

**First Economic Naturalist Writing Assignment**  
Compiled Abstracts

## 1 Anum Afzal

Why are people more likely to **drive** across town to avail a \$25 **discount** on a \$100 cell phone and not a \$25 discount on a \$1000 television? Explained in terms of respective price elasticities and marginal utility of saving money on purchases of expensive and cheap goods.

## 2 Nina Adam

Why do consumers buy **expensive bottled water** as opposed to getting water from the tap? Consumers accept the high cost of bottled water under the impression that it is a healthier alternative to tap water, therefor contributing to the level of “happiness.” Researching bottled as opposed to tap water is seen as too costly by the consumer, therefor the rule of perfect information on this particular market is broken.

## 3 Natthacha Assawachananont

Stanford makes **undergraduate** students pay for **class tuition** per quarter while **graduate students** pay by units, possibly, because Stanford encourages undergraduate students tries to make undergraduate students consume (take) more classes and use price-discrimination in favor for graduate students.

## 4 Nicholas Baldo

Any avid runner knows that most weekend **road races** are usually run for **charity**, whereas races on the trails or the track are not. I propose that road races are more of a substitutable commodity (with higher price elasticity of demand) to runners, and that charity adds an extra element of differentiation unnecessary in track and trail races. Furthermore, and more importantly, charity races can more easily recruit a volunteer labor force, which lowers costs proportionately more in the road race setting, where more labor is required to block traffic and direct runners.

## 5 Erik Blumenkranz

For my assignment, I decided to write about the different prices that **rental car companies** charge at their **airport** and non-airport locations. They take advantage of the fact that it is much easier for travelers to rent at the airport and charge much higher prices. This doesn't explain why other rental companies don't enter the market offering lower prices though, and my answer to that is that they can't for reasons related to game theory.

## 6 Matei Dăian

Economically speaking, do we really have a freedom of choice here at **Stanford**? **Monopolies** are a fact of our everyday life, and it is hard to fight against them when they are supported by even more powerful organizations. The Stanford Campus Bike Shop and AT&T exercise probably the clearest cases of monopoly in a small community.

## 7 John Duhamel

One thing that I have noticed in commuting between San Francisco and Marin is that **gas is more expensive** in Marin County. In my paper, I try to explain this trend by examining consumer preferences and the locations of gas stations in both Marin and San Francisco.

## 8 Ming Guo

Why does the **search engine** like Google would not charge you? My observation is that: From the producer's view, the optimal strategy is **free of charge**; From the consumer's view, paying for an uncertainty is not preferred.

## 9 Godfred Hansen-Nord

Why is it that at any given party a guy generally hooks up with more **unattractive girls**, than attractive girls? This seems to be the typical question for a confident college guy with the good looks to ask himself the day after a party. By looking at this as a utility maximization problem, you are able to show that this holds only, when the attractive girls a relatively much more attractive than the unattractive girls.

## 10 Sarah Karp

Does it make sense to have a more open, or free, market for **transplant organs**? Currently, we have a "first come first served" policy in which thousands of people die per year simply waiting in line for a transplant surgery. If we open up the market, allowing for some control on cost, the supply of suitable organs would increase to create a more balanced supply and demand equilibrium.

## 11 Miriam Lee

Why is there a higher demand for **smaller houses** when people can buy a bigger house for the same price in a different neighborhood where there is a less demand? The quality of life offered at the town of smaller houses makes the house more appealing; therefore it is difficult for people to put a price on the perks of living in a town with much better qualities.

## 12 Vincy Li

If it is standard for **violins** to increase in value as they age due to the increasing tonal quality of the wood, why do violins valued under \$1000 generally stay the same in value or even depreciate? Instruments valued under \$1000 are usually rental instruments, which are relatively high in supply and aesthetic defects in these instruments drive down demand.

## 13 David Licon

The concept of **Comparative Advantage** goes all the way back to David Ricardo who explained it in his 1817 book On the Principles of Political Economy and Taxation. Comparative advantage is when each country or person concentrates on a particular activity that they produce best. As a result, production and economic welfare increases.

## 14 W. Benjamin Shields

The Subway **sandwich** chain charges significantly less than twice as much for a twelve-inch sandwich than a six-inch sandwich, but the cost of adding **bacon** to the larger sandwich is exactly double that of adding it to the smaller. Why does Subway have **nonlinear pricing** for sandwiches, but not for bacon? [Abstract: Luke Stein]

## 15 Stephen Ritter

**Las Vegas nightclubs** have the surprising practice of shutting down expensive **bottle-service** lounges earlier than **dance floors**. This is profit-maximizing since different types of customers patronize these club services; lounges are substitutes to the casinos' core gambling business, while dance clubs are complements. [Abstract: Luke Stein]

## 16 Stephen Sun

**Supermarkets** operate in an undifferentiated product market with high overhead. We will discuss ways in which supermarkets can use a complex scheme of discount offers to increase profitability. In particular, by changing prices regularly, supermarkets can shelter themselves from price competition.

## 17 Harrison Ward

Why do next generation **video games** (XBOX, PS3, Wii) normally cost more than three times as much as DVD and BlueRay **movies** even though the cost of producing the actual product (DVD and Packaging) is very similar? The only difference between a DVD and a video game is the content on the disc inside the package, so why do new release video games usually cost around \$60 while DVDs are normally priced at \$20? The price discrepancy between these two very similar entertainment products stems from a number significant factors relating to both the markets in which these products are sold and the consumers who participate in them with the most influential factors including market exclusion, diverse willingness to pay, different variable costs, and availability of close substitutes.