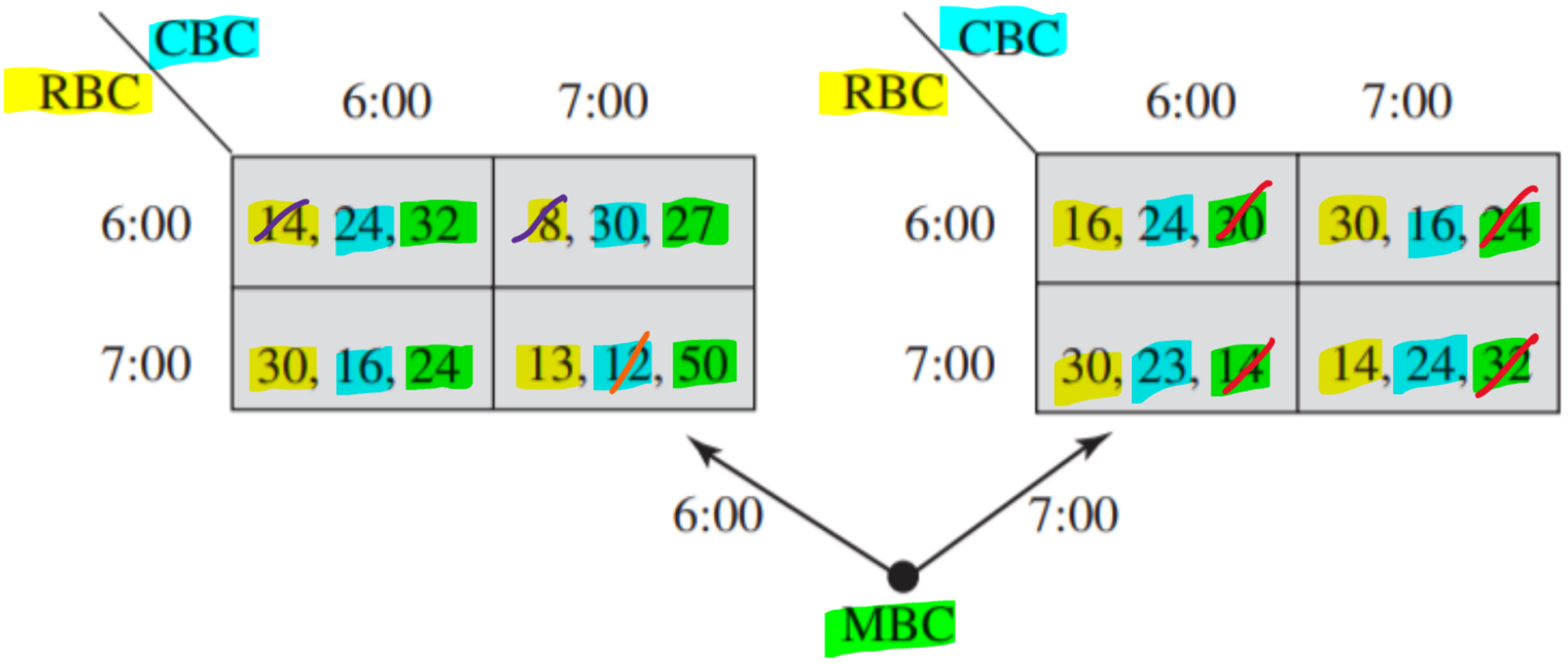
HW 7.4

Friday, September 18, 2020 12:25 PM

Imagine that there are three major network-affiliate television stations in Turlock, California: RBC, CBC, and MBC. All three stations have the option of airing the evening network news program live at 6:00 P.M. or in a delayed broadcast at 7:00 P.M. Each station's objective is to maximize its viewing audience in order to maximize its advertising revenue. The following normal-form representation describes the share of Turlock's total population that is "captured" by each station as a function of the times at which the news programs are aired. The stations make their choices simultaneously. The payoffs are listed according to the order RBC, CBC, MBC. Find the set of rationalizable strategies in this game.



$R^0 = \{6, 7\} \times \{6, 7\} \times \{6PM\}$ $= \{7PM, 6PM, 6PM\}$

$R^1 = \{7\} \times \{6, 7\} \times \{6\}$

$R^2 = \{7\} \times \{6\} \times \{6\}$