1989 detroit free press profits

Literature, Russian Literature

Merger between Detroit Free Press and Detroit Daily News 19th, October, Forecasting is predicting the future of any business activity in a manner to predetermine the direction in which the business is headed into. The act of forecasting involves various fields such as profit forecasting, and commodity forecasting. The Detroit free press and Detroit Daily News, being only the two daily newspapers providers in the state form what is called an oligopoly market. The oligopoly market results when a few numbers of firms control the market. Mostly, these types of market experience a high level of competition from the other firm. Besides, the two dailies control most of the market in Detroit since there are barriers to entry to this market.

After the merger, the two daily newspapers should result in making huge amounts of profits since the level of competition will greatly reduce. This will be achieved when the two companies share the previous sales data and put more emphasis on the particular variables that previously had contributed to either company's' downfall. In addition, the geographical coverage of two companies will increase since the areas covered by one of the dailies will also be covered by the area. Moreover, the number of people who subscribe to the dailies will increase since one company will now share the previous market that had been divided into two. However, the unavailability of competition will lead to a new high price of advertising from companies since the demand for advertising will remain constant and the supply of advertising institutions will reduce. Moreover, the sellers of the newspaper will increase the price despite the printing cost and operating expense reducing due to advantages brought about by greater economies of scale. This means that the now big company can bid for larger orders that save

money. Bidding larger orders also advances purchasing power, since there is a greater possibility for negotiating with advertisers (Samuelson & Marks, 2012).

The two companies cut the advertising rates substantially before the merger since they no longer had to spend a lot of money to achieve a high market share. The high level of competition between the two companies drove them to incur a lot of cost in a move to achieve a high-end market and try to attract high-level business that would advertise in their newspapers. Moreover, a higher customer base will increase the value of the company and thus scoop a bigger value during the merger. After the merger, the two companies now own the entire market share and no longer require incurring huge costs to achieve the high-end market. This means that the two companies need not to advertise themselves. After the merger, the advertising rates will increase. This is because the two dailies now operating as one have no competition in the entire market and the level of demand for advertising in the newspapers will increase. This means that the company will appreciate, reduce the level of competition, and drive up advertising prices. However, other companies, which previously advertised in the two newspapers, but cannot meet the new increased advertising costs, will no longer advertise since the two companies will form a monopoly (Samuelson & Marks, 2012).

Works Cited

Samuelson, W. F., & Marks, S. G. (2012). Managerial economics. Hoboken, NJ: John Wiley & Sons.