



A Market for Scooters

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a market for scooters

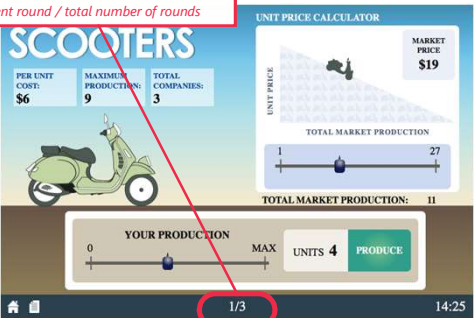
overview

- each season, each firm chooses its quantity
- you pay a cost for each scooter you produce
 - per-scooter cost is the same for all firms
- market price depends on total production
 - more total production → lower market price
- Your payoff equals your profits

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your game screen

Current round / total number of rounds



PER UNIT COST: \$6 MAXIMUM PRODUCTION: 9 TOTAL COMPANIES: 3

MARKET PRICE: \$19

TOTAL MARKET PRODUCTION: 11

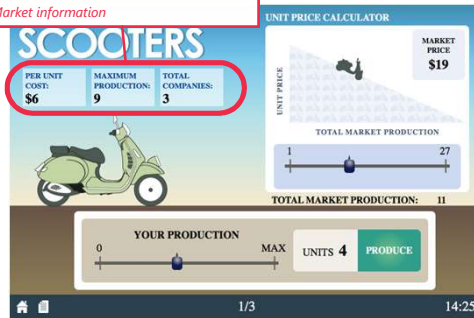
YOUR PRODUCTION: 0 to MAX UNITS 4 PRODUCE

1/3 14:25

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your game screen

Market information



PER UNIT COST: \$6 MAXIMUM PRODUCTION: 9 TOTAL COMPANIES: 3

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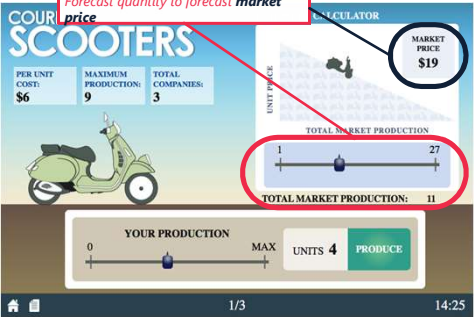
YOUR PRODUCTION: 0 to MAX UNITS 4 PRODUCE

1/3 14:25

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your game screen

Forecast quantity to forecast market price



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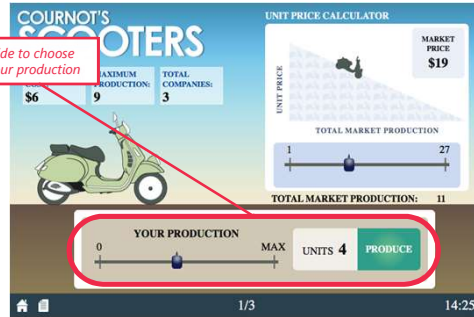
YOUR PRODUCTION: 0 to MAX UNITS 4 PRODUCE

1/3 14:25

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your game screen

Slide to choose your production



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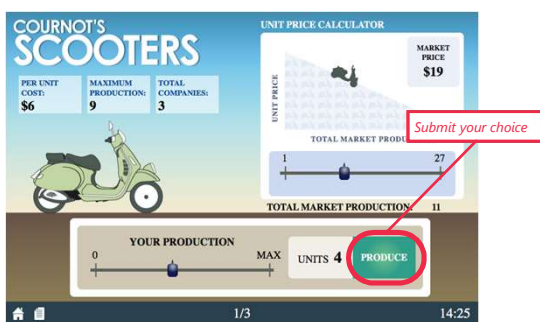
TOTAL MARKET PRODUCTION: 11

YOUR PRODUCTION: 0 to MAX UNITS 4 PRODUCE

1/3 14:25

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your game screen



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payoffs

overview

- price revealed after all have chosen production

an example

- 2 firms; each pays \$6 per scooter produced
- one produces 10, the other chooses 9
- suppose resulting price is \$11

$$\text{payoff} = \text{produced} \times (\text{price} - \text{cost})$$

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payoffs

overview

- price revealed after all have chosen production

an example

- 2 firms; each pays \$6 per scooter produced
- one produces 10, the other chooses 9
- suppose resulting price is \$11

$$\text{payoff} = \text{produced} \times (\text{price} - \text{cost})$$

$$\text{firm 1} = 10 \times (\$11 - \$6) = \$50$$

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payoffs

happy playing!

overview

- price revealed after all have chosen production

an example

- 2 firms; each pays \$6 per scooter produced
- one produces 10, the other chooses 9
- suppose resulting price is \$11

$$\text{payoff} = \text{produced} \times (\text{price} - \text{cost})$$

$$\text{firm 1} = 10 \times (\$11 - \$6) = \$50$$

$$\text{firm 2} = 9 \times (\$11 - \$6) = \$45$$

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A Market For Course Notes

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a market for course notes

overview

- each firm sells identical course notes
- each term, each simultaneously chooses its price
- lowest price (P_L) determines market demand

$$Q^d = 100(36 - 2 \times P_L)$$
- firm(s) choosing lowest price get **all** customers
- \$2 cost per unit sold
- $P = \$10$ maximizes total market profits

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your screen

number of other note sellers

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your screen

current term/total terms

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your screen

lowest price in previous term

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your screen

history of prices chosen

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your screen

set your price

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payoffs

an example

- recall market demand: $Q^d=100(36 - 2 \times P_L)$
- one firm sets $P=\$9$, the other sets $P=\$10$

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payoffs

an example

- recall market demand: $Q^d=100(36 - 2 \times P_L)$
- one firm sets $P=\$9$, the other sets $P=\$10$

payoff = items sold × (price-cost)			

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payoffs

an example

- recall market demand: $Q^d=100(36 - 2 \times P_L)$
- one firm sets $P=\$9$, the other sets $P=\$10$

payoff = items sold × (price-cost)			
Firm 1 =	1800	× (\$9 - \$2)	= \$12,600

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payoffs

an example

- recall market demand: $Q^d=100(36 - 2 \times P_L)$
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payoffs

an example

- recall market demand: $Q^d=100(36 - 2 \times P_L)$
- one firm sets $P=\$9$, the other sets $P=\$10$

payoff = items sold × (price-cost)			
Firm 1 =	1800	× (\$9 - \$2)	= \$12,600
Firm 2 =	0	× (\$10 - \$2)	= \$0

happy playing!

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