

1st









100th

Supply(cost)

100th unit
costs \$10 to
produce





\$10





\$1

The 1st unit is
worth \$10 to
consumer

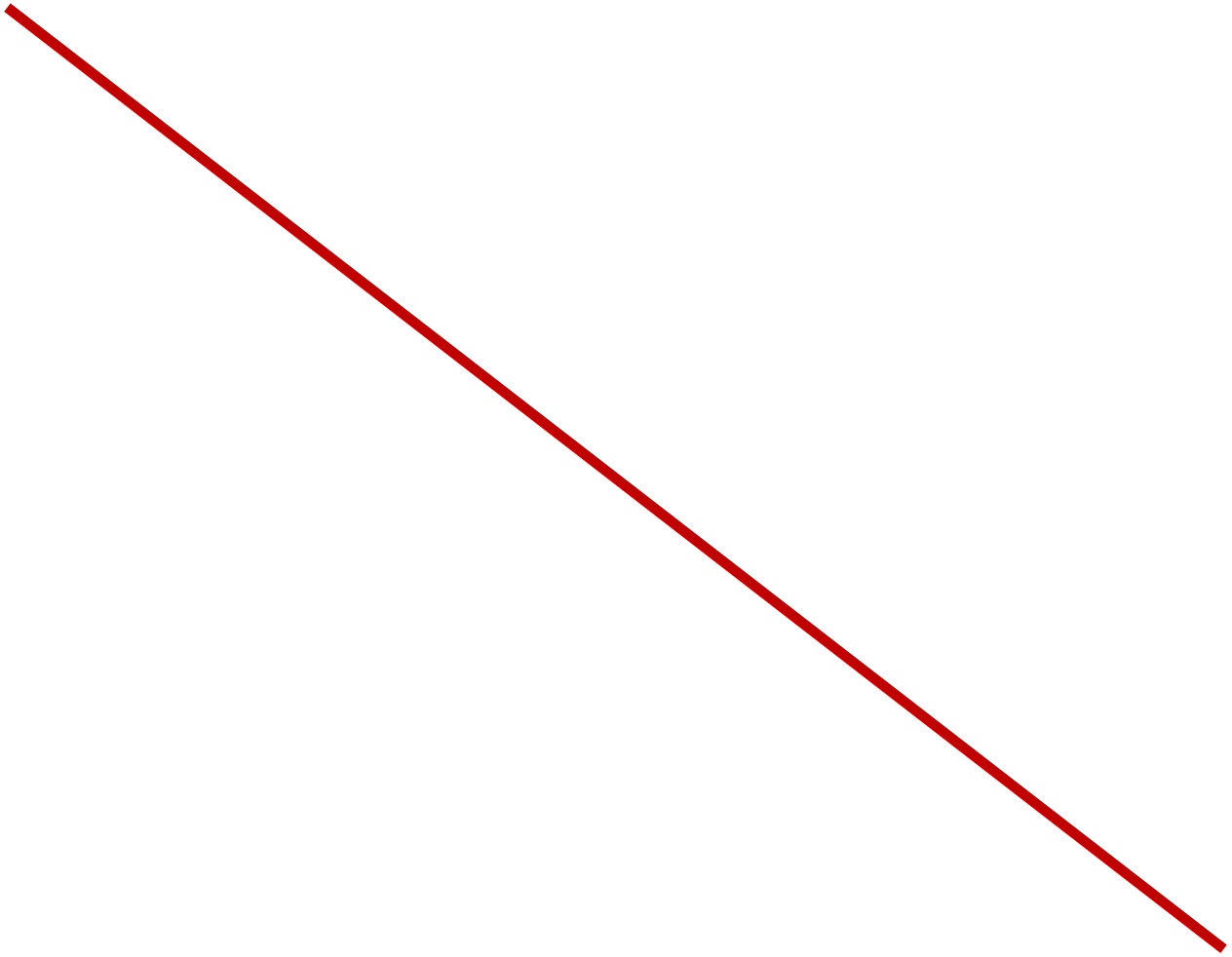
Demand (Value
to consumer)

100th unit is
worth \$1 to
consumer

How many many units should be produced?







The Optimum Output Level

Unit 1 should
be produced


Unit 100th
should **NOT**
be produced

The 1st unit
costs \$1 to
produce







A large, white speech bubble with a black outline and a soft grey drop shadow. It has two pointed tails extending to the right. Inside the bubble, the text "Consumers are willing to pay enough to cover the cost" is written in a black, sans-serif font, centered and arranged in three lines.

Consumers are
willing to pay enough
to cover the cost



Consumers
are **NOT** willing to
pay enough to cover
the cost



\$10

\$1

The Optimum Output Level

