**Facts:**

Company XYZ Sells Drums Sets. At a price of $600 per set, they sold 500 Sets per month. The new manager decided that the company needed more revenue so she increased the price to $700 per set. However the company is now selling only 200 drum sets per month at the new price.

**Questions:**

1.What is the arc price elasticity for this product? Show work with results

2.What do you recommend for the price of this product; stay at $700 or change higher or lower?

3.What additional information would be useful in the pricing decision?

4. What would be your recommendation for setting up a model to forecast future demand for this product?