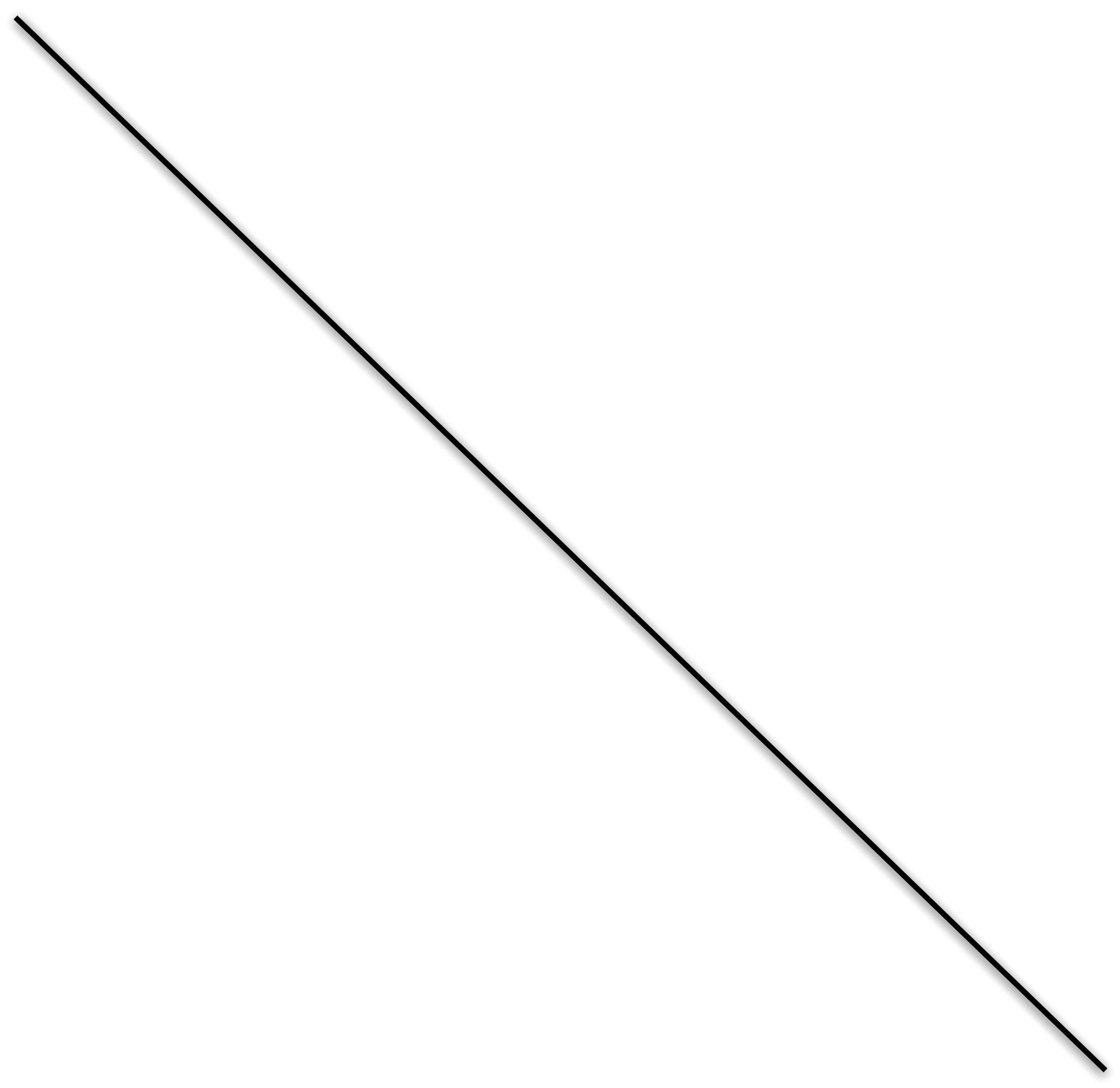
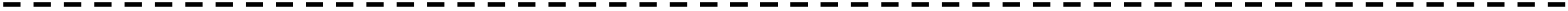




Do not change price when  
Demand is Unit elastic





50

45

40

35















30

25



20

15

10

5





2



















4



6

8

10

12

14

16

18

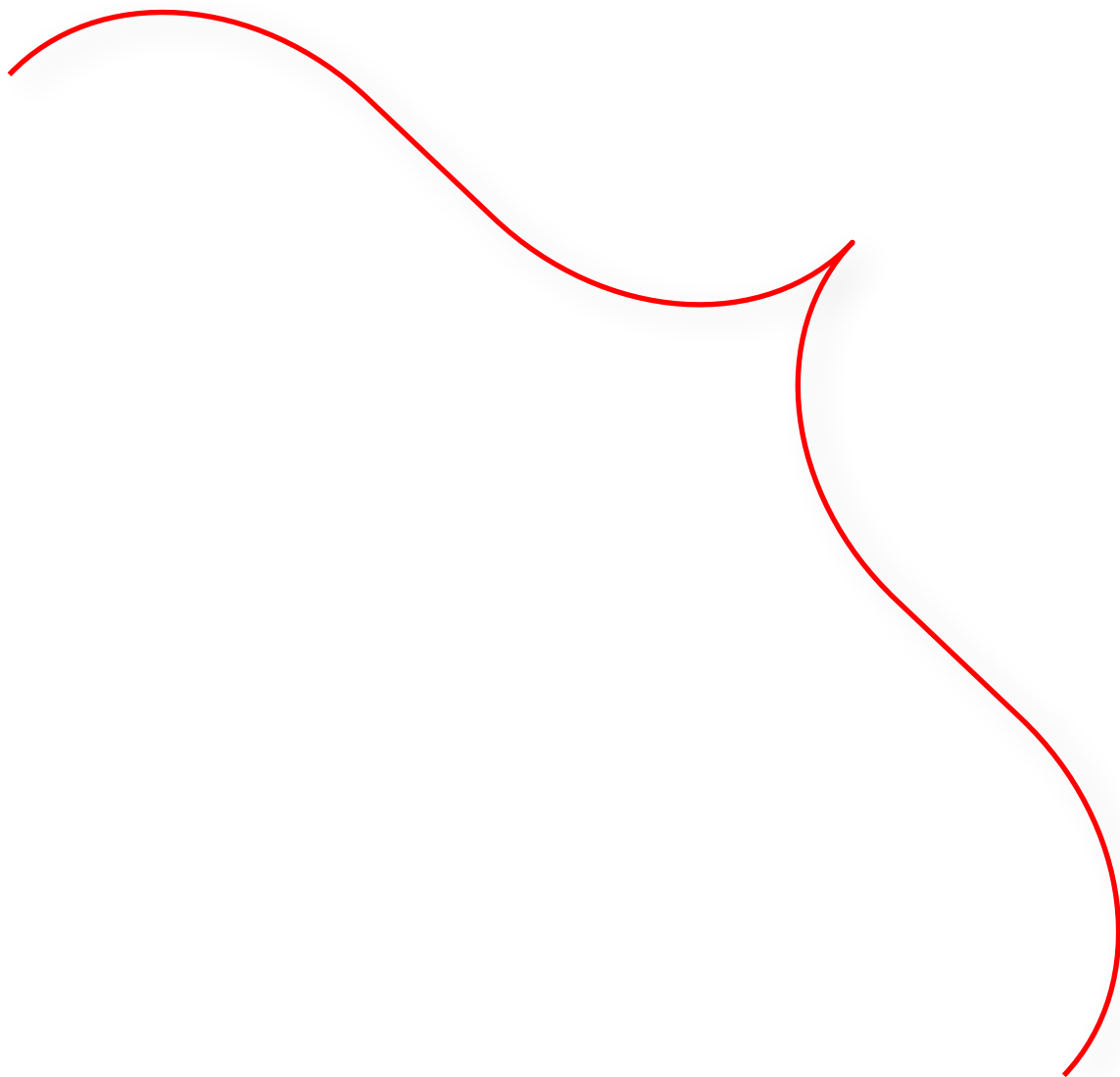
20



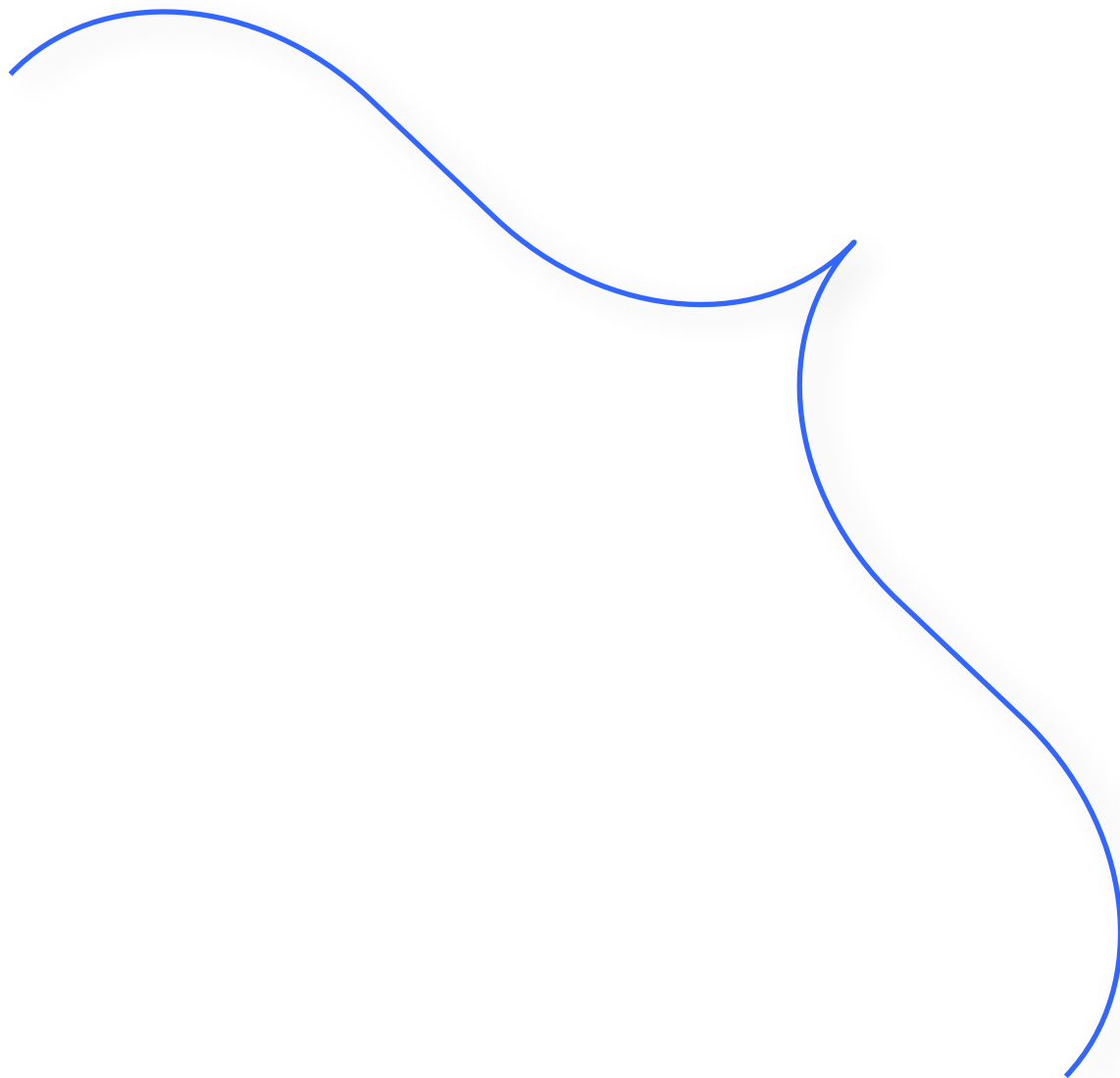




Max TR always occurs at the Midpoint



TRIOVER



TRIOVER

**P=10**

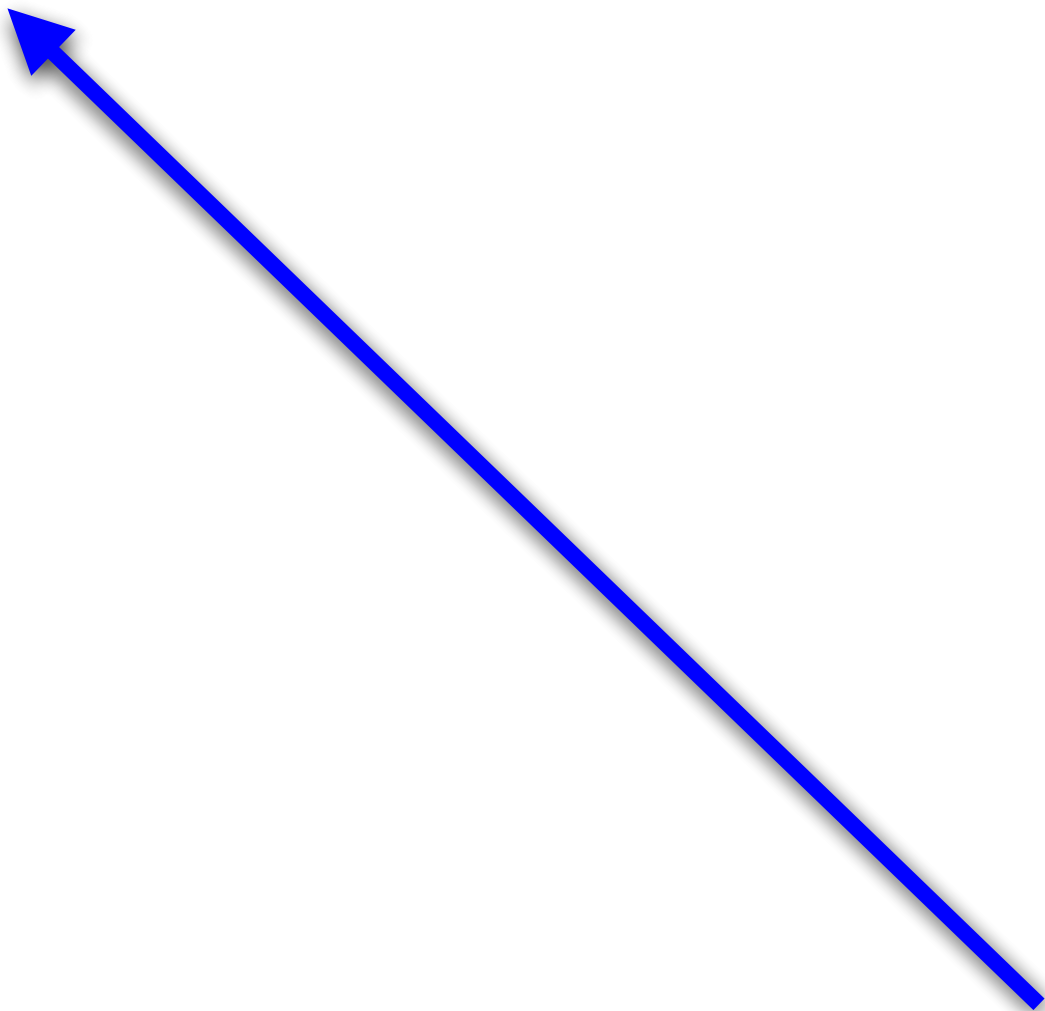


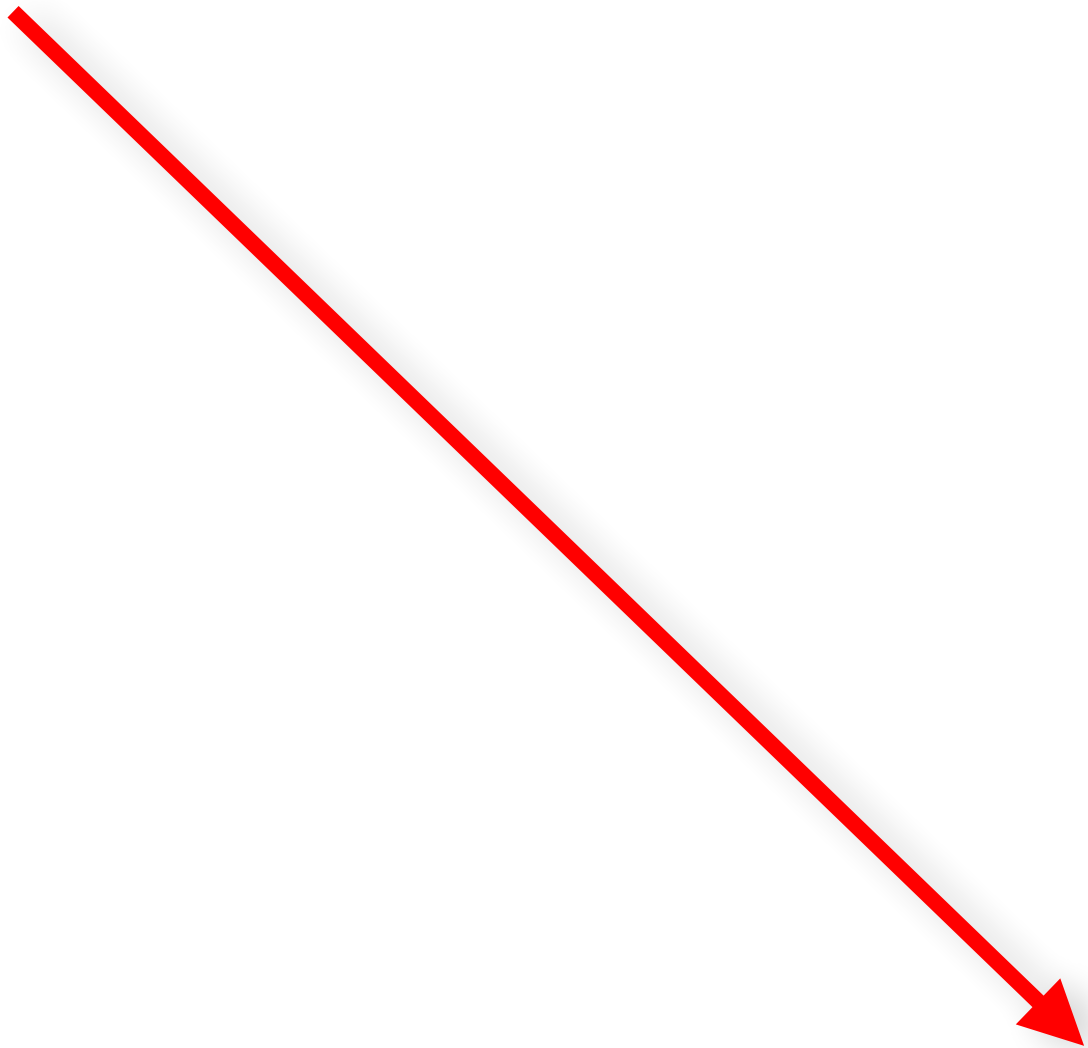
$$Q_d = 25$$

To increase Revenue:

Increase Price

Decrease Price





# When Demand is Elastic

**Total Revenue = Price x Quantity**



90=

18x

5

160

=16x10

210

= 14x15

240

=12x20

# When Demand is Inelastic

250

$= 10 \times 25$

240

$$= 8 \times 30$$

210

$$= 6 \times 35$$



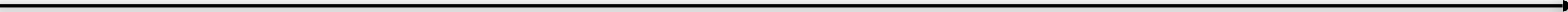
160

=4x40

$$2 \times 45 = 90$$

250

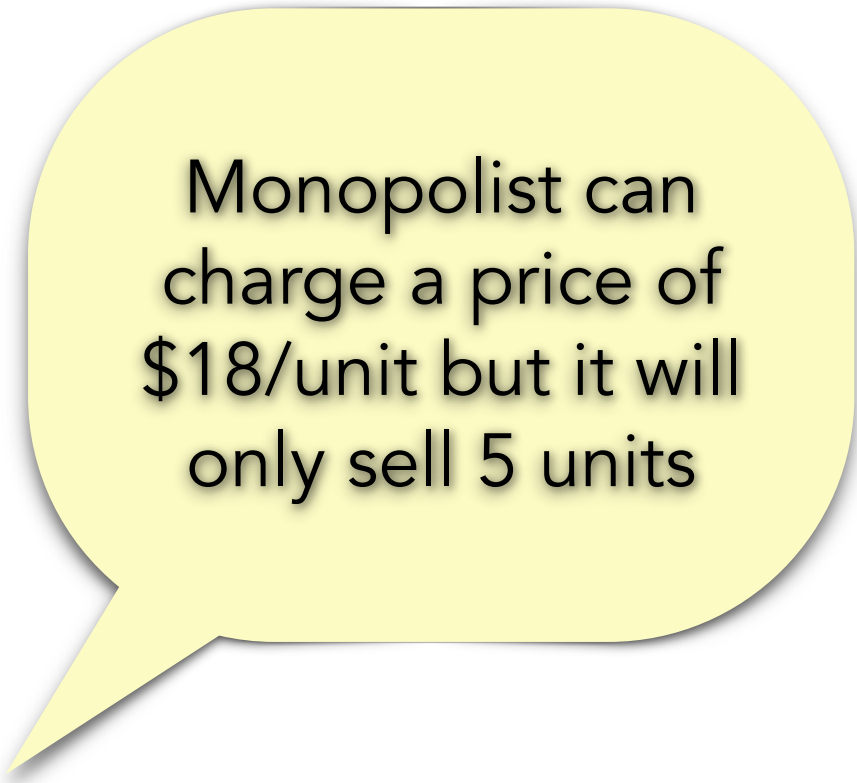
Maximum Total  
Revenue





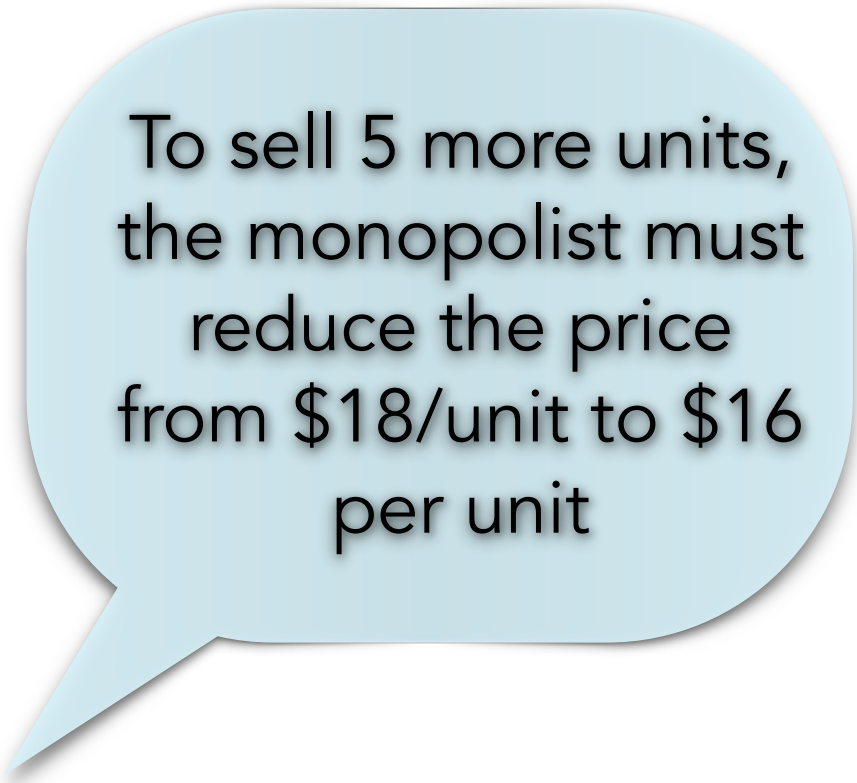
**Prices**

Quantity

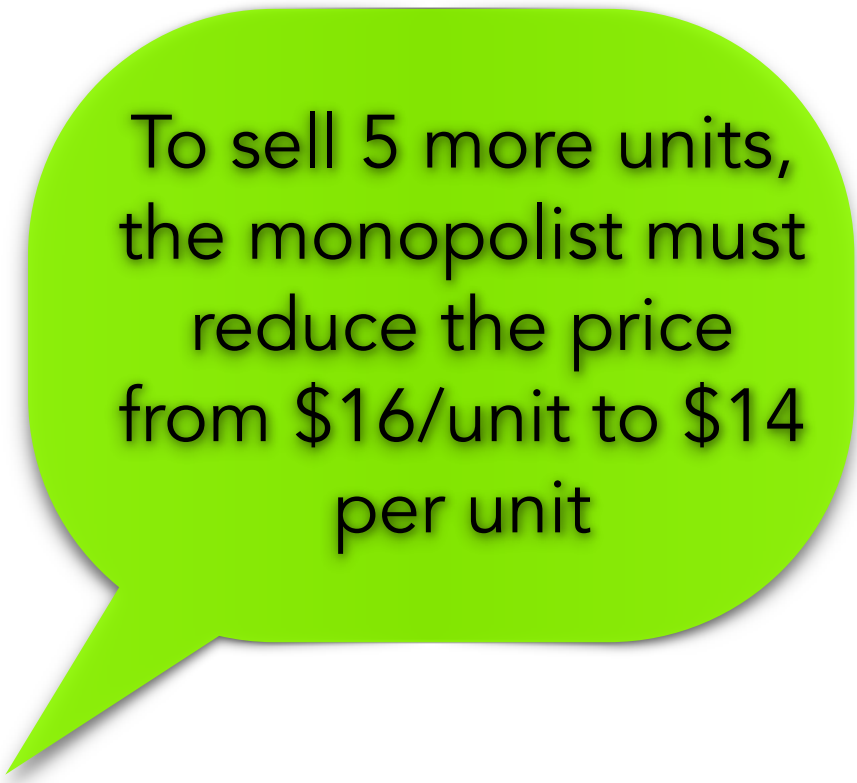


Monopolist can  
charge a price of  
\$18/unit but it will  
only sell 5 units

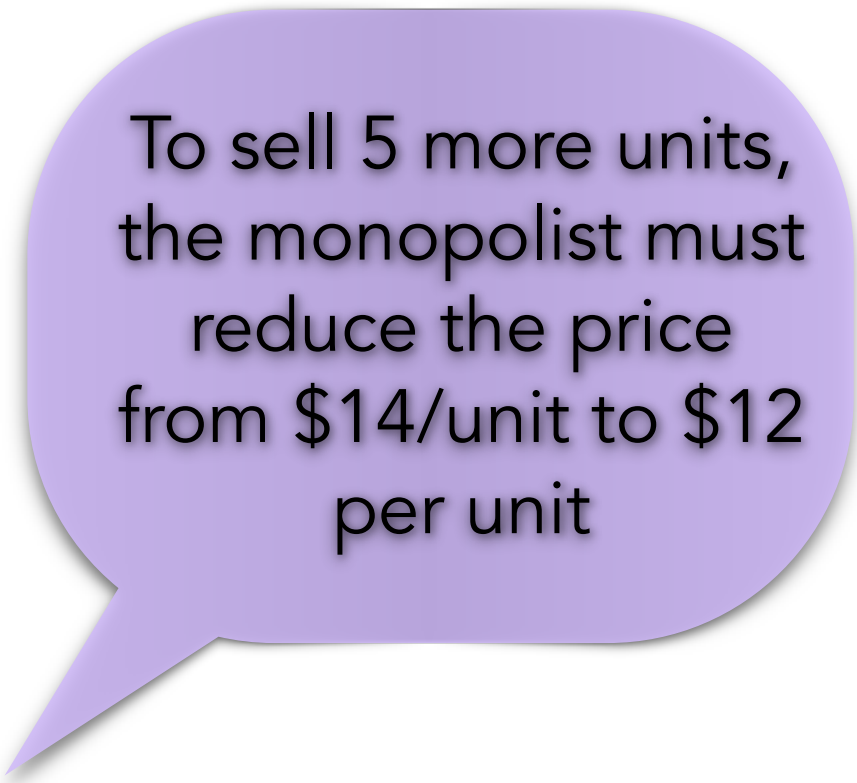




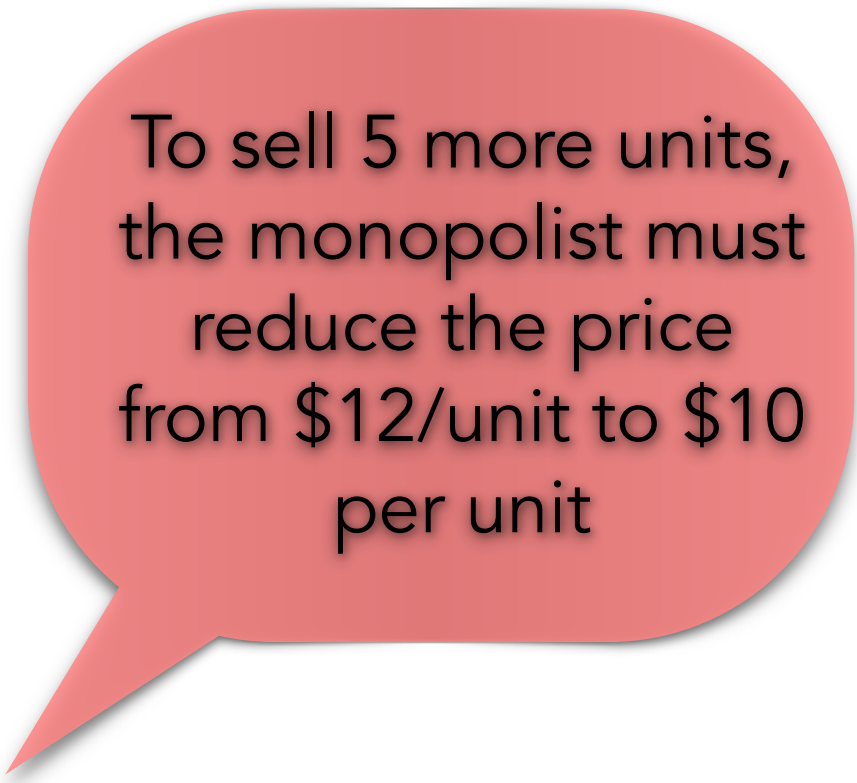
To sell 5 more units,  
the monopolist must  
reduce the price  
from \$18/unit to \$16  
per unit



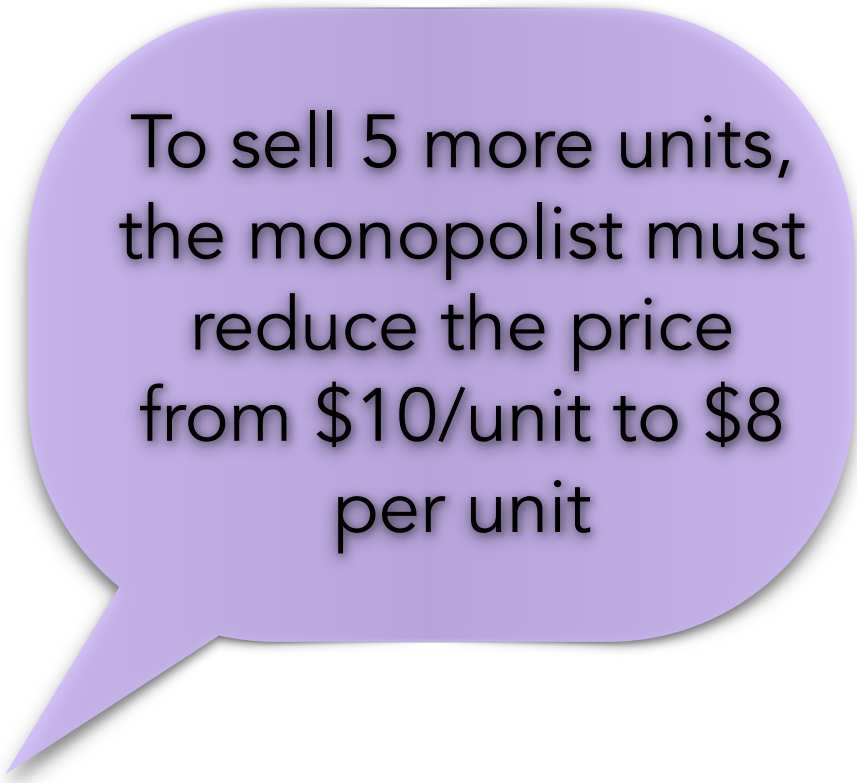
To sell 5 more units,  
the monopolist must  
reduce the price  
from \$16/unit to \$14  
per unit



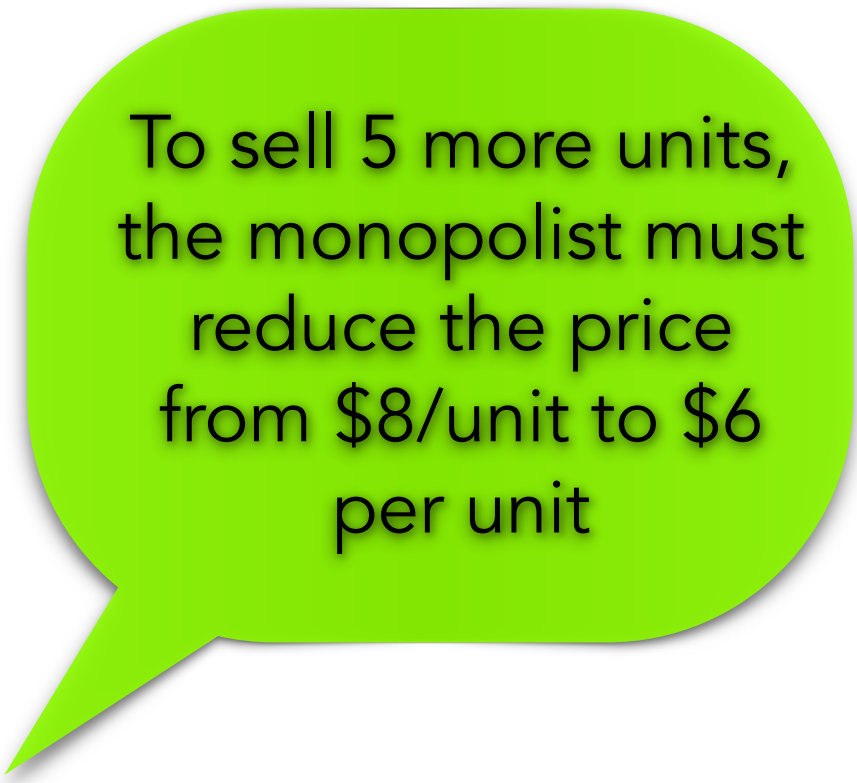
To sell 5 more units,  
the monopolist must  
reduce the price  
from \$14/unit to \$12  
per unit



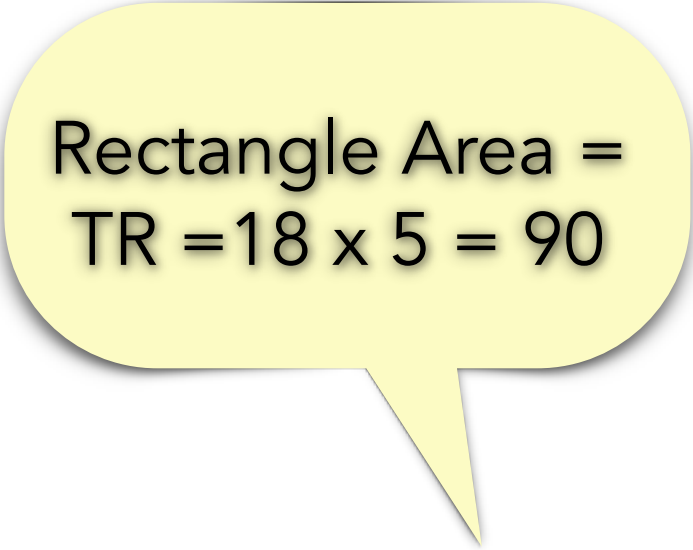
To sell 5 more units,  
the monopolist must  
reduce the price  
from \$12/unit to \$10  
per unit



To sell 5 more units,  
the monopolist must  
reduce the price  
from \$10/unit to \$8  
per unit



To sell 5 more units,  
the monopolist must  
reduce the price  
from \$8/unit to \$6  
per unit



Rectangle Area =  
 $TR = 18 \times 5 = 90$

