
Competitive Gaming Strategy

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LEARNING OBJECTIVES

- *To understand the nature of competitive games in different types of market structures.*
- *To identify the set of potential competitors, and to interpret and anticipate their strategies for playing competitive games.*
- *To recognize how the competitive moves of a firm might influence the payoffs to the strategies of its competitors.*
- *To appreciate the importance of rules in the competitive games.*
- *To learn how 'level playing' rules can help generate added value.*

INTRODUCTION

After India liberalized her economy in 1991, the local toy market raced from less than \$ 1 million to \$ 282 million in 2002, and was expected to top \$ 1 billion inside 10 years. Three major Western companies entered the Indian market and acquired a 16% share: Mattel Toys (now a wholly owned operation after its initial joint venture failed), Lego (a joint venture with Mahindra & Mahindra—a reputed name in tractors in India), and the US giant Hasbro (a joint venture of Funskool with the Indian tire company MRF).

The real threat to the 1,200-odd Indian toy producers has come from nearer home. Around 1999, a flood of Chinese toys took the local market by storm. The Chinese manufacturers offered a rich variety of novelty items, including duplications of a large number of toy designs from Europe and the US, with a retail market life of less than a year, and a price less than half the comparable Indian toys. More than half of the Indian small and micro toy manufacturers closed down their production, and became the importers and distributors of Chinese toys. Though the quality of the Indian toys was better, the parents preferred the cheaper Chinese toys, recognizing that their child would ultimately break it, or outgrow it. The low price of