

## **Final, 106T, Lec 2: The Huffington Post**

8-11am, Tues, 6<sup>th</sup> December 2011

### **Instructions:**

- You are allowed to bring in 10 single-sided pages of notes, and calculators.
- You can write on both sides of the paper, as needed.
- When answering, suppose you are an economic consultant hired by The Huffington Post to advise them on their business. They are not economists, so make sure to explain all terminology.
- I advise you to first scan the questions, read the case thoroughly (with notes), and then answer the questions.

### **Shorter Questions [5 points each = 35 points]**

**Question A:** Why are aggregators gaining popularity at the expense of online newspapers?

**Question B:** We can think of HuffPost as a platform. What are the sides of the platform?

**Question C:** How did HuffPost mobilize?

**Question D:** The New York Times (NYT) recently put up a pay wall. You can get 20 articles per month for free. To subscribe the prices are \$15 for online and smartphone access, \$20 for online and tablet access, and \$35 for all three types of access. Explain the logic behind this pricing scheme.

**Question E:** How can HuffPost guarantee its bloggers provide accurate and interesting information?

**Question F:** In 2008, HuffPost switched from selling ad space via an ad network to selling directly in house. Using case data, what were the immediate financial effects from this decision? Are there any other costs/benefits of going in house?

**Question G:** After the case was written, AOL bought HuffPost. Why might they do this?

## Longer Questions [65 points]

**Question 1 [20 points]:** Do a “six forces” analysis of HuffPost.

**Question 2 [20 points]:** What is HuffPost's competitive advantage? Is it sustainable?

**Question 3 [25 points]:** In December 2008, HuffPost was valued at \$125m by Oak Investment Partners. Using case data, what revenue growth is required to justify this valuation? What are the possible ways to achieve revenue growth?