**Instructions**

You are continuing to serve as a private economic consultant for Ruby Red Movie Theater in town. The theater would like to have your input concerning what prices they should charge for movie tickets and the average prices for concession stand items.

Access the Unit II Assignment Worksheet in Blackboard.

Assignment Instructions:

Complete the Unit II Assignment Worksheet. This worksheet contains a series of questions concerning your reviews of the movie ticket and concession items; be sure to answer them all and put your answers in the worksheet.

Once you have completed your worksheet, use the information you gathered there to write an essay describing your calculations, what you suggest is the equilibrium price and quantity of movie tickets and concession items for Ruby Red Movie Theater, and factors that could cause the supply and demand curves to shift. Specifically, address the information from your worksheet when writing your essay, as well as the following:

* The movie theater manager has seen a dramatic decrease in the quantity of movie tickets and concession items purchased over the last year. Indicate the following:
* two factors that might have caused the demand curve to shift to the left (decrease) for movie tickets, and
* two factors that might have changed and caused the demand for concession items to shift to the left (decrease).

Your essay must be at least two written pages, not counting the references page. Be sure to include an introduction and a title page. You are required to use at least two peer-reviewed scholarly sources. All sources used, including the textbook, must be referenced; paraphrased and quoted material must have accompanying citations. All references and citations used must be in APA Style.

**Unit II Assignment Worksheet**

This worksheet is intended to help you develop the information you will use to complete your Unit II Assignment.

**Completing only this worksheet does not constitute completion of the Unit II Assignment. You need to complete all parts of the assignment, which also include writing an essay about the information you obtain in this worksheet. You will copy and paste your essay at the end of this document where indicated, and then upload your assignment via SafeAssign.**

Instructions:

1. Complete the Unit II Worksheet.
2. Use your Unit II Worksheet responses to help you formulate your ideas for writing your essay; you are expected to expand on these questions when writing your essay.
3. Include your graphs in the areas indicated in this worksheet.
4. Copy and paste your essay in to this worksheet, then upload the entire assignment via SafeAssign.

**Part 1**

Given the quantity of total movie tickets and total concession stand items consumed in a month and the total utility derived at Ruby Red Movie Theater for each, calculate the marginal utility and the marginal utility per dollar for movie tickets and average concession stand items.

**Step 1:** Calculate marginal utility and marginal utility per dollar for movie tickets.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Quantity of TicketsConsumed | TotalUtility |  | MarginalUtility |  | Movie Ticket Price |  | Marginal Utility Per Dollar for Movie Tickets |
| 0 | 0 |  | --- |  | --- |  | --- |
|  |  |  |  |  |  |  |  |
| 200 | 150 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 400 | 275 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 600 | 375 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 800 | 450 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,000 | 500 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,200 | 525 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,400 | 525 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |

**Step 2:** Calculate marginal utility and marginal utility per dollar for concession stand items.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Quantity of Concession Stand ItemsConsumed | TotalUtility |  | MarginalUtility |  | Average ItemPrice |  | Marginal UtilityPer Dollar for Concession Items |
| 0 | 0 |  | --- |  | --- |  | --- |
|  |  |  |  |  |  |  |  |
| 400 | 200 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 800 | 375 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,200 | 525 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,600 | 650 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 2,000 | 750 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 2,400 | 825 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 2,800 | 875 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |

**Part 1 Question 1:** What quantity combination of movie tickets and concession stand items would maximize utility?

 Your Answers:

|  |  |  |
| --- | --- | --- |
|  |  | Quantity of Movie Tickets |
|  |  | Quantity of Concession Stand Items |

**Part 1 Question 2:** What is the price of movie tickets and average price of concession stand items?

 Your Answers:

|  |  |  |
| --- | --- | --- |
|  |  | Movie Ticket Price |
|  |  | Concession Stand Items Average Price |

**Part 2**

Given the quantity of total movie tickets and total concession stand items consumed in a month and the total utility derived at Ruby Red Movie Theater for the change in movie ticket prices, calculate the marginal utility and the marginal utility per dollar for movie tickets and concession stand items.

**Step 1:** Calculate marginal utility and marginal utility per dollar for movie tickets.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Quantity of TicketsConsumed | TotalUtility |  | MarginalUtility |  | Movie Ticket Price |  | Marginal Utility Per Dollar for Movie Tickets |
| 0 | 0 |  | --- |  | --- |  | --- |
|  |  |  |  |  |  |  |  |
| 200 | 150 |  |  |  | $12.00 |  |  |
|  |  |  |  |  |  |  |  |
| 400 | 275 |  |  |  | $12.00 |  |  |
|  |  |  |  |  |  |  |  |
| 600 | 375 |  |  |  | $12.00 |  |  |
|  |  |  |  |  |  |  |  |
| 800 | 450 |  |  |  | $12.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,000 | 500 |  |  |  | $12.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,200 | 525 |  |  |  | $12.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,400 | 525 |  |  |  | $12.00 |  |  |
|  |  |  |  |  |  |  |  |

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**Step 2:** Calculate marginal utility and marginal utility per dollar for concession stand items. *(Note: The information here has not changed from Part 1, Step 2.)*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Quantity of Concession Stand Items****Consumed** | **Total****Utility** |  | **Marginal****Utility** |  | **Average Item****Price** |  | **Marginal Utility****Per Dollar for Concession Items** |
| 0 | 0 |  | --- |  | --- |  | **---** |
|  |  |  |  |  |  |  |  |
| 400 | 200 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 800 | 375 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,200 | 525 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,600 | 650 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 2,000 | 750 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 2,400 | 825 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |
| 2,800 | 875 |  |  |  | $15.00 |  |  |
|  |  |  |  |  |  |  |  |

**Part 2 Question 1:** What quantity combination of movie tickets and concession stand items would maximize utility now that the price of movie tickets has changed?

 Your Answers:

|  |  |  |
| --- | --- | --- |
|  |  | Quantity of Movie Tickets |
|  |  | Quantity of Concession Stand Items |

**Part 2 Question 2:** What is the price of movie tickets?

 Your Answer:

|  |  |  |
| --- | --- | --- |
|  |  | Movie Ticket Price |

**Part 3**

Given the total quantity of movie tickets and total concession stand items consumed in a month and the total utility derived at Ruby Red Movie Theater for the change in concession stand prices, calculate the marginal utility and the marginal utility per dollar for movie tickets and concession stand items.

**Step 1:** Calculate marginal utility and marginal utility per dollar for movie tickets. *(Note: The information here is the same as in Part 1, Step 1.)*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  Quantity of TicketsConsumed | TotalUtility |  | MarginalUtility |  | Movie Ticket Price |  | Marginal Utility Per Dollar for Movie Tickets |
| 0 | 0 |  | --- |  | --- |  | --- |
|  |  |  |  |  |  |  |  |
| 200 | 150 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 400 | 275 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 600 | 375 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 800 | 450 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,000 | 500 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,200 | 525 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,400 | 525 |  |  |  | $10.00 |  |  |
|  |  |  |  |  |  |  |  |

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**Step 2:** Calculate marginal utility and marginal utility per dollar for concession stand items.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Quantity of Concession Stand Items****Consumed** | **Total****Utility** |  | **Marginal****Utility** |  | **Average Item****Price** |  | **Marginal Utility****Per Dollar for Concession Items** |
| 0 | 0 |  | --- |  | --- |  | --- |
|  |  |  |  |  |  |  |  |
| 400 | 200 |  |  |  | $20.00 |  |  |
|  |  |  |  |  |  |  |  |
| 800 | 375 |  |  |  | $20.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,200 | 525 |  |  |  | $20.00 |  |  |
|  |  |  |  |  |  |  |  |
| 1,600 | 650 |  |  |  | $20.00 |  |  |
|  |  |  |  |  |  |  |  |
| 2,000 | 750 |  |  |  | $20.00 |  |  |
|  |  |  |  |  |  |  |  |
| 2,400 | 825 |  |  |  | $20.00 |  |  |
|  |  |  |  |  |  |  |  |
| 2,800 | 875 |  |  |  | $20.00 |  |  |
|  |  |  |  |  |  |  |  |

**Part 3 Question 1:** What quantity combination of movie tickets and concession stand items would maximize utility now that the average price of concession items has changed?

 Your Answers:

|  |  |  |
| --- | --- | --- |
|  |  | Quantity of Movie Tickets |
|  |  | Quantity of Concession Stand Items |

**Part 3 Question 2:** What is the average price concession stand items?

 Your Answer:

|  |  |  |
| --- | --- | --- |
|  |  | Concession Stand Items Average Price |

**Part 4**

Answer the following from the calculations you made above:

**Step 1:** In regard to movie tickets, report the price and quantity you calculated in Questions 1 and 2 from Parts 1 and 2.

|  |  |
| --- | --- |
|  | **Movie Tickets** |
|  | Price |  | Quantity |
| Part 1: Question 1 and Question 2 |  |  |  |
| Part 2: Question 1 and Question 2 |  |  |  |
|  |  |  |  |
|  |  |  |  |

**Task:** Graph the demand curve for movie tickets from the information above. Provide a copy of your graph in the box below. You can use a computer program such as Microsoft Excel or even draw the demand curve for movie tickets by hand, then take a clear, easy-to-read photo of it and insert it. Be sure to resize your graph or photo so that it completely fits in the box.

|  |
| --- |
|  |

**Step 2:** In regard to concession stand items, report the price and quantity you calculated in Questions 1 and 2 from Parts 1 and 2.

|  |  |
| --- | --- |
|  | **Concession Stand Items** |
|  | Average Price |  | Quantity |
| Part 1: Question 1 and Question 2 |  |  |  |
| Part 2: Question 1 and Question 2 |  |  |  |
|  |  |  |  |

**Task:** Graph the demand curve for concession stand items from the information above. Provide a copy of your graph in the area below. You can use a computer program such as Microsoft Excel or even draw the demand curve for concession stand items by hand, then take a clear, easy-to-read photo of it and insert it. Be sure to resize your graph or photo so that it completely fits in the box.

|  |
| --- |
|  |

**Part 5**

Given the price and quantity information below, graph the supply curve for movie tickets and concession stand items on separate graphs.

**Step 1:** Graph the supply of movie tickets given the prices and quantities supplied below.

Movie Ticket Prices and Quantity Supplied

|  |  |  |
| --- | --- | --- |
| Movie Ticket Price |  | Quantity Supplied of Movie Tickets |
| $2 |  | 1,800 |
| $3 |  | 1,800 |
| $4 |  | 1,800 |
| $5 |  | 1,800 |
| $6 |  | 1,800 |
| $7 |  | 1,800 |
| $8 |  | 1,800 |
| $9 |  | 1,800 |
| $10 |  | 1,800 |
| $11 |  | 1,800 |
| $12 |  | 1,800 |
| $13 |  | 1,800 |
| $14 |  | 1,800 |
| $15 |  | 1,800 |

**Insert graph here:** To create your graph, you can use a computer program such as Microsoft Excel or even draw the demand curve for movie tickets by hand, then take a clear, easy-to-read photo of it and insert it. Be sure to resize your graph or photo so that it completely fits in the box.

|  |
| --- |
|  |

**Part 5 Question 1:** Why is the quantity supplied of movie tickets the same regardless of the price of movie tickets? Enter your response in the box below.

|  |
| --- |
|  |

**Step 2:** Graph the supply of concession stand items given the prices and quantities supplied below.

Concession Stand Item Prices and Quantity Supplied

|  |  |  |
| --- | --- | --- |
| Average Concession Stand Price |  | Quantity Supplied of Concession Stand Items |
| $1 |  | 500 |
| $2 |  | 700 |
| $3 |  | 900 |
| $4 |  | 1,100 |
| $5 |  | 1,300 |
| $6 |  | 1,500 |
| $7 |  | 1,700 |
| $8 |  | 1,900 |
| $9 |  | 2,100 |
| $10 |  | 2,300 |
| $11 |  | 2,500 |
| $12 |  | 2,700 |
| $13 |  | 2,900 |

**Draw or insert graph here:** (Make sure your graph fits entirely in the box.)

|  |
| --- |
|  |

**Part 6**

Graph the supply and demand for movie tickets and concession stand items.

**Step 1:** Graph the supply and demand for movie tickets on one graph.

**Draw or insert graph here:** (Make sure your graph fits entirely in the box.)

|  |
| --- |
|  |

**Step 2:** Estimate the equilibrium price and quantity for movie tickets:

 Equilibrium Price: ­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Equilibrium Quantity: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Step 3:** Graph the supply and demand for concession stand items on one graph.

**Draw or insert graph here:** (Make sure your graph fits entirely in the box.)

|  |
| --- |
|  |

**Step 4:** Estimate the equilibrium price and quantity for concession stand items:

Equilibrium Price: ­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Equilibrium Quantity: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Continue on next page. You will start your essay there, beginning with a title page that provides the title of the paper, your name, university name, course name, instructor name, and the date.**

 **Insert entire essay here—title page, essay, and references. Be sure to delete this comment.)**