

# [The impact of internet on traditional businesses](https://assignbuster.com/the-impact-of-internet-on-traditional-businesses/)

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Eventually, a short conclusion will eventually be drawn. Strategic interaction is a term that is broadly used to identify a process that seeks to involve several parties in achieving a common goal, relying heavily on effective this topic is the game theory, which is a mathematical language for describing trategic interactions, in which each player's choice affects the payoff of other players (where players can be genes, people, companies, nation-states, etc. 2 The application of strategic interaction to sports Corresponding actors Game Theory, defined as the mathematical language for describing strategical interactions, is all about making a rational decision involving interdependent decision makers in business. These decision makers, called players, have several ways of acting (strategies), and are willing to get specific outcomes from the game (or interaction) in order to get corresponding payoffs. Now what does it have in common with sports? Here is an example with two football teams.

Even if each football team is composed of eleven players, the players (when talking about the game theory) are the entire teams. This makes sense because the strategies developed by the coach during the trainings are applied by the whole team and not only by a single football player. The several ways of acting correspond to the several strategies, which were set up by the coach. The interactions take place during the match when both football teams apply their strategies, responding to the other team's attacks, and defending heir interests (not let the other team score).

It is obvious that concerning football, the main outcome the parties involved are willing to attain is the victory as no payoffs are gathered with a defeat. There are different payoffs when winning a match (or sometimes reaching an equal final score), such as going up in a ranking, earning more money or satisfying the team's numerous fans. Market similarities Strategic interaction usually takes place between several businesses that are competing on a market. This is also the case with football. We can imagine football lubs as businesses and the football players (more precisely the football players' talent) as goods.

These football clubs are talent demanders who bid on players in a giant auction, which is the market of talent. What they actually do are investments in specific players in order to maximize their profits (payoffs). 3 Rivalry The only main difference between strategic interaction in business and in sports is the competition. Indeed, the goal of every normal business is to grow in the aim to make more and more profit by being the best and acquiring the biggest place on the market, which is called the monopoly. In contrast, football clubs want to maintain a certain monopolistic competition.

They are willing this because having rival clubs producing better teams creates more quality during a match from a fan's point of view, and so bigger revenue. It was proved that " great" clubs with consequent fan markets are able to generate teams that are " too good", leading to one-sided games and economically unsuccessful league. Thus, in opposition to businesses, it is necessary for football clubs to maintain a certain competitive balance in the league.