MERGER ANTITRUST LAW

LAW 1469
Georgetown University Law Center
Fall 2025

Tuesdays and Thursdays, 3:30 pm – 5:30 pm
Dale Collins
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CLASS 7 WRITTEN ASSIGNMENT

Instructions

Submit by email by 3:30 pm on Tuesday, September 16
Send to wdc30@georgetown.edu
Subject line: Merger Antitrust Law: Assignment for Class 7

Solve these unilateral effects problems (preferably using a spreadsheet). Show your work.[1]

Problem 1. Two companies selling competing candy bars—CrispBite and CocoaSnap—plan to merge. Before the merger, each bar sells for $3.00 with $2.00 marginal cost. At the $3.00 price, CrispBite sells 800 bars per week. After the merger, the combined firm considers raising CrispBite's price by $0.15 to $3.15 while keeping CocoaSnap's price at $3.00. The price increase is expected to reduce CrispBite's sales by 120 bars per week; of those lost sales, 42 divert to CocoaSnap and 78 are lost to other products or not purchased. Does the merged firm have a profit-maximizing incentive to implement the contemplated price increase in CrispBite's price?

Problem 2. Two companies selling competing energy drinks—VoltRush and Turbocharge—plan to merge. Before the merger, each can sells for $4.00 with $2.00 marginal cost. At the $4.00 price, VoltRush sells 900 cans per day. After the merger, the combined firm considers raising VoltRush's price by 10% to $4.40 while keeping Turbocharge's price at $4.00. The increase is expected to reduce VoltRush's sales by 180 cans per day; of those lost sales, 60 divert to Turbocharge and 120 are lost to other products or not purchased. Does the merged firm have a profit-maximizing incentive to implement the contemplated price increase in VoltRush's price?

Problem 3. The manufacturer of ReliefMax A propsed to acquire its rival allergy-tablet AllerSure. Before the acquisition, ReliefMax sells a 24-tablet box for $12.00 with $7.00 marginal cost, while AllerSure sells a comparable box for $11.50 with $7.50 marginal cost. At the $12.00 price, ReliefMax sells 1,200 boxes per week. After the merger, the combined firm considers raising ReliefMax's price by $1.00 (to $13.00) while keeping AllerSure's price at $11.50. The increase is expected to reduce ReliefMax's sales by 240 boxes per week; of those lost sales, 84 divert to AllerSure and 156 are lost to other products or not purchased. Does the merged firm have a profit-maximizing incentive to implement this cntemplated increase in ReliefMax's price?

Problem 4. Two merging full-service sporting goods stores, PeakPro Sports and MetroAthletics, are located on opposite corners of the same intersection. Before the merger, PeakPro Sports sells

[1] If you do the calculations by pencil and paper, send me a phot of your work.

an average customer “basket” for $180 with $140 marginal cost, while MetroAthletics sells an average basket for $200 with a $170 marginal cost. After the merger, the combined firm contemplates raising PeakPro’s basket price by $10 to $190 while keeping MetroAthletics’s price at $200. For every 1,200 baskets PeakPro sells at the original price, the $10 increase is expected to reduce its sales by 300; of these lost baskets, 90 divert to MetroAthletics and 210 are lost to other stores in the retail district or foregone. Does the merged firm have a profit-maximizing incentive to implement the contemplated price increase in PeakPro’s price?

Problem 5. BurgerHub, a quick service restaurant, proposes to acquire GrillBox, a rival located down the street. Before the merger, BurgerHub’s average order price is $12 with a marginal cost of $7, while GrillBox’s average order price is $13 with a marginal cost of $10. After the merger, the combined firm considers raising BurgerHub’s price by $1 (to $13) while keeping GrillBox’s price at $13. At the original prices, BurgerHub sells 1,500 orders per week. The $1 increase is expected to reduce BurgerHub’s weekly sales by 300 orders; absent capacity constraints at GrillBox, 150 of those orders would divert to GrillBox and 150 would be lost to other restaurants or foregone. However, GrillBox can absorb at most 90 additional orders per week at current staffing; any further diverted orders are lost to outside options. If the merged firm expands GrillBox’s capacity so it can accommodate all 150 diverted orders, it would incur $100 per week in additional labor and operating costs. Does the merged firm have a profit-maximizing incentive to raise BurgerHub’s price (i) without expanding GrillBox’s capacity and (ii) after expanding capacity?