# Example 3

Q

|  | sell well (Hit) | sell poorly (Bomb) |
|---|---|---|
| large run | $ 600,000 | − $ 600,000 |
| small run | $ 100,000 | $ 100,000 |

$P(well) = 0.3$

Solution
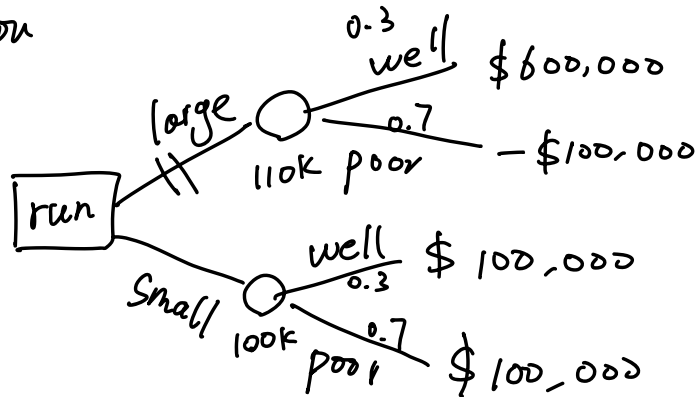


$0.3 \times 600\,000 - 0.7 \times 100\,000 = 180,000 - 70,000 = 110,000$

$0.3 \times 100\,000 + 0.7 \times 100,000 = 100,000$

110 k > 100 k.

choice large run