

**Study Guide, Quiz 2: Definitions**  
**Economics 685: Managerial Economics**

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## Cost Theory

22. **Long Run Average Costs:** The minimum cost per unit of producing a given output level when any sized plant can be built.

## Pricing

23. **Market Demand Function:** The relationship between the quantity demanded of the product and the various factors that influence the quantity demanded.
24. **Own Price Elasticity:** The percentage change in quantity demanded from a one percent change in price.
25. **Income Elasticity of Demand:** The percentage change in quantity demanded from a one percent change in consumers' income.
26. **Price Discrimination:** Selling a product at more than one price.

## Business Strategy

27. **Dominant Strategy:** An action that is at least as good as all other actions regardless what the opposing player chooses.
28. **Nash Equilibrium:** A set of strategies such that each player accurately believes that he/she is acting optimally given the strategy of the other players.