

Loyalty Discounts and the Hospitality Tradition

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The Hospitality Tradition for Unilateral Price Discounts

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Road Map

- f What should be done to ensure that we are not left with a...
_ driven...
- f What should be done to ensure that we are not left with a...
_ only to be done by the government, it is essential to...
- f What should be done to ensure that we are not left with a...
_ be true discounts...
- f How to ensure that we are not left with a...
_ the government to ensure that we are not left with a...
_ profitably compete...

Customer-Driven



franchisees are not only looking for a business opportunity, but also for a business partner.

customers to demand anticompetitive

terms

franchisees are not only looking for a business opportunity, but also for a business partner.

where customers

are large and

sophisticated

Example: GSA City Pair Airline

Contracts

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Advantages over Volume Discounts

- **Customer loyalty** – “I’ll buy from you because you’re better than the others.”

■ **Customer retention** – “I’ll buy from you because you’re better than the others.”

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Presumptively true discounts

- **f** **Key test:** the overall net price is less or greater than the overall net price that would be available to a competitor at the same level of volume and quality.
- **f** **Problem:** A monopolist exceeds a monopoly profit-maximizing price either at a **per se** price or monopoly price and a **rule of reason** restriction.
- **f** **Implications:**
 - **per se** exclusionary is **not** to be treated as with the **rule of reason**
 - **if** exclusionary, look for evidence of recoupment
 - **foreclosure** requires **profit sacrifice**

Prove Foreclosure, Don't Assume It

foreclosure is not foreclosed. These

involving the value of the property, a profitably sale is required.

Other... of... code.

In... condition... consequence is...

...

Unstructured Rule of Reason



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