

First-Degree Price Discrimination

- Suppose you can personalize prices
- Charge each consumer exactly what she's willing to pay
- Examples?

- Efficient?
- Reality-induced constraints (Coke, Amazon)

Second Degree Price Discrimination

- Charging different prices per unit for different quantities
- Examples?
- Illustration:

Example of 2nd Deg. PD

- Demand: $P=20-2Q$, $MC=0$
- Compare single price with 2 prices

“Third Degree Price Discrimination”

- Suppose you can divide your customers into two groups, with distinct demand curves
- Examples?
- Diagram

Intertemporal Price Discrimination

- Demand curve changes over time
 - Note: demand not additive across time groups, as it was across groups in 3rd deg.
- Examples?