

Opportunity Hunters (joint with Zvika Neeman and Eilon Solan)

Abstract

We propose a novel framework for analyzing competition for opportunities. We introduce a new type of games, called “opportunity-hunting games,” in which two players compete to discover an uncertain event (“opportunity”) that occurs at an unobserved and random point in time. Players can inspect whether the event has already occurred again and again but each inspection is costly. Varying the parameters of the model spans the range from games where competition between the players to be the first to identify the opportunity is the dominant force, to games in which free-riding on the other player’s effort is the dominant force. The game has a unique symmetric Markov Perfect Equilibrium. Depending on the parameters, the equilibrium takes one of two forms: the first involves frequent synchronized inspections, and the second exhibits slow diffusion in which players inspect randomly at different times.