$\rightarrow$ Related Goods:

Eg: Fountain Pen, Ball point Pen.

$\rightarrow$ Complement goods:

Fountain Pen $\longleftrightarrow$ Ink

Ball point pen $\longleftrightarrow$ Refill
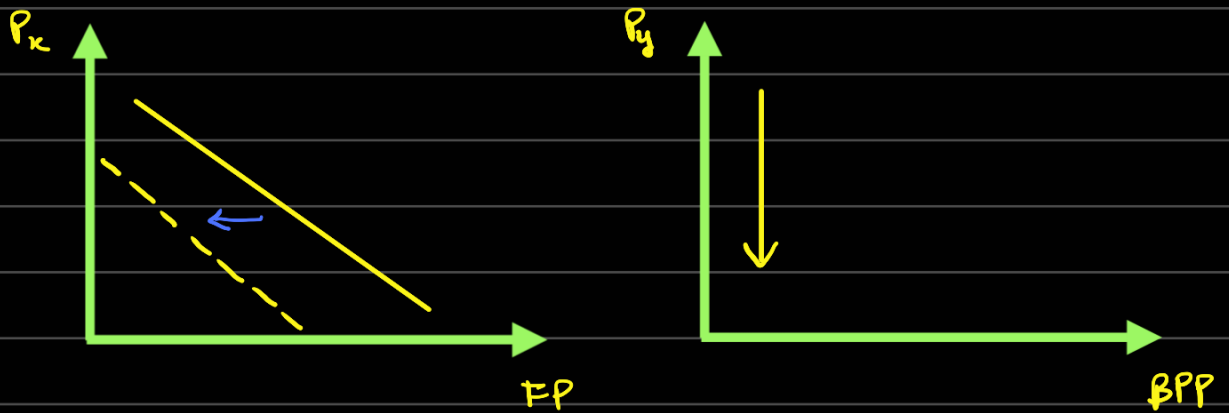
If price of these two increase, demand of PEN decreases

For related goods, price of decline of one good leads to decline of other (or vice versa), this is called gross substitute.

$\rightarrow$ Producer sets price based on market behaviour, not what customers are willing to pay.

$\rightarrow$ Profit $= PQ - C(Q)$

$\quad\quad\quad$ price $\quad\quad$ Technology $\quad\quad$ revenue

$C(Q) = wL + rK + H +$ Retained Profit

$\quad\quad\quad\quad\quad\quad\quad\quad\quad$ rent

$$\Pi_{max} = PQ - (\omega L + \imath K + H)$$

→ Supply curve:

Shifts to the right when —

- Production cost ↓
- Technology improves