s=1}^{t-2} G_s(\widehat{\theta}_s) + \eta G_{t-1}(\widehat{\theta}_{t-1})$
  $\widehat{\theta}_t \leftarrow \arg\min_{\theta\in\Theta} g_t(\widehat{\theta}_{t-1})^\top \theta + \frac{1}{2\eta}\|\theta - \widehat{\theta}_{t-1}\|^2_{\widetilde{H}_t^{-1}}$ with (44) ; ▷ `Estimation`
  if $\det(H_t) > 2\det(H_{t_\tau})$ **then**
    $\tau \leftarrow \tau + 1; t_\tau \leftarrow t$
    $\widehat{\theta}_{(\tau)} \leftarrow \widehat{\theta}_{t_\tau}$
  for $l \in \mathcal{T}$ **do**
    $\underline{v}_{l,t} \leftarrow \phi_t(l)^\top \widehat{\theta}_{(\tau)} - \beta_t \|\phi_t(l)\|_{V_t^{-1}}$
    $p_{i,t} \leftarrow \underline{v}_{i,t}^+$
    $\overline{v}_{l,t} \leftarrow \phi_t(l)^\top \widehat{\theta}_t + \beta_t \|\phi_t(l)\|_{V_t^{-1}}$
  $\widehat{\mathbb{P}}_t \leftarrow \arg\min_{\mathbb{P}'\in\mathcal{P}} \sum_{n=1}^{t-1}\sum_{l\in\Gamma_l}\sum_{h=1}^{H-1}\left(\sum_{s\in\mathcal{S}} \mathbb{P}'(s|s_{h,l},a_{h,l})V_{n,h,l}(s) - V_{n,h,l}(s_{h+1,l})\right)^2$ with (47)
  $\Pi_t \leftarrow$
  $\arg\max_{\Pi'\subseteq\mathbf{\Pi}:|\Pi'|\le K} \mathbb{E}_{\Gamma\sim\widehat{\mathbb{P}}_t(\Pi')}\left[\sum_{l\in\Gamma}\left(\frac{\overline{v}_{l,t}\exp(\overline{v}_{l,t})}{1+\sum_{l'\in\Gamma}\exp(\overline{v}_{l',t})} + \sum_{h=1}^{H-1} b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h})\right)\right]$ with (46)
  $\Gamma_t \sim \mathbb{P}^{\Pi_t}$; ▷ **`Trajectory assortment selection w/ UCB`**
  $p_{l,t} \leftarrow \underline{v}_{l,t}^+$ for all $l \in \Gamma_t$; ▷ **`Price selection w/ LCB`**
  Offer Γ_t with prices $p_t = \{p_{l,t} : l \in \Gamma_t\}$ and observe $y_{l,t} \in \{0,1\}$ for $l \in \Gamma_t$

Theorem 4 *Under Assumption 2, the policy π of Algorithm 4 achieves a regret bound of*

$$R^\pi(T) = \widetilde{O}\left(d\sqrt{T} + \sqrt{d_{\mathbb{P}} KHT \log(\mathcal{N}(\mathcal{F}_{\mathbb{P}}, 1/THK, \|\cdot\|_\infty))}\right).$$

Compared to the regret bound for the bandit setting, in MDP, there exists an additional term of $\sqrt{d_{\mathbb{P}} KHT \log(\mathcal{N}(\mathcal{F}_{\mathbb{P}}, 1/THK, \|\cdot\|_\infty))}$ regarding the latent transition probability.

A.5.3 Proof of Regret Bound in Theorem 4

For the estimation of θ_v, define event $E_t^{(1)} = \{\|\widehat{\theta}_s - \theta_v\|_{V_s} \le \beta_{\tau_s}, \forall s \le t\}$. Then we have $\mathbb{P}(E_T^{(1)}) \ge 1 - 2/T$ from Lemma 8. We also provide a confidence bound for the transition probability in the following lemma.

Lemma 12 (Lemma A.2 Chen et al. (2022)) *With probability at least $1 - 1/T$, for all $t \in [T]$,*

$$L_t(\mathbb{P}, \widehat{\mathbb{P}}_t) = \sum_{n=1}^{t-1}\sum_{l\in\Gamma_l}\sum_{h=1}^{H-1}\left(\sum_{s\in\mathcal{S}}(\mathbb{P}(s|s_{h,l},a_{h,l}) - \widehat{\mathbb{P}}_t(s|s_{h,l},a_{h,l}))V_{n,h,l}(s)\right)^2 \le \beta_{\mathbb{P}}.$$

Define event $E^{(2)} = \{L_t(\mathbb{P}, \widehat{\mathbb{P}}_t) \le \beta_{\mathbb{P}}, \text{for all } t \in [T]\}$, which holds with probability at least $1 - 1/T$ from the above lemma. Then we define $E_t = \{E_t^{(1)} \cap E^{(2)}\}$.

Lemma 13 *Under E_t, for any scalar function $f(\Gamma)$ that depends on a trajectory set Γ and satisfies $f(\Gamma) \in [0,1]$ and for any policy set $\Pi \subseteq \mathbf{\Pi}$ with $|\Pi| \le K$, we have*

$$\mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^\Pi(\cdot|s_1)}[f(\Gamma)] - \mathbb{E}_{s_1\sim\rho,\Gamma\sim\widehat{\mathbb{P}}_t^\Pi(\cdot|s_1)}[f(\Gamma)] \le \sum_{\pi\in\Pi}\mathbb{E}_{s_1\sim\rho,l\sim\widehat{\mathbb{P}}_t^\pi(\cdot|s_1)}\left[\sum_{h=1}^{H-1} b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right] \text{ and}$$

$$\mathbb{E}_{s_1\sim\rho,\Gamma\sim\widehat{\mathbb{P}}_t^{\Pi}(\cdot|s_1)}[f(\Gamma)]-\mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi}(\cdot|s_1)}[f(\Gamma)] \le \sum_{\pi\in\Pi}\mathbb{E}_{s_1\sim\rho,l\sim\mathbb{P}^{\pi}(\cdot|s_1)}\left[\sum_{h=1}^{H-1} b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right].$$

Proof Here we utilize some proof techniques in Lemma A.3 in Chen et al. (2022) and Lemma B.1 in Chatterji et al. (2021). For given $K_t \le K$, let $\Gamma=\{l_k : k\in[K_t]\}$, $\Gamma^{i:j}=\{l_k : i\le k\le j\}$, and $\Pi^{i:j}=\{\pi_k : i\le k\le j\}$. We define $\mathbb{P}_h^{\pi}$ to be a trajectory distribution where $s_1\sim\rho$, the state-action pairs up to the end of step h are drawn from $\widehat{\mathbb{P}}_t^{\pi}$, and the state-action pairs from step $h+1$ up until the last step H are drawn from $\mathbb{P}^{\pi}$. We let $\mathbf{s}_1$ be a vector for the initial state for the trajectories of Γ in which each element is i.i.d drawn from ρ. Then we have

$$\begin{aligned}
&\mathbb{E}_{\mathbf{s}_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi}(\cdot|\mathbf{s}_1)}[f(\Gamma)] - \mathbb{E}_{\mathbf{s}_1\sim\rho,l_1\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|\mathbf{s}_1),\Gamma^{2:K_t}\sim\mathbb{P}^{\Pi^{2:K_t}}(\cdot|\mathbf{s}_1)}[f(\Gamma)]\\
&=\sum_{h=1}^{H}\mathbb{E}_{\mathbf{s}_1\sim\rho,l_1\sim\mathbb{P}_{h-1}^{\pi_1},\Gamma^{2:K_t}\sim\mathbb{P}^{\Pi^{2:K_t}}(\cdot|\mathbf{s}_1)}[f(\Gamma)] - \mathbb{E}_{\mathbf{s}_1\sim\rho,l_1\sim\mathbb{P}_{h}^{\pi_1},\Gamma^{2:K_t}\sim\mathbb{P}^{\Pi^{2:K_t}}(\cdot|\mathbf{s}_1)}[f(\Gamma)]. \qquad (48)
\end{aligned}$$

Let $l_h=(s_1,a_1,\ldots,s_h,a_h)$. We also define $\pi_{h,1}$ is a policy of π_1 at step h. For the gap in the above equation when $h=1$,

$$\begin{aligned}
&\mathbb{E}_{\mathbf{s}_1\sim\rho,l_1\sim\mathbb{P}_0^{\pi_1},\Gamma^{2:K_t}\sim\mathbb{P}^{\Pi^{2:K_t}}(\cdot|\mathbf{s}_1)}[f(\Gamma)] - \mathbb{E}_{\mathbf{s}_1\sim\rho,l_1\sim\mathbb{P}_1^{\pi_1},\Gamma^{2:K_t}\sim\mathbb{P}^{\Pi^{2:K_t}}(\cdot|\mathbf{s}_1)}[f(\Gamma)]\\
&=\mathbb{E}_{\mathbf{s}_1\sim\rho}\mathbb{E}_{l_1\sim\mathbb{P}_0^{\pi_1},\Gamma^{2:K_t}\sim\mathbb{P}^{\Pi^{2:K_t}}(\cdot|\mathbf{s}_1)}[f(\Gamma)] - \mathbb{E}_{\mathbf{s}_1\sim\rho}\mathbb{E}_{l_1\sim\mathbb{P}_0^{\pi_1},\Gamma^{2:K_t}\sim\mathbb{P}^{\Pi^{2:K_t}}(\cdot|\mathbf{s}_1)}[f(\Gamma)]\\
&=0. \qquad (49)
\end{aligned}$$

Now we consider $h\ge 2$. For simplicity, we omit the expectation expression for $\mathbf{s}_1^{2:K_t}$, which is the initial state vector for $\Gamma^{2:K_t}$, and $\Gamma^{2:K_t}$ in what follows. Then we have

$$\begin{aligned}
&\mathbb{E}_{l\sim\mathbb{P}_{h-1}^{\pi_1}}[f(\Gamma)] - \mathbb{E}_{l\sim\mathbb{P}_{h}^{\pi_1}}[f(\Gamma)]\\
&=\mathbb{E}_{s_1\sim\rho,l_{h-1}\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|s_1)}[\mathbb{E}_{l\sim\mathbb{P}_{h-1}^{\pi_1}}[f(\Gamma)|l_{h-1}] - \mathbb{E}_{l\sim\mathbb{P}_{h}^{\pi_1}}[f(\Gamma)|l_{h-1}]]\\
&=\mathbb{E}_{s_1\sim\rho,l_{h-1}\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|s_1)}\left[\mathbb{E}_{s_h\sim\mathbb{P}(\cdot|s_{h-1},a_{h-1})}\left[\mathbb{E}_{a_h\sim\pi_{h,1}(\cdot|s_h,l_{h-1})}\left[\mathbb{E}_{l\sim\mathbb{P}_{h-1}^{\pi_1}}\left[f(\Gamma)|l_{h-1},s_h,a_h\right]\right]\right.\right.\\
&\qquad\left.\left.-\mathbb{E}_{s_h\sim\widehat{\mathbb{P}}_t(\cdot|s_{h-1},a_{h-1})}\left[\mathbb{E}_{a_h\sim\pi_{h,1}(\cdot|s_h,l_{h-1})}\left[\mathbb{E}_{l\sim\mathbb{P}_{h-1}^{\pi_1}}\left[f(\Gamma)|l_{h-1},s_h,a_h\right]\right]\right]\right]\\
&\le\mathbb{E}_{s_1\sim\rho,l_{h-1}\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|s_1)}\left[\max_{V\in\mathcal{V}}\sum_{s\in\mathcal{S}}(\mathbb{P}(s|s_{h-1},a_{h-1})-\widehat{\mathbb{P}}_t(s|s_{h-1},a_{h-1}))V(s)\right]\\
&\le\mathbb{E}_{s_1\sim\rho,l_{h-1}\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|s_1)}\left[\max_{V\in\mathcal{V}} b_{\mathbb{P},t}(s_{h-1},a_{h-1},V)\right], \qquad (50)
\end{aligned}$$

where the last inequality is obtained from $E^{(2)}$. From (48), (49), and (50), we have

$$\begin{aligned}
&\mathbb{E}_{\mathbf{s}_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi}(\cdot|\mathbf{s}_1)}[f(\Gamma)] - \mathbb{E}_{\mathbf{s}_1\sim\rho,l_1\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|\mathbf{s}_1),\Gamma^{2:K_t}\sim\mathbb{P}^{\Pi^{2:K_t}}(\cdot|\mathbf{s}_1)}[f(\Gamma)]\\
&=\sum_{h=1}^{H}\mathbb{E}_{l\sim\mathbb{P}_{h-1}^{\pi_1}}[f(\Gamma)] - \mathbb{E}_{l\sim\mathbb{P}_{h}^{\pi_1}}[f(\Gamma)]\\
&\le\sum_{h=2}^{H}\mathbb{E}_{s_1\sim\rho,l_{h-1}\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|s_1)}\left[b_{\mathbb{P},t}(s_{h-1},a_{h-1})\right]\\
&\le\mathbb{E}_{s_1\sim\rho,l\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|s_1)}\left[\sum_{h=2}^{H}\max_{V\in\mathcal{V}} b_{\mathbb{P},t}(s_{h-1,l},a_{h-1,l},V)\right]\\
&=\mathbb{E}_{s_1\sim\rho,l\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|s_1)}\left[\sum_{h=1}^{H-1} b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right].
\end{aligned}$$

From the above, we can show the following inequalities:

$$
\begin{aligned}
&\mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi}(\cdot|s_1)}[f(\Gamma)] - \mathbb{E}_{s_1\sim\rho,l_1\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|s_1),\Gamma^{2:K_t}\sim\mathbb{P}^{\Pi^{2:K_t}}(\cdot|s_1)}[f(\Gamma)]\\
&\le \mathbb{E}_{s_1\sim\rho,l\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|s_1)}\left[\sum_{h=1}^{H-1} b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right],\\
&\mathbb{E}_{s_1\sim\rho,l_1\sim\widehat{\mathbb{P}}_t^{\pi_1}(\cdot|s_1),\Gamma^{2:K_t}\sim\mathbb{P}^{\Pi^{2:K_t}}}[f(\Gamma)] - \mathbb{E}_{s_1\sim\rho,\Gamma^{1:2}\sim\widehat{\mathbb{P}}_t^{\Pi^{1:2}}(\cdot|s_1),\Gamma^{3:K_t}\sim\mathbb{P}^{\Pi^{3:K_t}}(\cdot|s_1)}[f(\Gamma)]\\
&\le \mathbb{E}_{s_1\sim\rho,l\sim\widehat{\mathbb{P}}_t^{\pi_2}(\cdot|s_1)}\left[\sum_{h=1}^{H-1} b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right],\\
&\qquad\qquad\qquad\vdots\\
&\mathbb{E}_{s_1\sim\rho,\Gamma^{1:K_t-1}\sim\widehat{\mathbb{P}}_t^{\Pi^{1:K_t-1}}(\cdot|s_1),l_{K_t}\sim\mathbb{P}^{\pi_{K_t}}}[f(\Gamma)] - \mathbb{E}_{s_1\sim\rho,\Gamma\sim\widehat{\mathbb{P}}_t^{\Pi}(\cdot|s_1)}[f(\Gamma)]\\
&\le \mathbb{E}_{s_1\sim\rho,l\sim\widehat{\mathbb{P}}_t^{\pi_{K_t}}(\cdot|s_1)}\left[\sum_{h=1}^{H-1} b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right].
\end{aligned}
$$

By summing the above inequalities, we have

$$
\mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi}(\cdot|s_1)}[f(\Gamma)]-\mathbb{E}_{s_1\sim\rho,\Gamma\sim\widehat{\mathbb{P}}_t^{\Pi}(\cdot|s_1)}[f(\Gamma)] \le \sum_{\pi\in\Pi}\mathbb{E}_{s_1\sim\rho,l\sim\widehat{\mathbb{P}}_t^{\pi}(\cdot|s_1)}\left[\sum_{h=1}^{H-1} b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right].
$$

By following the same procedure, we can easily show that

$$
\mathbb{E}_{s_1\sim\rho,\Gamma\sim\widehat{\mathbb{P}}_t^{\Pi}(\cdot|s_1)}[f(\Gamma)]-\mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi}(\cdot|s_1)}[f(\Gamma)] \le \sum_{\pi\in\Pi}\mathbb{E}_{s_1\sim\rho,l\sim\mathbb{P}^{\pi}(\cdot|s_1)}\left[\sum_{h=1}^{H-1} b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right],
$$

which concludes the proof. ■

We can show that $\frac{\sum_{l\in\Gamma} v_l\exp(v_l)}{1+\sum_{l\in\Gamma}\exp(v_l)}$ is non-decreasing function with respect to $v_l\in\mathbb{R}$ as follows. We consider v_l' for $l\in\Gamma$ such that $v_l\le v_l'$. Since $\frac{\partial}{\partial v_l}\frac{v_l\exp(v_l)}{1+\sum_{l\in\Gamma}\exp(v_l)}\ge 0$, we have $\frac{v_l^{+}\exp(v_l)}{1+\sum_{l\in\Gamma}\exp(v_l)}\le\frac{v_l'^{+}\exp(v_l)}{1+\sum_{l\in\Gamma}\exp(v_l')}$. Let $v_{l,t}'=\phi_t(l)^\top\theta_v+2\beta_t\|\phi_t(l)\|_{H_t^{-1}}$. Under E_t, we can observe that $v_{l,t}\le\overline{v}_{l,t}\le v_{l,t}'$. Then, from the above and Lemma 13, we can show that

$$
\begin{aligned}
R_t(\Pi_t^*,p_t^*) &= \mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi^*}(\cdot|s_1)}\left[\frac{\sum_{l\in\Gamma}p_{l,t}^*\exp(v_{l,t})\mathbb{1}(p_{l,t}^*\le v_{l,t})}{1+\sum_{l\in\Gamma}\exp(v_{l,t})\mathbb{1}(p_{l,t}^*\le v_{l,t})}\right]\\
&= \mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi^*}(\cdot|s_1)}\left[\frac{\sum_{l\in\Gamma}v_{l,t}\exp(v_{l,t})}{1+\sum_{l\in\Gamma}\exp(v_{l,t})}\right]\\
&\le \mathbb{E}_{s_1\sim\rho,\Gamma\sim\widehat{\mathbb{P}}_t^{\Pi^*}(\cdot|s_1)}\left[\frac{\sum_{l\in\Gamma}v_{l,t}\exp(v_{l,t})}{1+\sum_{l\in\Gamma}\exp(v_{l,t})}+\sum_{l\in\Gamma}\sum_{h=1}^{H-1}b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right]\\
&\le \mathbb{E}_{s_1\sim\rho,\Gamma\sim\widehat{\mathbb{P}}_t^{\Pi^*}(\cdot|s_1)}\left[\frac{\sum_{l\in\Gamma}\overline{v}_{l,t}\exp(\overline{v}_{l,t})}{1+\sum_{l\in\Gamma}\exp(\overline{v}_{l,t})}+\sum_{l\in\Gamma}\sum_{h=1}^{H-1}b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right]\\
&\le \mathbb{E}_{s_1\sim\rho,\Gamma\sim\widehat{\mathbb{P}}_t^{\Pi_t}(\cdot|s_1)}\left[\frac{\sum_{l\in\Gamma}\overline{v}_{l,t}\exp(\overline{v}_{l,t})}{1+\sum_{l\in\Gamma}\exp(\overline{v}_{l,t})}+\sum_{l\in\Gamma}\sum_{h=1}^{H-1}b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right]\\
&\le \mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi_t}(\cdot|s_1)}\left[\frac{\sum_{l\in\Gamma}\overline{v}_{l,t}\exp(\overline{v}_{l,t})}{1+\sum_{l\in\Gamma}\exp(\overline{v}_{l,t})}+\sum_{l\in\Gamma}\sum_{h=1}^{H-1}2b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right]\\
&\le \mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi_t}(\cdot|s_1)}\left[\frac{\sum_{l\in\Gamma}v_{l,t}'\exp(v_{l,t}')}{1+\sum_{l\in\Gamma}\exp(v_{l,t}')}+\sum_{l\in\Gamma}\sum_{h=1}^{H-1}2b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right],
\end{aligned}
\tag{51}
$$

where the second equality is obtained from $p^*_{l,t} = v_{l,t}$, and the third last inequality is obtained from the algorithm's policy selection rule.

Since $p_{l,t} = \underline{v}^+_{l,t}$ from the algorithm and $\underline{v}^+_{l,t} \le v_{l,t}$ under E_t, we have

$$\begin{aligned} R_t(\Pi_t, p_t) &= \mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi_t}(\cdot|s_1)}\left[\frac{\sum_{l\in\Gamma}\underline{v}^+_{l,t}\exp(v_{l,t})\mathbb{1}(\underline{v}^+_{l,t}\le v_{l,t})}{1+\sum_{l\in\Gamma}\exp(v_{l,t})\mathbb{1}(\underline{v}^+_{l,t}\le v_{l,t})}\right] \\ &= \mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi_t}(\cdot|s_1)}\left[\frac{\sum_{l\in\Gamma}\underline{v}^+_{l,t}\exp(v_{l,t})}{1+\sum_{l\in\Gamma}\exp(v_{l,t})}\right]. \end{aligned} \tag{52}$$

From (51) and (52), under E_t we have

$$\begin{aligned} &R_t(\Pi^*_t, p^*_t) - R_t(\Pi_t, p_t) \\ &\le \mathbb{E}_{s_1\sim\rho,\Gamma\sim\mathbb{P}^{\Pi_t}(\cdot|s_1)}\left[\frac{\sum_{l\in\Gamma}v'_{l,t}\exp(v'_{l,t})}{1+\sum_{l\in\Gamma}\exp(v'_{l,t})} - \frac{\sum_{l\in\Gamma}\underline{v}^+_{l,t}\exp(v_{l,t})}{1+\sum_{l\in\Gamma}\exp(v_{l,t})} + \sum_{l\in\Gamma}\sum_{h=1}^{H-1}2b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right] \\ &= \mathbb{E}_{\Gamma_t}\left[\frac{\sum_{l\in\Gamma_t}v'_{l,t}\exp(v'_{l,t})}{1+\sum_{l\in\Gamma_t}\exp(v'_{l,t})} - \frac{\sum_{l\in\Gamma_t}\underline{v}^+_{l,t}\exp(v_{l,t})}{1+\sum_{l\in\Gamma_t}\exp(v_{l,t})} + \sum_{l\in\Gamma_t}\sum_{h=1}^{H-1}2b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right] \\ &= \mathbb{E}_{\Gamma_t}\left[\frac{\sum_{l\in\Gamma_t}v'_{l,t}\exp(v'_{l,t})}{1+\sum_{l\in\Gamma_t}\exp(v'_{l,t})} - \frac{\sum_{l\in\Gamma_t}\underline{v}^+_{l,t}\exp(v'_{l,t})}{1+\sum_{l\in\Gamma_t}\exp(v'_{l,t})} + \frac{\sum_{l\in\Gamma_t}\underline{v}^+_{l,t}\exp(v'_{l,t})}{1+\sum_{l\in\Gamma_t}\exp(v'_{l,t})} - \frac{\sum_{l\in\Gamma_t}\underline{v}^+_{l,t}\exp(v_{l,t})}{1+\sum_{l\in\Gamma_t}\exp(v_{l,t})}\right] \\ &\quad + \mathbb{E}_{\Gamma_t}\left[\sum_{l\in\Gamma_t}\sum_{h=1}^{H-1}2b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right]. \end{aligned} \tag{53}$$

Let $\widetilde{\phi}_t(l) = \phi_t(l) - \mathbb{E}_{l'\sim P_{t,\theta_v}(\cdot|\Gamma_t,p_t)}[\phi_t(l')]$. By following the proof steps in Lemmas 3,4, and 5, with $v'_{l,t} - \underline{v}_{l,t} = O(\beta_{\tau_t}\|\phi_t(l)\|_{H_t^{-1}})$, we can show that

$$\begin{aligned} &\sum_{t=1}^T\mathbb{E}\Bigg[\Bigg(\frac{\sum_{l\in\Gamma_t}v'^+_{l,t}\exp(v'_{l,t})}{1+\sum_{l\in\Gamma_t}\exp(v'_{l,t})} - \frac{\sum_{l\in\Gamma_t}\underline{v}^+_{l,t}\exp(v'_{l,t})}{1+\sum_{l\in\Gamma_t}\exp(v'_{l,t})} \\ &\qquad + \frac{\sum_{l\in\Gamma_t}\underline{v}^+_{l,t}\exp(v'_{l,t})}{1+\sum_{l\in\Gamma_t}\exp(v'_{l,t})} - \frac{\sum_{l\in\Gamma_t}\underline{v}^+_{l,t}\exp(v_{l,t})}{1+\sum_{l\in\Gamma_t}\exp(v_{l,t})}\Bigg)\mathbb{1}(E_t)\Bigg] \\ &= O\Bigg(\sum_{t=1}^T\mathbb{E}\Bigg[\Bigg(\beta^2_{\tau_t}\left(\max_{l\in\Gamma_t}\|\phi_t(l)\|^2_{H_t^{-1}} + \max_{l\in\Gamma_t}\|\widetilde{\phi}_t(l)\|^2_{H_t^{-1}}\right) \\ &\qquad + \beta_{\tau_t}\sum_{l\in\Gamma_t}P_{t,\widehat{\theta}_t}(l|\Gamma_t,p_t)\left(\|\phi_t(l)\|_{H_t^{-1}} + \|\widetilde{\phi}_t(l)\|_{H_t^{-1}}\right)\Bigg)\mathbb{1}(E_t)\Bigg]\Bigg) \\ &= \widetilde{O}\Bigg(\mathbb{E}\Bigg[\beta_{\tau_T}\Bigg(\sqrt{\sum_{t\in[T]}\sum_{l\in\Gamma_t}P_{t,\widehat{\theta}_t}(l|\Gamma_t,p_t)}\Bigg(\sqrt{\sum_{t\in[T]}\sum_{l\in\Gamma_t}P_{t,\widehat{\theta}_t}(l|\Gamma_t,p_t)\|\phi_t(l)\|^2_{H_t^{-1}}} \\ &\qquad + \sqrt{\sum_{t\in[T]}\sum_{l\in\Gamma_t}P_{t,\widehat{\theta}_t}(l|\Gamma_t,p_t)\|\widetilde{\phi}_t(l)\|^2_{H_t^{-1}}}\Bigg)\Bigg) + \frac{d}{\kappa}\beta^2_{\tau_T}\Bigg]\Bigg) \\ &= \widetilde{O}\left(\mathbb{E}[\beta_{\tau_T}]\sqrt{dT} + \frac{d^3}{\kappa}\right) = \widetilde{O}\left(d^{\frac{3}{2}}\sqrt{T} + \frac{d^3}{\kappa}\right). \end{aligned} \tag{54}$$

From (53) and (54) and Lemma 18, we have

$$\begin{aligned}
&\sum_{t=1}^{T}\mathbb{E}\left[(R_t(\Pi_t^*,p_t^*)-R_t(\Pi_t,p_t))\mathbb{1}(E_t)\right]\\
&\le \sum_{t\in[T]}\mathbb{E}\left[\left(\frac{\sum_{l\in\Gamma_t} v_{l,t}'^{+}\exp(v_{l,t}')}{1+\sum_{l\in\Gamma_t}\exp(v_{l,t}')}-\frac{\sum_{l\in\Gamma_t}\underline{v}_{l,t}^{+}\exp(v_{l,t})}{1+\sum_{l\in\Gamma_t}\exp(v_{l,t})}+\sum_{l\in\Gamma_t}\sum_{h=1}^{H-1}2b_{\mathbb{P},t}(s_{h,l},a_{h,l},V_{t,h,l})\right)\mathbb{1}(E_t)\right]\\
&=\widetilde{O}\left(d^{\frac{3}{2}}\sqrt{T}+\sqrt{d_{\mathbb{P}}KHT\log(\mathcal{N}(\mathcal{F}_{\mathbb{P}},1/THK,\|\cdot\|_\infty))}+\frac{d^3}{\kappa}\right).
\end{aligned}$$

From $\mathbb{P}(E_T^c)=O(1/T)$ and $E_1^c\subseteq E_2^c,\dots,\subseteq E_T^c$, we can conclude the proof by

$$\sum_{t=1}^{T}\mathbb{E}\left[(R_t(\Pi_t^*,p_t^*)-R_t(\Pi_t,p_t))\mathbb{1}(E_t^c)\right]\le\sum_{t=1}^{T}\mathbb{P}(E_T^c)=O(1).$$

A.6 Proof of Lemma 4

Here we utilize some proof techniques in Lee & Oh (2024). Let $Q(u)=\frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(u_i)}{1+\sum_{i\in S_t}\exp(u_i)}$ and $u_t^p=[u_{i,t}^p : i\in S_t]$. Then by applying a second-order Taylor expansion, there exists $\xi_t'=(1-c)u_t^p+c\overline{u}_t'$ for some $c\in(0,1)$ such that

$$\begin{aligned}
&\frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(\overline{u}_{i,t}')}{1+\sum_{i\in S_t}\exp(\overline{u}_{i,t}')}-\frac{\sum_{i\in S_t}\underline{v}_{i,t}^{+}\exp(u_{i,t}^p)}{1+\sum_{i\in S_t}\exp(u_{i,t}^p)}\\
&=\sum_{i\in S_t}\nabla_i Q(u_t)(\overline{u}_{i,t}'-u_{i,t}^p)+\frac{1}{2}\sum_{i\in S_t}\sum_{j\in S_t}(\overline{u}_{i,t}'-u_{i,t}^p)\nabla_{ij}Q(\xi_t')(\overline{u}_{i,t}'-u_{i,t}^p).
\end{aligned}\tag{55}$$

Let $x_{i_0,t}=\mathbf{0}_d$ and $w_{i_0,t}=\mathbf{0}_d$ implying $z_{i_0,t}=\mathbf{0}_{2d}$. Then for the first order term in the above, we have

$$\begin{aligned}
&\sum_{i\in S_t}\nabla_i Q(u_t)(\overline{u}_{i,t}'-u_{i,t}^p)\\
&=\sum_{i\in S_t}\underline{v}_{i,t}^{+}P_{i,t}(u_t)(\overline{u}_{i,t}'-u_{i,t}^p)-\sum_{i,j\in S_t}\underline{v}_{i,t}^{+}P_{i,t}(u_t)P_{j,t}(u_t)(\overline{u}_{j,t}'-u_{j,t}^p)\\
&=\sum_{i\in S_t}2\sqrt{C}\beta_t\underline{v}_{i,t}^{+}P_{i,t}(u_t)(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}+\|x_{i,t}\|_{H_{v,t}^{-1}})\\
&\quad-\sum_{i,j\in S_t}2\sqrt{C}\beta_t\underline{v}_{i,t}^{+}P_{i,t}(u_t)P_{j,t}(u_t)(\|z_{j,t}(p_{j,t})\|_{H_t^{-1}}+\|x_{j,t}\|_{H_{v,t}^{-1}})\\
&=\sum_{i\in S_t}2\sqrt{C}\beta_t\underline{v}_{i,t}^{+}P_{i,t}(u_t)(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}+\|x_{i,t}\|_{H_{v,t}^{-1}})\\
&\quad-\sum_{i,j\in S_t}2\sqrt{C}\beta_t\underline{v}_{i,t}^{+}P_{i,t}(u_t)P_{j,t}(u_t)(\|z_{j,t}(p_{j,t})\|_{H_t^{-1}}+\|x_{j,t}\|_{H_{v,t}^{-1}})\\
&=\sum_{i\in S_t}2\sqrt{C}\beta_t\underline{v}_{i,t}^{+}P_{i,t}(u_t)\\
&\qquad\times\left(\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}-\sum_{j\in S_t}P_{j,t}(u_t)\|z_{j,t}(p_{j,t})\|_{H_t^{-1}}+\|x_{i,t}\|_{H_{v,t}^{-1}}-\sum_{j\in S_t}P_{j,t}(u_t)\|x_{j,t}\|_{H_{v,t}^{-1}}\right).
\end{aligned}$$

For the first two terms in the above, we have

$$\begin{aligned}
&\|z_{i,t}(p_{i,t})\|_{H_t^{-1}} - \sum_{j\in S_t} P_{j,t}(u_t)\|z_{j,t}(p_{j,t})\|_{H_t^{-1}} \\
&= \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} - \sum_{j\in S_t\cup\{i_0\}} P_{j,t}(u_t)\|z_{j,t}(p_{j,t})\|_{H_t^{-1}} \\
&= \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} - \mathbb{E}_{j\sim P_{t,\theta^*}(\cdot|S_t,p_t)}\left[\|z_{j,t}(p_{j,t})\|_{H_t^{-1}}\right] \\
&\le \|z_{i,t}(p_{i,t})\|_{H_t^{-1}} - \left\|\mathbb{E}_{j\sim P_{t,\theta^*}(\cdot|S_t,p_t)}\left[z_{j,t}(p_{j,t})\right]\right\|_{H_t^{-1}} \\
&\le \left\|z_{i,t}(p_{i,t}) - \mathbb{E}_{j\sim P_{t,\theta^*}(\cdot|S_t,p_t)}\left[z_{j,t}(p_{j,t})\right]\right\|_{H_t^{-1}},
\end{aligned}$$

where the first inequality is obtained from Jensen's inequality and the last inequality is from $\|a\| = \|a-b+b\| \le \|a-b\| + \|b\|$. By following the proof steps in (H.1), (H.2), (H.3), and (H.4) in Lee & Oh (2024), we can show that

$$\begin{aligned}
&\sum_{i\in S_t} \underline{v}_{i,t}^{+} P_{i,t}(u_t)\left\|z_{i,t}(p_{i,t}) - \mathbb{E}_{j\sim P_{t,\theta^*}(\cdot|S_t,p_t)}\left[z_{j,t}(p_{j,t})\right]\right\|_{H_t^{-1}} \\
&\le \sum_{i\in S_t} P_{i,t}(u_t)\left\|z_{i,t}(p_{i,t}) - \mathbb{E}_{j\sim P_{t,\theta^*}(\cdot|S_t,p_t)}\left[z_{j,t}(p_{j,t})\right]\right\|_{H_t^{-1}} \\
&= O\left(\beta_{\tau_t}\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2 + \beta_{\tau_t}\max_{i\in S_t}\|\widetilde{z}_{i,t}\|_{H_t^{-1}}^2 + \sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{z}_{i,t}\|_{H_t^{-1}}\right),
\end{aligned}$$

where the first inequality is obtained from $0 \le \underline{v}_{i,t}^{+} \le 1$ under E_t.

Then, likewise, we can show that

$$\begin{aligned}
&\sum_{i\in S_t} \underline{v}_{i,t}^{+} P_{i,t}(u_t)\left(\|x_{i,t}\|_{H_{v,t}^{-1}} - \sum_{j\in S_t} P_{j,t}(u_t)\|x_{j,t}\|_{H_{v,t}^{-1}}\right) \\
&\le \sum_{i\in S_t} P_{i,t}(u_t)\left\|x_{i,t} - \mathbb{E}_{j\sim P_{t,\theta^*}(\cdot|S_t,p_t)}\left[x_{j,t}\right]\right\|_{H_{v,t}^{-1}} \\
&= O\left(\beta_{\tau_t}\max_{i\in S_t}\|x_{i,t}\|_{H_{v,t}^{-1}}^2 + \beta_{\tau_t}\max_{i\in S_t}\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}^2 + \sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}\right).
\end{aligned}$$

Putting the above results together, for the first-order term, we have

$$\begin{aligned}
&\sum_{i\in S_t} \nabla_i Q(u_t)(\overline{u}'_{i,t} - u_{i,t}) \\
&= O\Bigg(\beta_{\tau_t}^2(\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2 + \max_{i\in S_t}\|x_{i,t}\|_{H_{v,t}^{-1}}^2) + \beta_{\tau_t}^2(\max_{i\in S_t}\|\widetilde{z}_{i,t}\|_{H_t^{-1}}^2 + \max_{i\in S_t}\|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}}^2) \\
&\qquad + \beta_{\tau_t}\sum_{i\in S_t} P_{t,\widehat{\theta}_t}(i|S_t,p_t)(\|\widetilde{z}_{i,t}\|_{H_t^{-1}} + \|\widetilde{x}_{i,t}\|_{H_{v,t}^{-1}})\Bigg). \qquad (56)
\end{aligned}$$

Now we provide a bound for the second order term. By following the proof steps in (H.6) in Lee & Oh (2024) with $0 \le \underline{v}_{i,t}^{+} \le 1$ under E_t, we can show that

$$\frac{1}{2}\sum_{i,j\in S_t}(\overline{u}'_{i,t} - u_{i,t})\nabla_{ij}Q(\xi'_t)(\overline{u}'_{i,t} - u_{i,t}) = O\left(\beta_{\tau_t}^2(\max_{i\in S_t}\|z_{i,t}(p_{i,t})\|_{H_t^{-1}}^2 + \max_{i\in S_t}\|x_{i,t}\|_{H_{v,t}^{-1}}^2)\right). \qquad (57)$$

Then we can conclude the proof by (55), (56), and (57).

A.7 Proof of Lemma 7

For $1 \leq t \leq t_2 - 1$, since $p_{i,t} = 0$ from the algorithm, we have $y_{i,t} \sim \mathbb{P}_t(\cdot|S_t, p_t) = P_{t,\theta^*}(\cdot|S_t, p_t)$. Then from Lemma 1 in Lee & Oh (2024), for $1 \leq t \leq t_2$, we can show that $\mathbb{P}(E_t) \geq 1 - \frac{1}{T^2}$.

Now, we provide a proof for the time steps $t_\tau + 1 \leq t \leq t_{\tau+1}$ for $\tau \geq 2$. We utilize the proof procedure in Lemma 1 in Lee & Oh (2024). The main difference lies in focusing on the *conditional* probability for a good event in our proof. Under E_{t_τ}, for $t_\tau \leq t \leq t_{\tau+1} - 1$, since $\underline{v}_{i,t} \leq v_{i,t}$, we have $y_{i,t} \sim \mathbb{P}_t(\cdot|S_t, p_t) = P_{t,\theta^*}(\cdot|S_t, p_t)$. Then from Lemma F.1 in the previous work, we can show that for $t_\tau + 1 \leq t \leq t_{\tau+1}$, with $\eta = \frac{1}{2}\log(K+1) + 3$ and $\lambda \geq 1$, we have

$$\begin{aligned}\|\widehat{\theta}_t - \theta^*\|_{H_t}^2 \leq 2\eta\left(\sum_{s=t_\tau}^{t-1} f_s(\theta^*) - f_s(\widehat{\theta}_{s+1})\right) + \|\widehat{\theta}_{t_\tau} - \theta^*\|_{H_{t_\tau}}^2 + 96\sqrt{2}\eta\sum_{s=t_\tau}^{t-1}\|\widehat{\theta}_{s+1} - \widehat{\theta}_s\|_2^2 \\ - \sum_{s=t_\tau}^{t-1}\|\widehat{\theta}_{s+1} - \widehat{\theta}_s\|_{H_s}^2.\end{aligned} \tag{58}$$

Then from Lemmas 16 and 17, for any $c > 0$ with $\lambda \geq 84d\eta$, we can show that with probability at least $1 - \delta$,

$$\begin{aligned}&\sum_{s=t_\tau}^{t-1} f_s(\theta^*) - f_s(\widehat{\theta}_{s+1}) \\ &\leq (3\log(1 + (K+1)t) + 3)\left(\frac{17}{16}\lambda + 2\sqrt{\lambda}\log\left(2\sqrt{1+2t}/\delta\right) + 16\left(\log(2\sqrt{1+2t}/\delta)\right)^2\right) + 2 \\ &+ \frac{1}{2c}\sum_{s=t_\tau}^{t-1}\|\widehat{\theta}_s - \widehat{\theta}_{s+1}\|_{H_s}^2 + 2\sqrt{6}cd\log(1 + (t+1)/2\lambda).\end{aligned} \tag{59}$$

By setting $c = 2\eta$ and with $\lambda \geq 192\sqrt{2}\eta$, we have

$$\begin{aligned}&96\sqrt{2}\eta\sum_{s=t_\tau}^{t-1}\|\widehat{\theta}_{s+1} - \widehat{\theta}_s\|_2^2 + \left(\frac{\eta}{c} - 1\right)\sum_{s=t_\tau}^{t-1}\|\widehat{\theta}_{s+1} - \widehat{\theta}_s\|_{H_s}^2 \\ &= 96\sqrt{2}\eta\sum_{s=t_\tau}^{t-1}\|\widehat{\theta}_{s+1} - \widehat{\theta}_s\|_2^2 + \left(\frac{\eta}{c} - 1\right)\sum_{s=t_\tau}^{t-1}\|\widehat{\theta}_{s+1} - \widehat{\theta}_s\|_{H_s}^2 \\ &\leq \left(96\sqrt{2}\eta - \frac{\lambda}{2}\right)\sum_{s=t_\tau}^{t}\|\widehat{\theta}_{s+1} - \widehat{\theta}_s\|_2^2 \leq 0,\end{aligned} \tag{60}$$

where the first inequality comes from $H_s \succeq \lambda I_{2d}$. Set $\delta = 1/T^2$. Then under E_{t_τ}, from (58), (59), (60), with probability at least $1 - 1/T^2$, we obtain

$$\begin{aligned}&\|\widehat{\theta}_t - \theta^*\|_{H_t}^2 \\ &\leq \eta(6\log(1 + (K+1)t) + 6)\left(\frac{17}{16}\lambda + 2\sqrt{\lambda}\log\left(2\sqrt{1+2t}T^2\right) + 16\left(\log(2\sqrt{1+2t}T^2)\right)^2\right) + 4\eta \\ &\quad + 4\eta\sqrt{6}cd\log(1 + (t+1)/2\lambda) + \|\widehat{\theta}_{t_\tau} - \theta^*\|_{H_{t_\tau}}^2 \\ &\leq \eta(6\log(1 + (K+1)t) + 6)\left(\frac{17}{16}\lambda + 2\sqrt{\lambda}\log\left(2\sqrt{1+2t}T^2\right) + 16\left(\log(2\sqrt{1+2t}T^2)\right)^2\right) + 4\eta \\ &\quad + 4\eta\sqrt{6}cd\log(1 + (t+1)/2\lambda) + \beta_\tau^2 = \beta_{\tau+1}^2.\end{aligned}$$

Finally, we can conclude that, for $1 \leq t \leq t_2$, we have $\mathbb{P}(E_t) \geq 1 - \frac{1}{T^2}$, and for $\tau \geq 2$ and $t_\tau + 1 \leq t \leq t_{\tau+1}$, we have $\mathbb{P}(E_t|E_{t_\tau}) \geq 1 - \frac{1}{T^2}$.

A.8 Necessary Lemmas

Lemma 14 (Lemma 12 in Abbasi-Yadkori et al. (2011)) *Let $A, B,$ and C be positive semi-definite matrices such that $A = B + C$. Then we have*

$$\sup_{x \neq 0} \frac{x^\top A x}{x^\top B x} \leq \frac{\det(A)}{\det(B)}.$$

Lemma 15 (Lemma 10 in Abbasi-Yadkori et al. (2011)) *Suppose $X_1, X_2, \ldots, X_t \in \mathbb{R}^d$ and for any $1 \leq s \leq t$, $\|X_s\|_2 \leq L$. Let $V_{t+1} = \lambda I + \sum_{s=1}^t X_s X_s^\top$ for some $\lambda > 0$. Then we have*

$$\det(V_{t+1}) \leq (\lambda + tL^2/d))^d.$$

We define $\sigma_t(z) : \mathbb{R}^{S_t} \to \mathbb{R}^{S_t}$ such that $[\sigma_t(z)]_i = \frac{\exp(z_i)}{1+\sum_{j=1}^{S_t}\exp(z_j)}$. We also denote the probability of choosing the outside option as $[\sigma_t(z)]_0 = \frac{1}{1+\sum_{j=1}^{S_t}\exp(z_j)}$ with $i_0 := 0$. We define a pseudo-inverse function of $\sigma_t(\cdot)$ such that $\sigma(\sigma^+(p)) = p$ for any $q \in \{p \in [0,1]^{S_t} | \|p\|_1 < 1\}$. We can observe that $\sigma_t^+ : \mathbb{R}^{S_t} \to \mathbb{R}^{S_t}$ where $[\sigma_t^+(q)]_i = \log(q_i/(1-\|q\|_1))$ for any $q \in \{p \in [0,1]^{S_t} | \|p\|_1 < 1\}$. We also define $\widetilde{z}_s = \sigma_s^+(\mathbb{E}_{w \sim P_s}[\sigma_s([z_{i,t}(p_{i,t})^\top w]_{i \in S_s})])$ and $P_s = \mathcal{N}(\widehat{\theta}_s, (1 + cH_s^{-1}))$ for a positive constant $c > 0$. We define $f_t(z, y) = \sum_{i=0}^{S_t} \mathbb{1}(y_{i,t}) \log(\frac{1}{[\sigma_t(z)]_i})$. Then we have the following lemmas.

Lemma 16 (Lemma F.2 in Lee & Oh (2024)) *Let $\delta \in (0, 1]$ and $\lambda \geq 1$. For $\tau > 2$ and $t_\tau + 1 \leq t \leq t_{\tau+1}$, under E_{t_τ}, with probability at least $1 - \delta$, we have*

$$\begin{aligned}
&\sum_{s=t_\tau}^{t-1} f_s(\theta^*) - \sum_{s=1}^{t} f_s(\widetilde{z}_s, y_s) \\
&\leq (3\log(1 + (K+1)t) + 3)\left(\frac{17}{16}\lambda + 2\sqrt{\lambda}\log\left(\frac{2\sqrt{1+2t}}{\delta}\right) + 16\left(\log\left(\frac{2\sqrt{1+2t}}{\delta}\right)\right)^2\right) + 2.
\end{aligned}$$

Lemma 17 (Lemma F.3 in Lee & Oh (2024)) *For any $c > 0$, let $\lambda \geq \max\{2, 72cd\}$. For $\tau > 2$ and $t_\tau + 1 \leq t \leq t_{\tau+1}$, under E_{t_τ}, we have*

$$\sum_{s=t_\tau}^{t-1} f_s(\widetilde{z}_s, y_s) - f_s(\widehat{\theta}_{s+1}) \leq \frac{1}{2c}\sum_{s=t_\tau}^{t-1} \|\widehat{\theta}_s - \widehat{\theta}_{s+1}\|_{H_s}^2 + \sqrt{6}cd\log\left(1 + \frac{t+1}{2\lambda}\right).$$

Lemma 18 *Under $E^{(2)}$, we have*

$$\sum_{t=1}^{T}\sum_{\tau \in \Gamma_t} b_{\mathbb{P},t}(s_{h,\tau}, a_{h,\tau}, V_{t,h,\tau}) = O\left(\sqrt{d_{\mathbb{P}} KHT \log(T\mathcal{N}(\mathcal{F}_{\mathbb{P}}, 1/THK, \|\cdot\|_\infty))}\right)$$

Proof We can show this proof by using Lemma D.6 in Chen et al. (2022), Lemma 8 in Ayoub et al. (2020), and $|\Gamma_t| \leq K$. ■