

Answer on Question 81444, Economics / Microeconomics

a) How many cups will be sold if $P = \$1.50$ and $PC = \$2$?

$$Q = 200 - 50P + 30PC$$

$$Q = 200 - 50 \cdot 1.5 + 30 \cdot 2 = 185$$

b) Write down the equation for the George's demand curve for $PC = \$2$.

$$Q = 200 - 50P + 30 \cdot 2 = 200 - 50P + 60$$

$$Q = 260 - 50P$$

c) If Starbucks increases the price of their coffee to \$3, what is the effect on the George's demand curve? (hint: how far will it shift?)

$$Q = 200 - 50P + 30PC$$

$$Q = 50 + 30PC$$

At a price equal to \$3, the equation takes the above form, at a price lower the digital coefficient in the equation will be higher, that is, the curve shifts to the right / left with a decrease / increase in the price.

d) During the analysis, it is important to assess the presence of competitors - direct and indirect. Competitors can affect the number of sales.

Location and an important element of analysis at the level with the area of the premises and its quality indicators. These indicators affect not only the number of clients, but also their status.

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