Solutions

2.1

- A choice means another option is given up.
- **Opportunity cost is the next best alternative given up.**

2.2

- Demand exceeds supply by 30 drinks.
- **Shortage**

2.3

- A higher selling price can increase revenue per unit.
- The firm may expect production to be more worthwhile.

3.1

- At 4 yuan, quantity demanded is 80 and the café supplies 80.
- At 3 yuan, demand exceeds supply and customers may leave disappointed.
- At 5 yuan, stock may remain unsold.
- **Recommendation:** choose 4 yuan because it matches today's supply and demand. (E1)

3.2

- The opportunity cost is the **second oven**, the next best alternative not bought.
- The bicycle may allow deliveries to customers who cannot visit the café.
- This may increase sales or convenience.