

I'm not a bot



































behavior of bidders and different other factors are analyzed while making decisions during bid preparation. 2. Collective Bargaining or Negotiation Between Parties Game theory plays an important role in different collective bargaining or negotiation activities among different parties or participants. For example, different negotiations take place between worker unions and the management during the situation of strikes of workers or lockout periods to increase wages. Using game theory, both parties can arrive at the optimum solution to the issue, i.e., to increase wages by examining different options available for wages and benefits, which can maximize the welfare of both workers and management. Salary negotiation is also an example of the game theory application. The concept of game theory is used in other negotiations also like negotiations with suppliers while purchasing, compensation or incentive negotiations between management and suppliers or business partners, etc. 3. Decisions Related to New Products Product-based decisions related to launching a new product in the market or to exit the launch of the product are also executed using game theory by businesses. Using game theory, business people can understand if the first-mover advantage is there or not, the competitor's possible moves related to new products, and also decide upon the strategies for defense, etc. Similarly, the concept of game theory is also used in deciding whether to enter a new market or exit it. 4. Product Pricing Decisions Game theory is widely used in deciding upon the pricing strategies of both consumers and retailers. Retailers compete against each other to gain market share of customers for which they opt for different games or strategies, like offering attractive discounts on specific goods to increase sales of complementary products. For example, in the off-season, i.e., off-summer or off-winter season, garment shop vendors or retailers offer attractive sales on a certain stock of clothes in which they adopt optimal pricing strategies to attract maximum customers. In this, retailers use the game theory approach where retailers and consumers are the main players. The focus of retailers is on using the best pricing strategy, while the preference of consumers is to choose the best deal in terms of discount and variety. 5. Stock Market Decisions Using game theory, decisions regarding buying and selling shares in the stock market can be taken wisely. Investors make different stock market decisions by using different strategies of investment and by considering different players or investors. Game theory helps in predicting the decisions of other players related to investments, and based on these decisions, they can decide upon the strategies for themselves which maximize profit. 6. Salary Negotiation Asking for raise in salary is a complex task, it gets even more complex if more than one person is involved in the negotiation. The game theory helps in better negotiation with the manager. One should be aware of the kind of services he/she provides and the worth of those services in the company. One can not simply go and ask for a raise just because he/she wants a higher salary. According to the game theory, you must know the person well with whom you are making the salary negotiations and be prepared for the potential responses and the counter-arguments. If you know how to effectively respond to the person with whom you are negotiating about the salary, then chances are high that you will get the raise, considering you have the skill and values that add worth to the organization. 7. While Buying a Car Game theory can help you buy a car at a much cheaper price than the amount it will cost you otherwise. The first step of car buying is looking for the dealers near your area that sell the car you want. Now, rather than simply visiting the dealers and bargaining with the salesperson, the better step is to call each dealer and mention to them that you are looking for a particular car, and you will buy it from the dealer that will give the best offer. The dealer may deny negotiating about the price, but you should respond confidently that you are only available for the negotiations over the phone and will consider buying if the offer is good. The dealer will then try to give the best offer to seal the deal. Hence, by using the strategies of the game theory you can buy the car at much lower prices. 8. Real Estate You may have never noticed before, but the game theory finds its applications in real estate. Most of the real estate negotiations are already understood by the agents which makes it easier for sealing a deal. However, the situation is entirely different in multi-offer deals. You will only have three options if the bid you have submitted is announced as a multi-offer situation by the real estate agent. Keeping the original offer Withdrawing the current offer To win the bid, the person has to overbid the other bidder. If the game theory is followed, the person should bid the number he/she has calculated to win the bid according to his/her budget, rather than increasing the price in bidding over the budget. In this case, even if you lose the bid, you still made an effective decision because bidding at a price that is not in your budget is an incorrect decision that may cause a burden on you. 9. Rise and Fall of Bitcoin Sometimes the decisions of the people in doing a certain task are not only based on their own perspective but it is influenced by the decisions of the majority of the population. Stock trading and crypto trading are prominent examples of decisions dependent upon other people and utilization of game theory. Suppose you want to buy a Bitcoin. What would be your first step? Of course, you will look at the chart of the recent fluctuation to decide whether to buy Bitcoin or not. You see that a large number of people are buying Bitcoin, and they are gaining profit and you also buy Bitcoin. Now, suppose a well-known financial expert posts a tweet that questions the stability of Bitcoin. Like the majority of people, you also think of selling the bitcoin as an expert has criticized it, and the value of the bitcoin gets lower. Hence, in this case, the game theory results in the rise and fall of Bitcoin. 10. Rock, Paper, and Scissor Game Have you ever got into disputes with your friend and you couldn't decide who is right or wrong? Then the game rock, paper, and scissors remain the only option, and the one who wins; wins the dispute. In this game, we know the consequences but are not aware of what another player is going to do. 11. Poker Card Game Most of us have seen people losing huge amounts of money in poker clubs in movies as well as in real. The poker card game exemplifies the game theory correctly because one wins exactly the amount one's opponents lose.