Homework 2: Due on Sunday October 13 at 23:59

Consider a monopolist who faces N identical high-income customers, each with inverse demand $P_H = A - BQ$ and n identical low-income customers, each with inverse demand $P_L = a - bQ$ with $A > a > 0$. The monopolist has the following cost function: $C = cQ + F$ with $0 < c < a$.

a) Find an optimal package (Q,V) if you are allowed to offer only one package to the customers, where Q is the quantity of the package and V is the price of the package.
b) Find an optimal menu strategy, where you offer two packages to the customers.

Please submit by LumiNUS and include your name and student ID on the cover page.