

Price Discrimination Lab

Price discrimination is possible in many forms, but it always requires at least two conditions to be true:

- 1) Different elasticities of demand by different groups.
- 2) Some way to separate the groups.

The entertainment industry, particularly for movies, has used time to differentiate groups for many years. Briefly explain this statement. Find examples of different prices charged. If possible, estimate the elasticity for a couple versions of distribution methods. Hint: Look for a breakdown of reported sales by different format.