

P1.

(1) All-units discount

$$\lambda = 500, C_0 = 1490, C_1 = 1220, C_2 = 1100, K = 2250, i = \frac{0.25}{365}$$

$$g_j(Q) = C_j \cdot \lambda + \frac{K \cdot \lambda}{Q} + i \cdot C_j \cdot Q$$

$$Q_1^* = 1484.8, Q_2^* = 1640.9, Q_3^* = 1728.1$$

Only Q_3^* is feasible. So we calculate $g(1200), g(Q_3^*), g(2400)$ to find the optimal sol.

$$g(Q_1(1200)) = 746549.8$$

$$g(1640.9) = 611371.2$$

$$g(Q_3(2400)) = 551372.9$$

Therefore, $Q = 2400$ is the optimal amount, and $g(Q) = 551372.9$

(2) Incremental Discount

$$\bar{C}_1 = C_0(b_1 - b_0) - C_1 b_1 = 324000$$

$$\bar{C}_2 = C_0(b_1 - b_0) + C_1(b_2 - b_1) - C_2 b_2 = 612000$$

$$Q_1^* = \sqrt{\frac{2 \cdot (2250 + 0) \cdot 500}{0.25/365 \cdot 1490}} = 1484.8$$

$$Q_2^* = \sqrt{\frac{2 \cdot (2250 + 324000) \cdot 500}{0.25/365 \cdot 1220}} = 19759.3$$

$$Q_3^* = \sqrt{\frac{2 \cdot (2250 + 612000) \cdot 500}{0.25/365 \cdot 1100}} = 28553.1$$

Only Q_3^* is feasible. We calculate $g(1200), g(2400), g(Q_3^*)$

$$g(1200) = 746549.8$$

$$g(2400) = 679082.4$$

$$g(28553.1) = 571722.2$$

$\Rightarrow Q = 28553.1$ is the optimal solution. $g(Q) = 571722.2$