Question

The one-day pass average cost is $\dfrac{\$37}{1} = \$37$. The average cost per day of the two-day pass is

$\dfrac{\$42}{2} = \$21$. The marginal cost of the second day is $\$42 - \$37 = \$5$.

Sea World knows that due to diminishing marginal utility, the value of the first day's visit is high, but the second day is much lower. So in order to entice people to visit for a second day and increase Sea World revenues, the price reflects the decrease in value to individuals.

<u>Answer:</u> the average cost per day of the one-day pass is $37; the average cost per day of the two-day pass is $21; the marginal cost of the second day is $5.