Price Discrimination

David Gabriel Corzo Mcmath

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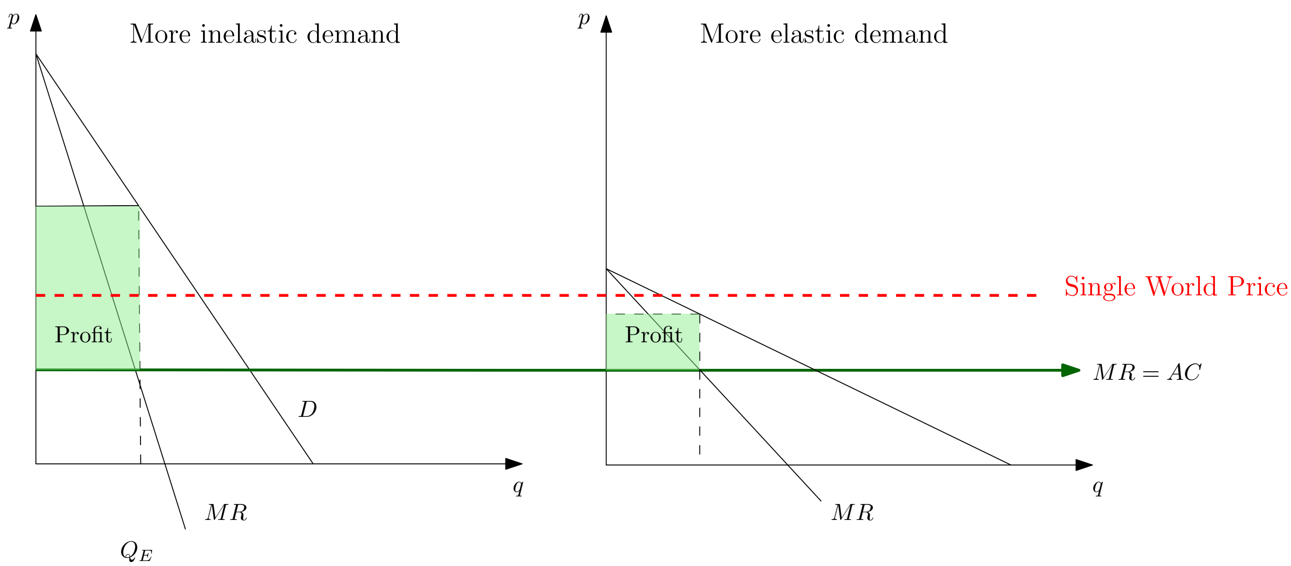
1. Price Discrimination

Definición de "Price Discrimination": *Selling the same product at diferent groups of customers at diferent prices.*

1.1. Introduction

Conclution: Price discrimination maximizes profits.



1.2. Price discrimination principles

1. If demand curves are different, it is more profitable to set diferent prices in diferent markets.
   - The price should be higher in the market with more inelastic demand.
2. Arbitrage (makes the prices in the two markets closer together) makes it more difficult to price discriminate.

1.3. Markets can be segmented in more ways than geographically

By segmenting the market you can price discriminate. For example:

- Masouses
- Movie theaters
- Computer Software

- Airlines

1.4. Discrimination is hard

Distinglishing between market segments are hard and difcult to determine, but when they are determined is because of a caracteristics.

2. The birth and death of the price tag

- Coca cola tries to price discriminate.
- Quakers are against price discrimination.
- The price tag is invented with the objective of having really big stores.
- The death of the price tag started with air faires.
- Airlines have mastered the art of price discrimination.
- People fear the idea that things they need will increase in price.