Marginal Revenue and Profit

Lecture 21
Section 2.5

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Objectives

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- Use derivatives to approximate increments.
- Study marginal revenue and marginal profit.

Approximations

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Let $f(x)$ be a function. If Δx is small relative to x, then

$$\Delta f \approx f'(x)\Delta x.$$

Marginal Revenue and Profit

Definition (Marginal Revenue)

Let $R(x)$ represent the revenue received from selling x units of a commodity. The **marginal revenue** of selling x units is $R'(x)$.

Definition (Marginal Profit)

Let $P(x)$ represent the cost of producing x units of a commodity. The **marginal cost** of producing x units is $P'(x)$.

Example 2.5.1

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