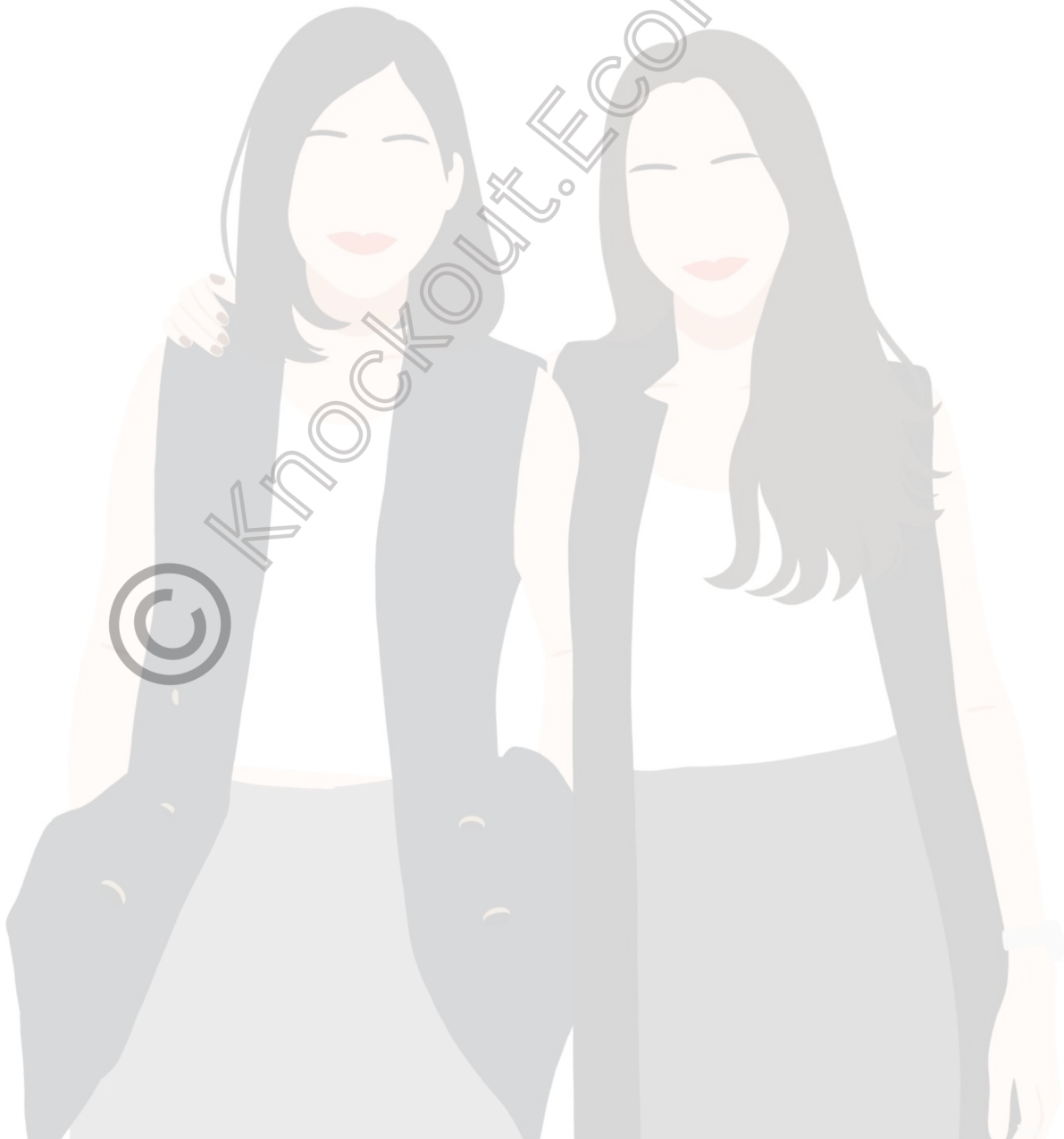


CHAPTER 4 : Revenue

Key terms

1. 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
3. Total revenue : the total money received from the sale of any given quantity of output



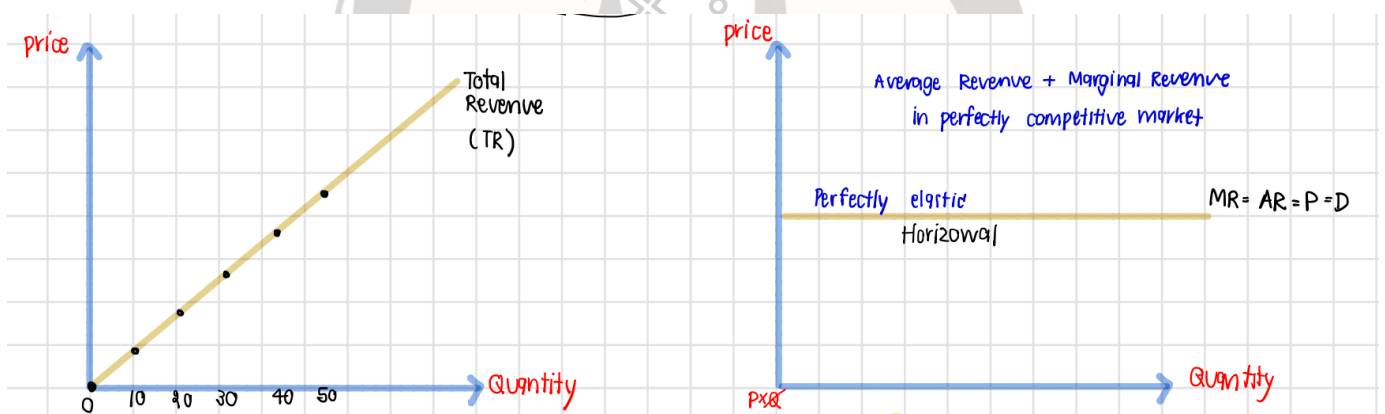
1. **Total revenue (TR)** : Price x Quantity
2. **Average revenue (AR)** : Total revenue / Total quantity
3. **Marginal revenue (MR)** : The extra revenue gained from selling an extra unit of a good

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

4.1 Constant price

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

Diagram



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

Diagram

