A large Spanish publishing company, “El Globo S.A.” is planning to expand its worldwide operations by buying dailies in Portugal and in a number of Latin American countries.

The CEO, Dr. Dario Ruis-Lopez, has decided that before embarking on this project, the company should have a better understanding of the way in which successful newspapers operate around the world.

Your consulting firm, ACE & Assoc., has been hired by “El Globo,” to prepare an evaluation of the Los Angeles Times’ operations. Dr. Ruis-Lopez has looked at the historical evolution of the Times pricing strategy. In particular, he has concentrated on the pricing strategy followed by the Times during 1999. His financial advisor has provided him with the following information for that year:

1. Daily circulation was 1,095,000 copies
2. Sunday circulation was 1,387,300 copies
3. Daily stand price was $0.25
4. Sunday stand price was $1.5
5. Daily subscription price was $0.60
6. Sunday subscription price was $2.0
7. Daily issues had an average of 120 pages
8. Sunday issues had an average of 420 pages

Your team should prepare a short presentation dealing with the following issues:

1. What is the (apparent) pricing strategy followed by the paper.
2. Is there any justification for charging (at the stand) 6 times more on Sundays than on weekdays?
3. Why is this ratio only 3.3 times for subscriptions?
4. Why is the ratio of subscription to stand prices higher on weekdays (2.4 times), than on Sundays (1.33 times)?
5. Why doesn’t the Times charge a different price on Saturdays?
6. Why do you think that the Times increased the daily price to $0.50?

Your presentation should make extensive use of graphs, and should draw (if pertinent) on data for other major newspapers.

Your team will be asked to make a 10-15 minutes presentation.