Elasticity, Demand, and Total Revenue

Demand Schedule for Barbeque Dinners

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Price  | Quantity Demanded |  | Total Revenue | Elasticity Coefficient | Elastic or Inelastic |
| $4 | 100 |  | \_\_\_\_\_\_\_\_\_\_ | XXXX | XXXX |
| 6 | 80 |  | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 8 | 60 |  | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 10 | 40 |  | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 12 | 20 |  | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |
| 14 | 1 |  | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ |

1. Calculate the total revenue for each level of demand.
2. Using the midpoints formula presented in the text, calculate the elasticity coefficient for each price level, starting with the coefficient for the $4 to $6 level. For each coefficient, indicate what type of elasticity is indicated, elastic demand, inelastic demand, or unitary demand.
3. Define elastic, inelastic, and unitary elasticity means. How are these
related to total revenue?
4. Explain how the elasticity changes as price increases. Why is this happening?