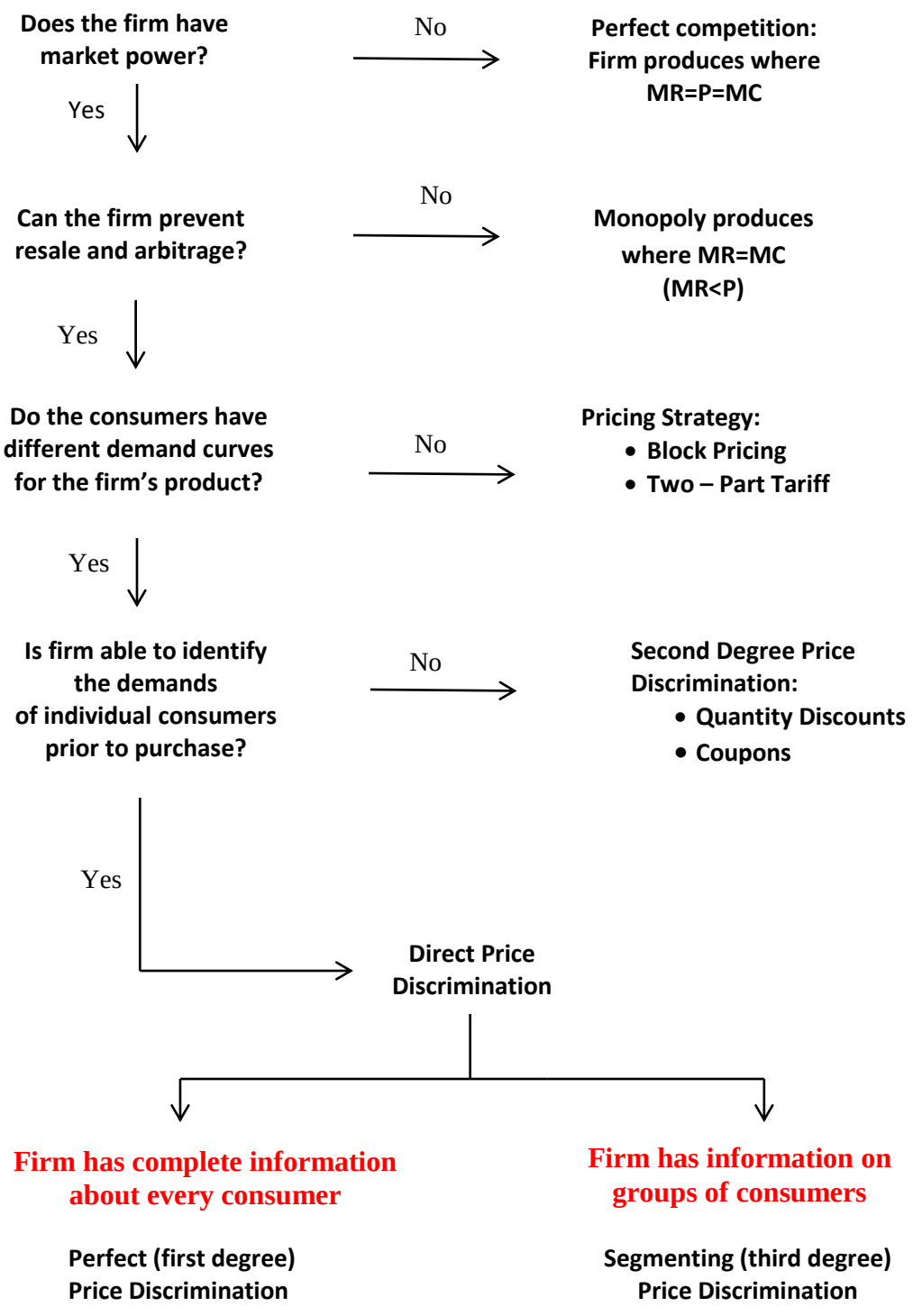
Does the firm have market power?
No
Perfect competition: Firm produces where MR=P=MC
Yes
Can the firm prevent resale and arbitrage?
No
Monopoly produces where MR=MC (MR<P)
Yes
Do the consumers have different demand curves for the firm's product?
No
Pricing Strategy:
• Block Pricing
• Two – Part Tariff
Yes
Is firm able to identify the demands of individual consumers prior to purchase?
No
Second Degree Price Discrimination:
• Quantity Discounts
• Coupons
Yes
Direct Price Discrimination
Firm has complete information about every consumer
Perfect (first degree) Price Discrimination
Firm has information on groups of consumers
Segmenting (third degree) Price Discrimination