Box 10.3 Intel, IBM and Sony Damage Their Products[118]

The practice of selling lower quality, in fact, "damaged," goods as a means to price-discriminate between high-valuation and low-valuation consumers is common among several high-tech firms.

- Intel's 486 generation of microprocessors came under two versions: the 486DX and the 486SX. Although there were significant differences in performance, "the 486SX is an exact duplicate of the 486DX, with one important difference—its internal math coprocessor is disabled. . . . [The 486SX] sold in 1991 for $333 as opposed to $588 for the 486DX."

- "In May 1990, IBM announced the introduction of the LaserPrinter E, a lower-cost alternative to its popular LaserPrinter. The LaserPrinter E was virtually identical to the original LaserPrinter, except that the E model printed text at 5 pages per minute (ppm), as opposed to 10 ppm for the LaserPrinter. . . . The LaserPrinter uses the same "engine" and virtually identical parts, with one exception: . . . [it includes] firmware [which] in effect inserts wait states to slow print speed."

- "Sony recently introduced a new digital recording-playback format intended to replace the analog audio cassette, but offering greater convenience and durability: [the MiniDisc]. Minidiscs are similar in appearance to 3.5-in computer diskettes, and they come in two varieties: prerecorded and recordable. The latter, in turn, "come in two varieties: 60-minute discs and 74-minute discs. The list prices for these discs are currently $13.99 and $16.99. Despite the difference in price and recording length, the two formats are physically identical. . . . A code in the table of contents identifies a 60-minute disc and prevents recording beyond this length, even though there's room on the media."