



MobLab
A playground for decisions

Price Takers


Profit Maximization in the Long and Short Run

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Student Sign Up

Learn complex concepts with more depth and context through the power of strategic social interactions

Name (Private) Last

School/University Email

Confirm Email

Password Enter Password

Enter a Class Code

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Class codes are given by instructors to allow their students to join a particular class.

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Game Instructions

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You are one of ten potential drivers for a rideshare service in the area

Hourly Revenue depends on how many drivers choose to drive

Revenue depends on how many hours you choose to drive



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In the first round, you will be told how many drivers are in the market

Drive Today?

The profit predictor will help you decide. Predict the number choosing to drive: it will tell you a driver's hourly revenue, and you can calculate whether driving would be profitable. After using the predictor, you can choose whether to drive today or not.

There are 10 potential drivers

Predict Your Profit ►

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In the following rounds, you will be told how many drivers decided to drive yesterday

Drive Today?

The profit predictor will help you decide. Predict the number choosing to drive: it will tell you a driver's hourly revenue, and you can calculate whether driving would be profitable. After using the predictor, you can choose whether to drive today or not.

3 out of 10 people drove yesterday

Predict Your Profit ►

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Use profit predictor to help you make the decision to drive or not

Drive Today?

The profit predictor will help you decide. Predict the number choosing to drive: it will tell you a driver's hourly revenue, and you can calculate whether driving would be profitable. After using the predictor, you can choose whether to drive today or not.

3 out of 10 people drove yesterday

Predict Your Profit ►

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Explore how different numbers of drivers and hours affect your profit

Predict Your Profit

Dollars

Revenue

My Hours

Resulting Profit

Drivers: 8 Revenue per Hour: \$12

My Hours: 3 Marginal Cost: \$5

Your fixed cost for driving: If you drive, you pay \$64

Your predicted profit: -\$37

Number of drivers affects Revenue/Hr

Number of hours affects Marginal Cost

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Decide whether or not you want to drive today

Drive Today?

Now that you have predicted your profits, choose whether to drive (🚗) today or not (✖).

Drive today

Don't drive today

Predict Your Profit

Return to previous screen

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Choose how many hours to drive (If you didn't drive, see what you could've made)

Choose Your Hours

Dollars

Revenue

My Hours

Resulting Profit

Drivers: 8 Revenue per Hour: \$25

My Hours: 3 Marginal Cost: \$5

Your fixed cost for driving: You paid \$64 to drive.

Your actual profit: \$2

Number of drivers this round

Choose the number of hours to drive

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With the hours you choose, how much profit will you make?



$$\text{Revenue} - \text{Fixed Cost} - \text{Variable cost} = \text{Profit}$$

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How many drivers will enter the market?

Lets find out:

- You've been told to maximize your profits (or minimize your losses!)
- Theory predicts how many drivers there will be in a perfectly competitive market.
 - Everyone is a price taker in this market!
- How accurate will the prediction be?

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Game Time!

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How many hours should you drive in order to maximize profit?



When marginal revenue equals marginal cost!

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What was the long-run equilibrium number of drivers?

# of Drivers	Hours (MR = MC)	Profit
1	15	\$341
2	15	\$191
3	12	\$92
4	10	\$46
5	9	\$17
6	8	\$0
7	7	-\$15
8	6	-\$28
9	5	-\$34
10	5	-\$39

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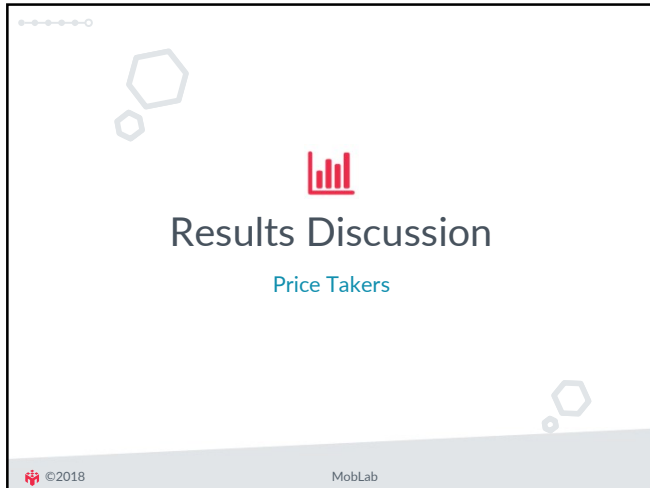
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What was the long-run equilibrium number of drivers?

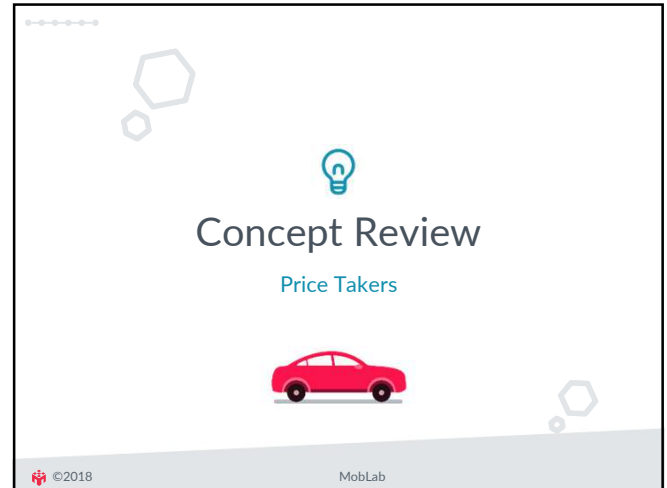
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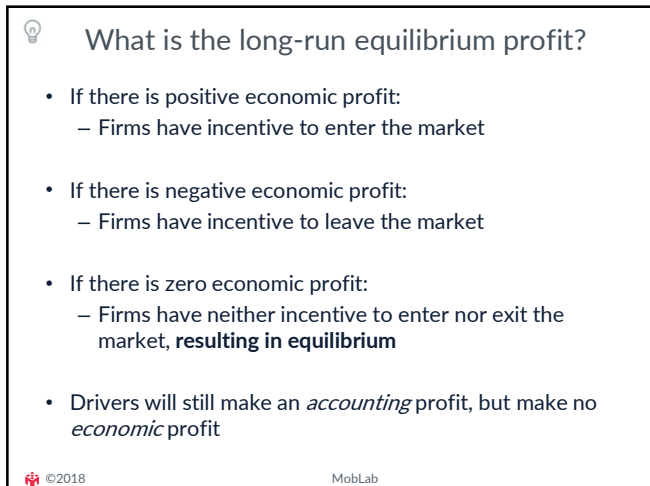
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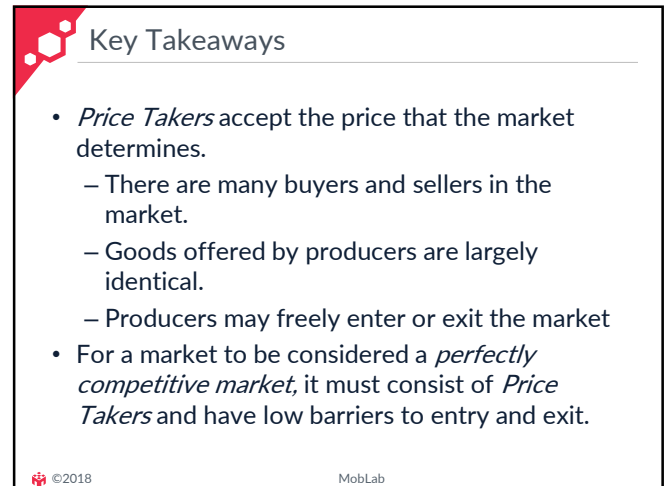
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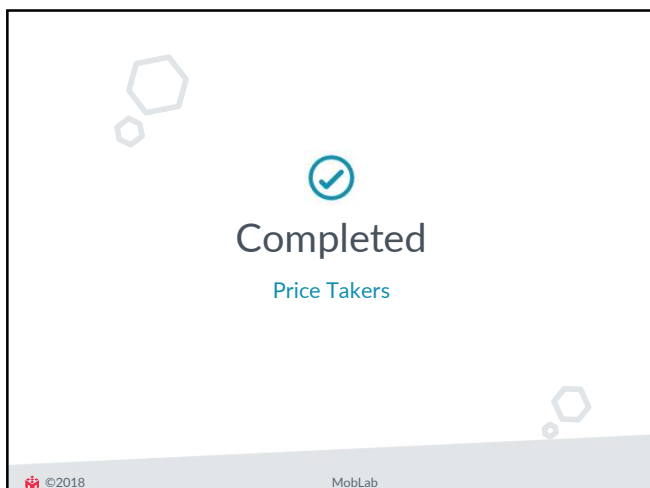
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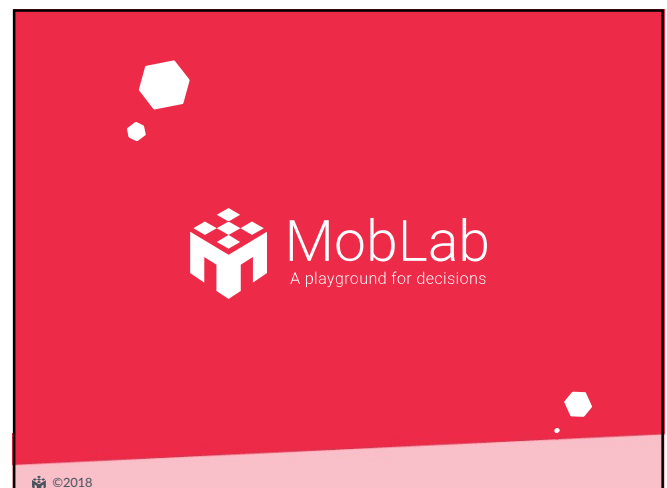
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