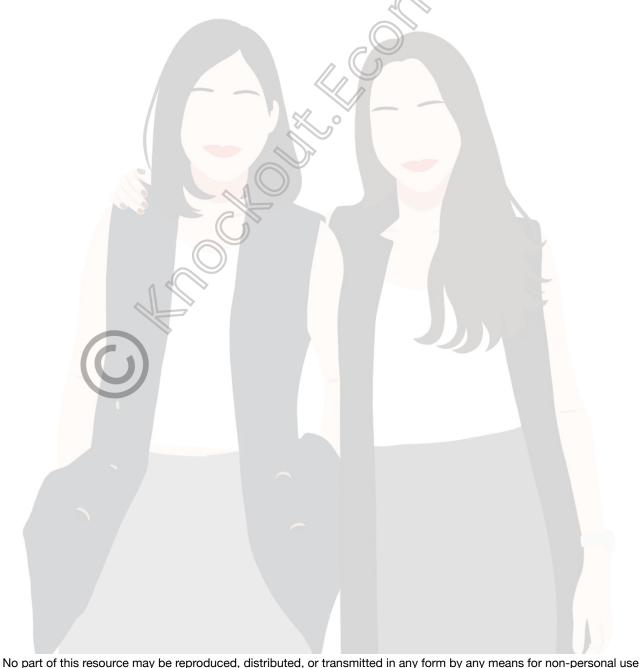
CHAPTER 4: Revenue

Key terms

- Average revenue : the average amount received per unit sold. It is equal to total revenue divided by quantity sold
- 2. Marginal revenue: the addition to total revenue from the sale of an extra unit
- Total revenue : the total money received from the sale of any given quantity of output



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- 1. Total revenue (TR): Price x Quantity
- 2. Average revenue (AR): Total revenue / Total quantity
- 3. Marginal revenue (MR): The extra revenue gained from selling an extra unit of a good

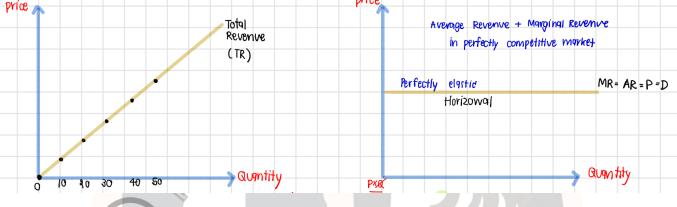
4. Diagram of total revenue / Average revenue and marginal revenue

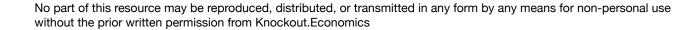
4.1 Constant price

Diagram

Quantity	Price/Unit	Total revenue	AR	MR
1	10	10	10	10
2	10	20	10	10
3	10	30	10	10
4	10	40	10	10
5	10	50	10	10

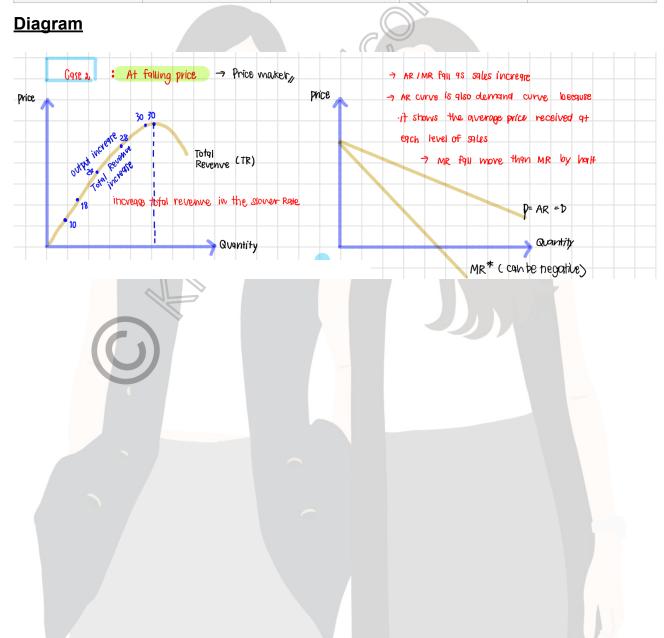






4.2 Decreasing price

Quantity	Price/Unit	Total revenue	AR	MR
1	10	10	10	10
2	9	18	9	8
3	8	24	8	6
4	7	28	7°	4
5	6	30	6	2
6	5	30	5	0
7	4	28	4	-2



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