

## **Total Revenue formula**

Total revenue is an important concept in economics that refers to the total amount of money that a company earns through the selling of its goods and services, over a time period (a day, week, month or year).

The nature of total revenue depends on the market where products are sold and produced.

Revenue can be of multiple kinds which includes gross and net revenue as well as other sources of revenue. In order to arrive at total revenue it is imperative to combine the multiple sources into one.

The total revenue formula can be mathematically expressed as

**Total Revenue = Price x Quantity**

Or  $TR = p \times q$

Where,

$p$  = price of the product

$q$  = quantity that was sold

In a perfectly competitive market,  $p$  is said to be constant, which is independent of the  $q$  or the quantity of goods sold. Whereas in imperfectly competitive markets,  $p$  is inversely related to  $q$ , that is the reason behind TR being considered as a function of  $q$ .