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Prices for single newspapers quickly jumped from 254 to 04 daily, and from 504 to $1. 50 on Sunday. Commensurate Increases were noted for long-term subscriptions and advertising customers. Jake Jabs, who owns the American Furniture Warehouse chain in Denver, said newspaper officials quickly proposed a new four-year advertising contract that required ads In both papers, with a 100% rate increase the first year, and 25% per year for the following three years.

Jabs and other major local advertisers were so angry that they sued in federal court.

They lost. Jabs and a coalition of retailers called Colanders Against Newspaper Monopolies and fought against these news paper agencies In court. They wanted to roll back new ad rates at the News and the Post, and accused the papers of violating advertisers free speech rights by raising ad rates too high. No authority in support of the alleged constitutional violation was found, and the suit was dismissed.

The circulations of the Post and the News also fell sharply after the two newspapers introduced sharp increases in subscription rates.

In the first two months after the two papers combined business operations and began sharing profits, the News lost 17. 9 percent of its Monday through Saturday circulation and the Post lost 1 1. 9 recent. The News= Monday-through-Saturday circulation dropped from 446, 465 to 366, 499, and Post circulation dropped from 413, 730 to 364, 451.

Sunday circulation for the News dropped from 552, 085 to 448, 032, and the Post= s Sunday circulation dropped from 558, 560 to 522903. 2. In many cases, classified ads to sell real estate in a local newspaper can cost five to ten times as much as a similar ad used to announce a garage sale. SE your knowledge of price discrimination to explain how local newspaper monopolies generate enormous profits from selling classified advertising that varies In price according to the value of the Item advertised. Mans 2)Local newspapers have a formidable niche in the provision of regional news and classified advertising.

To find information about stock markets and other world news there are many other sources other than newspaper Like internet which provide live Information about them.

However, If readers want to find out how the local regional news and sports news, they typically can only find that information in the local newspaper. Similarly, the local newspaper is frequently the only place to go for local business advertising and classmate ads. An Interesting Illustration AT price Localization can De Tuna In ten classified-ad pricing policies of local newspapers. The value of classified advertising varies according to the value of the item advertised. Real estate advertising has a much greater value to customers than advertising the sale of lower-priced household items, boats, pets, and so on.

Local newspapers satisfy the requirements necessary for profitable price discrimination, because they can easily identify the value of the item advertised and often enjoy a monopoly position in the sale of local advertising. It would not be surprising that local newspaper monopolies generate enormous profits from selling classified advertising that varies in price according to the value of the item advertised. 3. Widely differing fares for business and vacation travelers on the same flight have led some to accuse the airlines of price discrimination.

Do airline fare differences or local newspaper classified-ad rate differences provide stronger evidence of price discrimination? Mans )The airline industry provides an interesting basis for discussing price discrimination. Ticket prices vary dramatically between business customers, whose ravel plans change quickly and whose demand is relatively inelastic with respect to price, and vacation customers, who can establish travel plans well in advance and whose demand is typically more price elastic.

However, before concluding that the higher prices charged business customers solely reflect price discrimination, it is important to recognize that the cost of serving business customers is greater than for vacation travelers. Business traffic is particularly heavy on Mondays, and Fridays. This pattern of business travel often leaves airlines with substantial unused capacity n Tuesdays, Wednesdays, and Thursdays, as well as on Saturdays and Sundays.

Given this excess capacity, the incremental cost per air traveler can be substantially lower during midweek and weekend periods. Airlines are also better able to schedule their use of airplane capacity when demand is predictable as opposed to erratic. This contributes to lower fares for restricted as opposed to unrestricted travelers.

The price differentials common in airline rate structures clearly reflect the influence of cost differences, perhaps in addition to the effects of price discrimination.