



Fig. 5.—Total revenue derived from sales of frozen orange concentrate at varying prices, 10 retail food stores, Lower Delaware Valley area, June 7-August 7, 1954.

The lowest total revenue was obtained at a price of 13.5 cents per can, because customer purchase response to a price change was more nearly proportionate at that price level than at any other test price.<sup>9</sup> At 13.5 cents per can a 1 percent price change brought about a change in purchase rates of 0.81 percent. At test prices below this level customers responded to price reductions by increasing their purchases by a more than proportionate amount. Hence, the total revenue (price x quantity) increased as successively lower prices were charged. When higher prices were introduced, consumers failed to reduce their purchases at a rate equal to that of the price increases. Consequently, the total revenue also increased as successively higher prices were charged. The maximum total expenditure of \$3.78 per 100 customers was obtained at the highest test price of 20.5 cents per can.

<sup>9</sup> If the elasticity of demand declines as price increases, minimum total revenue from the sale of a product would be obtained at the point of "unitary elasticity". As previously mentioned, this point was estimated to be a price of 12.35 cents per can. When price changes are accompanied by an exactly proportionate change in the quantity taken by consumers, the total revenue (price x quantity) is the same at all prices and for all quantities.