

RM 3-7-6: Determining Elasticity of Demand

- Determine the coefficient of demand for each pair of prices, starting at \$1.00 to \$0.90. The first one is done for you.

Price	Quantity Demanded	% Change in Price	% Change in Quantity	Coefficient	Elasticity
\$1.00	300				
\$0.90	400	10%	33%	3.3	elastic
\$0.80	500				
\$0.70	600				
\$0.60	700				
\$0.50	800				

- Determine the sales revenue for each pair of prices, and decide whether demand is elastic or inelastic

Price	Quantity Demanded	Sales Revenue	Elasticity
\$1.00	300	\$300	
			elastic
\$0.90	400	\$360	
\$0.80	500		
\$0.70	600		
\$0.60	700		
\$0.50	800		