Extensive form games

Buyer/seller game

Seller:
1) Sell low quality = 3
2) Sell high quality = 2
3) Don't sell low quality = 1
4) Don't sell high quality = 0

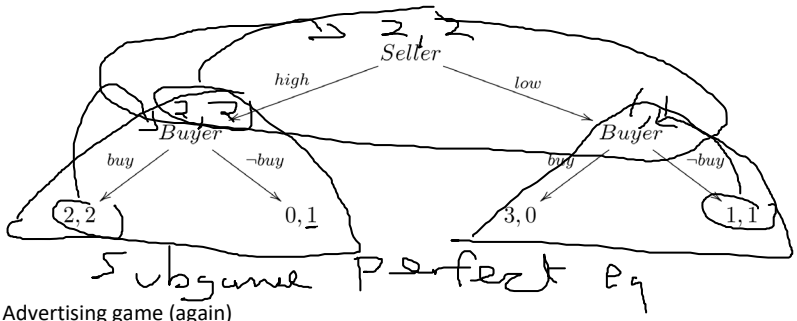
Buyer:
1) Buy high quality, payoff = 2
2) Buy nothing, payoff = 1
3) Buy low quality, payoff = 0

Seller \ Buyer	buy	don't buy
high	2, 2	0, 1
low	3, 0	1, 1

Nash Eq.

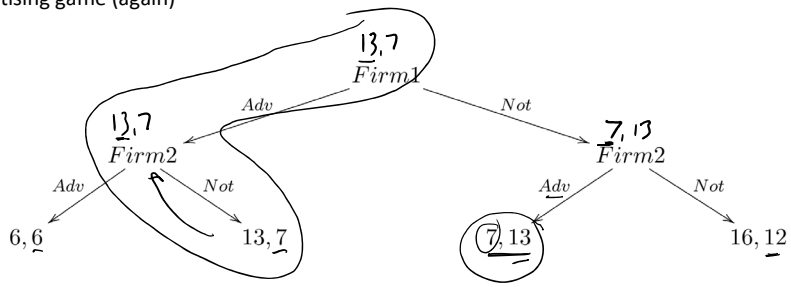
Extensive form games

Backward induction

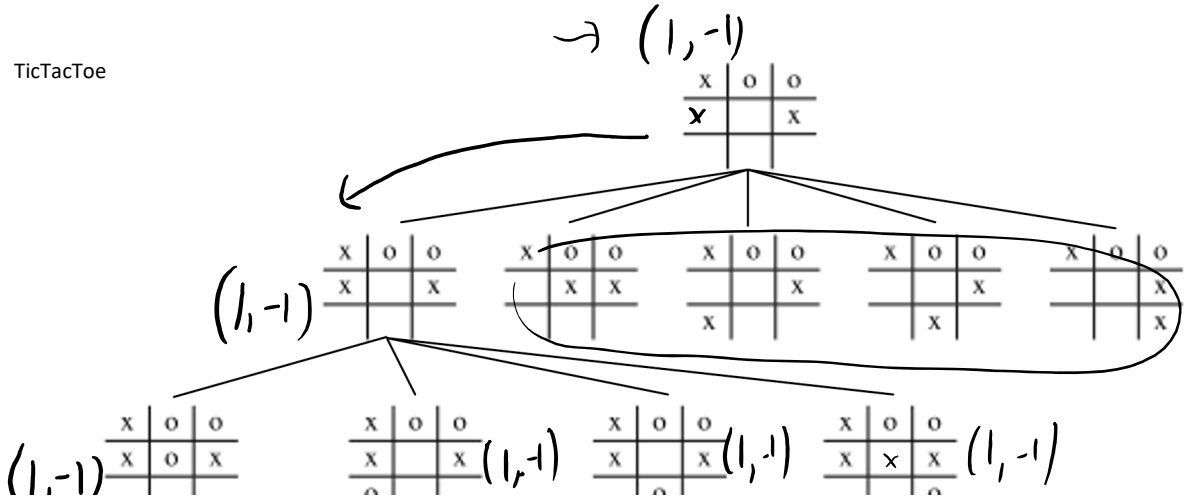


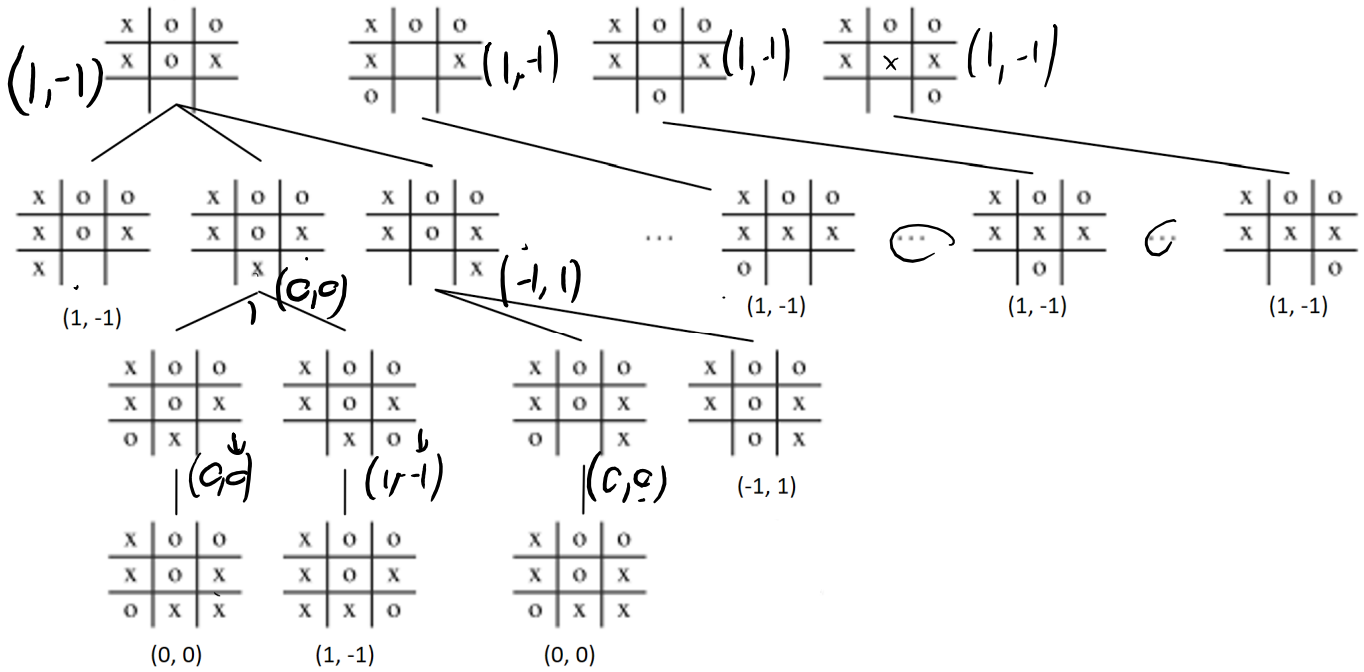
Subgame perfect eq

Advertising game (again)



TicTacToe




(1,-1)
(1,-1)
(1,-1)
(1,-1)
(1, -1)
(0,0)
(-1, 1)
(1, -1)
(1, -1)
(1, -1)
(0,0)
(1,-1)
(0,0)
(-1, 1)
(0, 0)
(1, -1)
(0, 0)