

1.2.4 Price Elasticity of Demand



Starter

If the price of a Big Mac goes up to £10 would you still buy one?

The link between demand and price

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Write your definition of PED here:

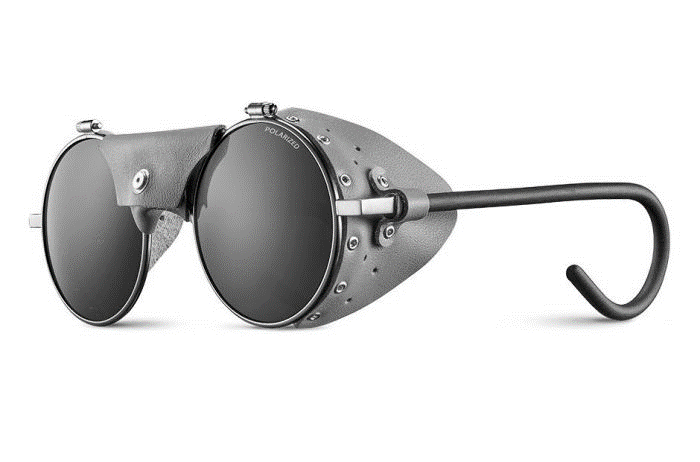
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**PED formula:**

**% change in price formula:**

**Example calculations % change**

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|  | **Product A** | **Product B** | **Product C** | **Product D** |
| **Old Price** | **£300** | **£55** | **£70** | **£60** |
| **New price** | **£290** | **£29** | **£77** | **£65** |
| **% Change** |  |  |  |  |

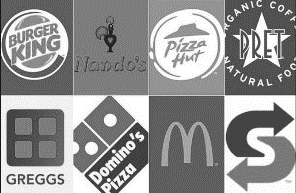
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| **Example PED calculation** |
| **Example PED calculation Steps** |
| **What does a PED value mean?** |

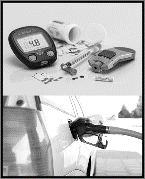
**Interpretation of numerical values of price elasticity of demand**

Elastic demand

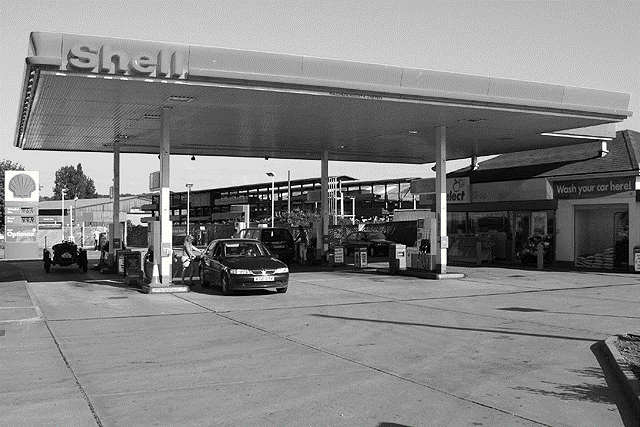
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Elastic demand and calculations

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Inelastic demand

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**Inelastic demand explained**

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**Inelastic demand and calculations**

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**Examples**

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**The factors influencing price elasticity of demand**

**Availability of substitutes**

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**Frequency of purchase**

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**Necessities (staple goods)**

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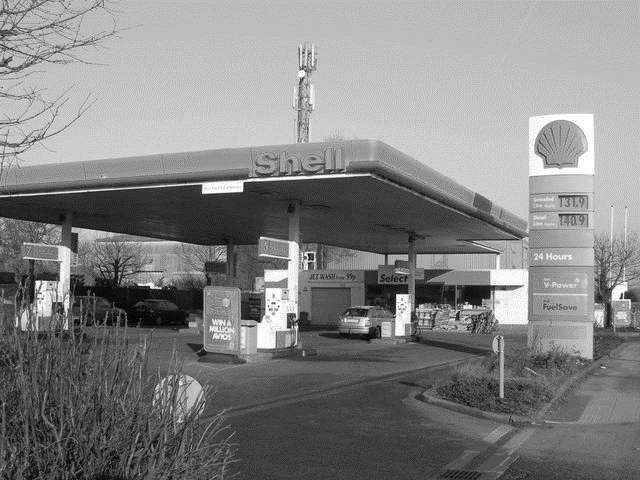
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**Luxury goods**

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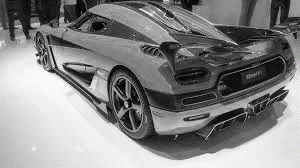
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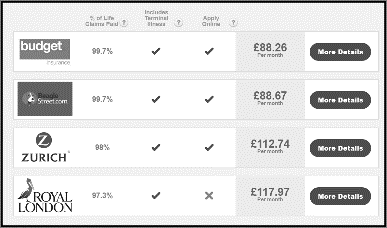
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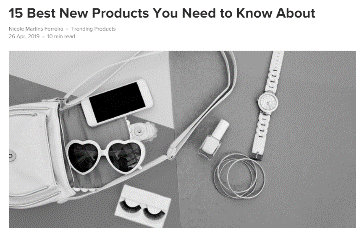
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**The significance of price elasticity of demand to businesses in terms of implications for pricing**

**Competitive pricing**

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**[](https://www.oberlo.com/blog/new-products)Skimming pricing**

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**Calculation and interpretation of the relationship between price elasticity of demand and total revenue**

**PED and total Revenue**

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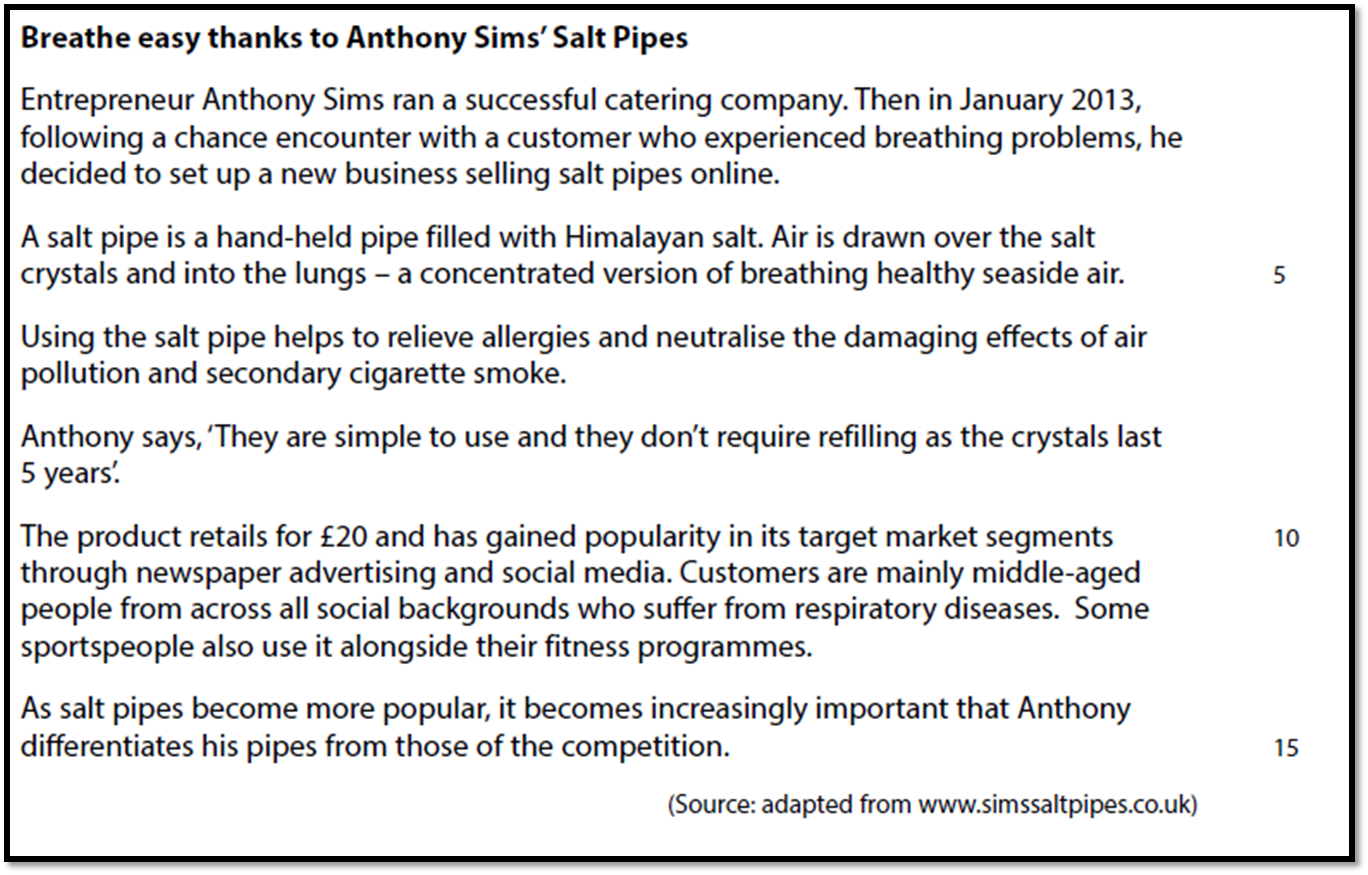
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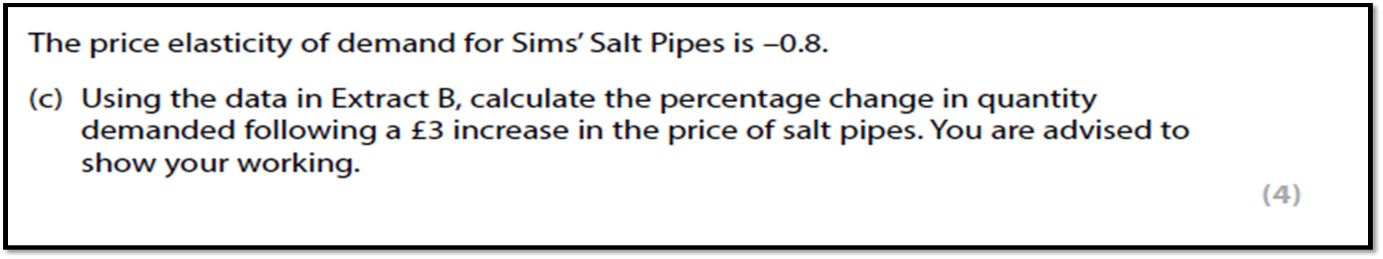
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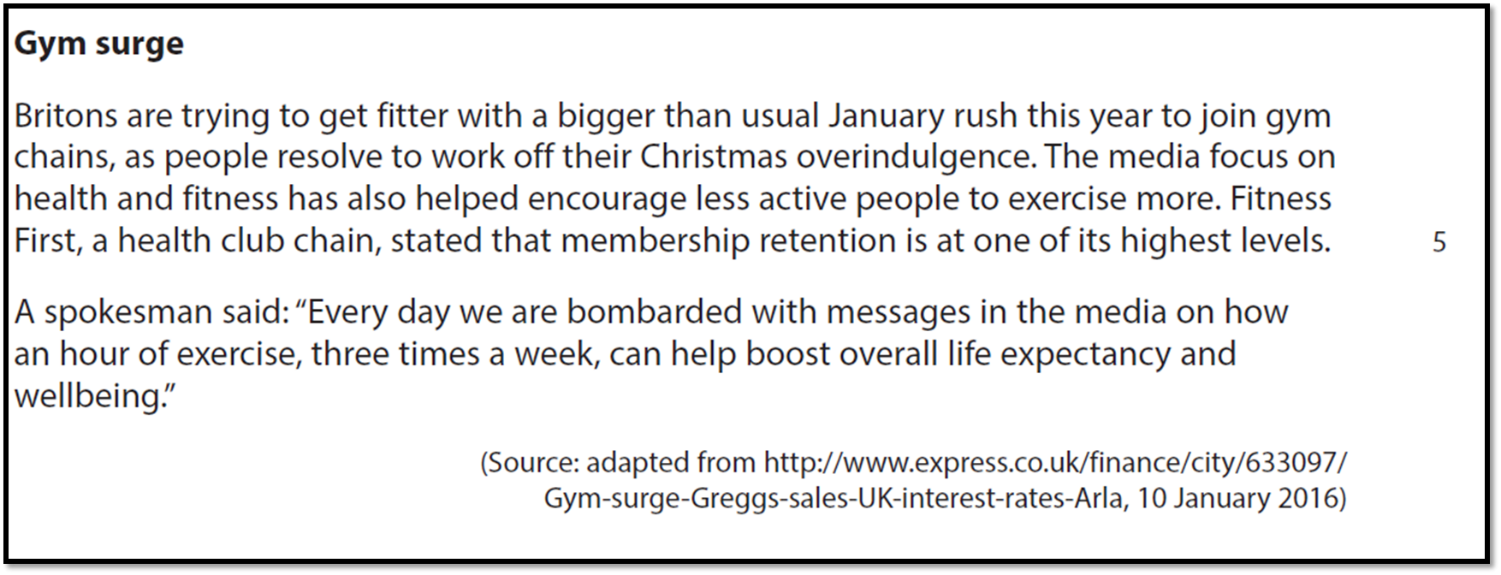
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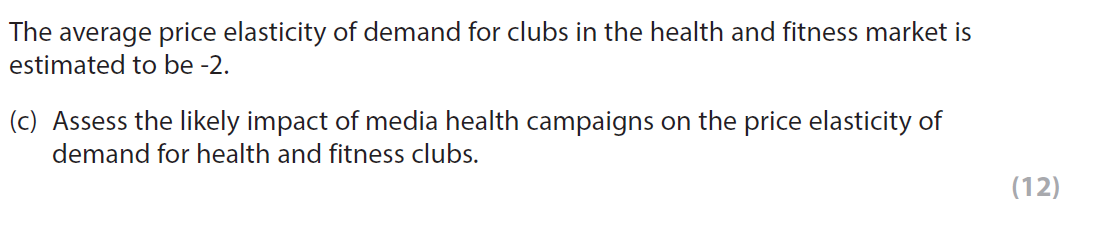
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