

Monopoly Newspaper Ad Prices

When the *Houston Post* shut down in April 1995, the managing editor of the sole surviving paper, the *Houston Chronicle*, received dozens of calls from concerned *Post* readers worried about one thing: Would the *Chronicle* pick up the *Post's* comics? Local advertisers also were very concerned: What would happen to newspaper advertising prices?

Ad rates skyrocketed by nearly 62 percent from January 1995 (before the *Post* folded) to December 1996. The rate for a one-column inch ad in a daily paper rose from \$252.64 to \$409.00 per day, and Sunday rates jumped from \$294.84 to \$477.28. These rates increased by much more than readership, which rose 32 percent on weekdays and 23 percent on Sunday. Thus, a loss of competition resulted in a substantial increase in price.