Chapter 16 Sample Questions

Two equal sized newspapers have overlap circulation of 10% (10% of the subscribers subscribe to both newspapers.) Advertisers are willing to pay $10 to advertise in one newspaper but only $19 to advertise in both, because they're willing to pay twice to reach the same subscriber. What's the likely bargaining negotiation outcome if the advertisers bargain by telling each newspaper that they're going to reach agreement with the other newspaper, so the gains to reaching agreement are only $9? Suppose the two newspaper merge. What is the likely post-,merger bargaining outcome?