

The Competitive Strategy Game

How does the game work? (1)

- The competitive strategy game is a simulation of the strategic interaction between eight companies that compete with one another in any or all of four different markets.
- The firms have different strengths in each market; for instance, one firm may be the most efficient manufacturer in market A, but may face the highest costs of entering market B.
- Each of the markets differs in the size and growth rate of demand, the capital intensity of production, and the substitutability of brands in the market.
- One market may be hospitable to many of the companies at once while another may offer a profitable opportunity to just one company in the game.

How does the game work? (2)

- Each team of students will control one firm in the game.
- In doing so, they decide which market or markets to enter and when, how much investment to make in production facilities in each market and when to make that investment, when to exit a market, what quantities to produce and what prices to charge.
- The game is complex, so it is very important to study it thoroughly before it begins.

How does the game work? (3)

- The game is divided into periods. Firm strategies for each period must be submitted through the CSG web page before a preannounced deadline.
- After the first period, there will generally be two periods per week.
- The outcome of the market process will then be made available through the CSG web page, usually on the following day.

How does the game work? (4)

- Some data are public information, such as all firms' prices and production capacities, the degree of substitutability across brands within each market, and some basic information about demand.
- Other variables are publicly known only with some noise. For instance, each firm knows its own sales in each market, but the total sales in each market is known publicly only with a degree of error.
- Similarly, no firm knows the production costs of its competitors with certainty, but it does have an idea of the range of possible costs of other firms.

Team Home Page

Professor Comments:

No comments at this time.

Input Data for the Current Period (3)

Public Statements from all teams

Market Updates for Periods:

[01](#) | [02](#) |

Company Updates for Periods:

[01](#) | [02](#) |

Company Operating Costs:

Market	A	B	C	D
Entry Cost	10000	20000	100000	3000
Capacity Cost Per Unit	200	600	10	30
Marginal Cost	5	15	8	31

STRATEGIES AND MARKET OUTCOMES (1)

- Each period, every firm will submit a strategy, which consists of:
 - (1) the price,
 - (2) the quantity,
 - (3) the maximum allowed level of sales in each market,
 - (4) changes in production capacity it will make.
- A company cannot enter more than one market each period.

STRATEGIES AND MARKET OUTCOMES (2)

- A strategy may include a public statement, which will be reported in the market update. Public statements may be no more than 100 words long.
- If the statement is found to violate CSG antitrust laws, the company will be fined up to **\$500,000**.
- Once all strategies are received, the markets operate for that period.
- After the market operates in a period, you will receive two sets of information through the CSG web site.

COMPETITIVE STRATEGY GAME

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Public Statements by Period

Public Statements for Period 1

CS1: blah blah!

CS2: .

CS3: We are gonna eat you alive!

CS4: Muahahha!!!

CS5: .

CS6: .

CS7: .

CS8: .

No collusion allowed! ;)

STRATEGIES AND MARKET OUTCOMES (3)

- The market update sheet (public data)

Universidade Nova de Lisboa - Faculdade de Economia
Masters - Competitive Strategy

Spring 2009

Professor José Mata

CS MARKET UPDATE AFTER PERIOD 1

PRICES CHARGED: (***** = no units for sale this period)

COMPANY	CS1	CS2	CS3	CS4	CS5	CS6	CS7	CS8
MARKET								
A	*****	*****	*****	*****	*****	*****	*****	*****
B	*****	*****	*****	*****	*****	*****	*****	*****
C	*****	*****	*****	*****	*****	*****	*****	*****
D	*****	*****	*****	*****	*****	*****	*****	*****

CAPACITY AT END OF PERIOD:

COMPANY	CS1	CS2	CS3	CS4	CS5	CS6	CS7	CS8
MARKET								
A	100.	100.	0.	0.	0.	0.	0.	0.
B	0.	0.	0.	0.	0.	0.	0.	0.
C	0.	0.	100.	100.	0.	0.	0.	0.
D	0.	0.	0.	0.	0.	0.	0.	0.

APPROXIMATE MARKET SALES: (plus or minus 10%)

MARKET	A	B	C	D
APPROXIMATE SALES	0.	0.	0.	0.

STRATEGIES AND MARKET OUTCOMES (4)

- The company update (private data)

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Company CS6 (CS#6) Update After Period 1

MARKET	A	B	C	D
Beginning Inventory	0.	0.	0.	0.
Production	0.	0.	0.	0.
Quantity Sold	0.	0.	0.	0.
Ending Inventory	0.	0.	0.	0.
Price	0.	0.	0.	0.
Capacity at Start of Period	0.	0.	0.	0.
Capacity at End of Period	0.	0.	0.	0.
Inventory Costs	0.	0.	0.	0.
Variable Costs	0.	0.	0.	0.
Capacity Costs	0.	0.	0.	0.
Entry Costs	0.	0.	0.	0.
Revenue	0.	0.	0.	0.
Net Revenue	0.	0.	0.	0.
Cash At the End of Period 0:				1000000.
Interest Earned (Expense) :				20000.
Total Net Revenues :				0.
Cash At the End of Period 1:				1020000.

Age Structure of Capacity at End of Period 1 (***** = maximum capacity life)

MARKET	A	B	C	D
Maximum Capacity Life	4	10	3	6

What's the goal?

- The goal is to maximize your own profit!
- There's no point in hurting your competitors if that implies a large profit lost for you!
- Your grade is attached to the profit level. So, even if at the end of the game you are the most profitable firm that does not imply to have a good mark!

Restrictions

- Remember: I can see all your steps and actions in the game and you will be graded by that.
- Sharing information/ doing collusion with your colleagues is not allowed!
- Doing that you are taking a big risk...

What should I do to get in and play the Game?

- 1) Send an e-mail to dthenriques@fe.unl.pt with numbers and names. I will reply saying in which game you will play (*lx* or *pt*), your team name and respective password. You are responsible to pass this secret information to your team mates.
- 2) Go to http://csg.haas.berkeley.edu/??/***
- 3) Click **Input Data for the Current Period (1)**

Input data

Note: The following data has already been submitted for the current period (3). You are free to change your strategy until strategies are collected.

Market	Price	Production Quantity	Max Quantity to Sell	Capacity Change
Market A	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Market B	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Market C	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Market D	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>

You are free to a make a public statement. Enter it in the text entry field below.

Note: You are limited to 100 words. You will not be allowed to submit if you enter more than this. You can check the length by hitting the "Check Length" button below.

Submit Market Data

Submit Public Statement

Submit Both

Check Length

Reset

Final Notes

- I'll post each period's outcome probably one day after the deadline.
- We will play at least 10 periods and at most 14. (check out the Game calendar)
- Make wise decisions based on economic rationale – you will be asked about your decision making process!
- Before making any move, read carefully the market descriptions file and the CS Game instructions file. In the 1st period you just have to choose in which market you want to enter and with what capacity.
- Have fun!