

Seminar Co-opetition: A Practical Perspective on Game Theory in the Digital Economy

This seminar offers an alternative perspective on game theory that is more applied, complementing the more mathematical approach taught in standard university courses (e.g., “Einführung in die Spieltheorie”).

Traditional game theory focuses on abstract mathematical models. The insights from these models are useful in real-life situations, particularly in business contexts. However, strategic interactions in such contexts are often complex, and it is not always obvious what *the ‘right game’* looks like. Moreover, effectively communicating game-theoretical principles to colleagues, subordinates, and stakeholders is just as important as the analysis itself.

In their 1996 book “Co-opetition”, Nalebuff and Brandenburger address these issues by explaining game-theoretic principles using real-world business examples rather than mathematical models. The authors argue rigorously but *‘hide’* the underlying mathematical models. While many of the book’s stories now seem outdated, the lessons remain valuable for anyone interested in *applying* game theory.

Seminar Objectives

In this seminar, students will either work alone or in small groups. Each group will be assigned one chapter of the book and will address three key tasks:

1. **Presentation of Ideas:** Each group will demonstrate their understanding of the assigned chapter by clearly communicating its key insights in their own words.
2. **Application to Modern Contexts:** Each group will transfer the chapter’s ideas to examples from today’s digital economy, such as platform markets, AI-driven business models, digital advertising strategies, and data-driven competition.
3. **Linking to Game Theory:** Each group will demonstrate their ability to engage with academic literature by identifying literature related to their book chapter and discussing these connections.

Seminar Organization

Introductory Meeting: The seminar will start with a kick-off meeting on **April 24, 2024**, at 14:00 in the KD2Lab Team Room. In this meeting, students will be assigned to groups and chapters of the book and receive further guidance on expectations. The meeting will last approximately one hour.

Presentations: Each group will give a 30-minute presentation, followed by a discussion, in a blocked event on **June 27**. Attendance at all presentations is mandatory for successful completion of the seminar.

Seminar paper: Each group must submit a 12-page seminar paper by **August 3**. The seminar paper is a polished version of the presentation, incorporating useful feedback from the discussion on the seminar presentation day.

For further questions, don't hesitate to get in touch with **Dr. Frank Rosar** (rosar@kit.edu).

References

Nalebuff, Barry J., Brandenburger, A. (1996). Co-opetition. Currency.