PurWater Example (Breakeven Analysis)

PurWater LLC wants to sell purified water through vending machines in grocery stores and pharmacies.

The average monthly fixed cost per machine is \$900. Each gallon of water costs 30¢ to purify and sells for 90¢.

(a) What average monthly sales volume (in gallons) is needed to break even?

(b) If they install 150 vending machines that each dispense an average of 2000 gallons of water per month, what will be their monthly profit?