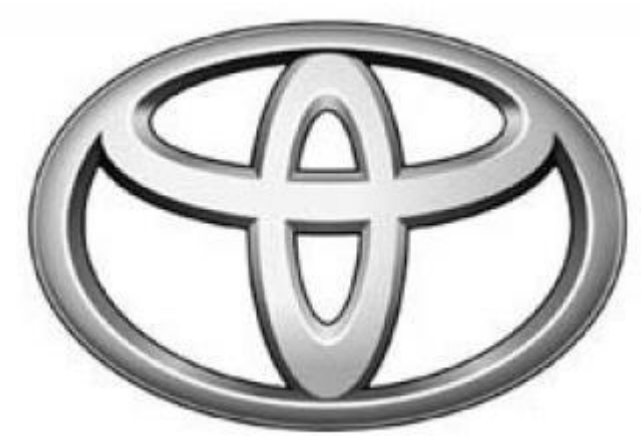
Эластичность

Elasticity of product demand usually increases over time when changes occur in the prices. So, reducing prices by 1% can lead first to an increase in the required amount in less than 1%, But in the end the number could increase by 2%, 5% or even more." Is it really so? Explain.

The more precisely product group is defined - for example, "Toyota Tercel" in comparison with "car" — the more elastic is the demand." Is it really so? Explain.

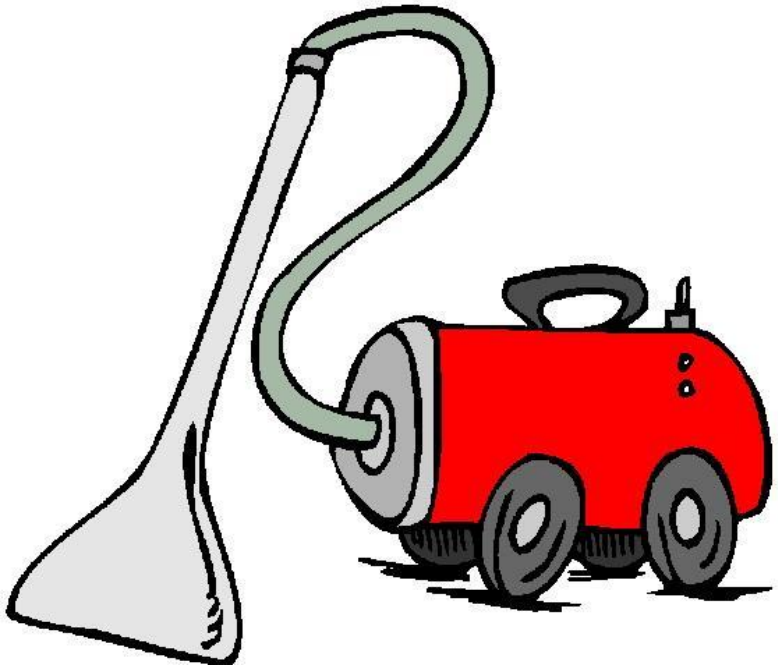


The company "Central City Meat Packers" has noticed that the demand, Q, at its smoked sausages for breakfast is under the influence of changes in income per capita. And thus, Q = 1000 + 0,2 I.

Calculate required number for each $ 1,000 income per capita, starting with 2000 and ending with $ 6,000

Calculate the elasticity of demand, if income changes from 3000 to 5000 dollars and from 10,000 to 15,000. Make conclusions

The company "Bruce Home Products" produces a vacuum cleaners and sells them for $ 100 for item. At this price the sales volume is on average about 2000 per month. However, the company recently learned that its main competitor intends to reduce the prices of their vacuums from 90 to $ 80. The company's management believes that the cross elasticity between its products and those of its competitor is + 0,8. Taking other variables of demand for constant, calculate the possible reduction in sales of the company "Bruce Home Products" (in units and dollars).



Car center "Upland Sears" sells usually 300 batteries with five years lifetime at a price set at $ 75 monthly. However, last month sales decreased to 225 units. The head of the automotive division believes that the decrease in sales is a result of the price reduction of batteries with a three-year period of operation (the price was reduced from 65 to 55$).

A. Using the arc formula, calculate the cross-elasticity between car batteries with a five - and a three-year period of operation.
B. Count the sales of battery with five years lifetime if batteries with a three-year period of operation costs $ 60.

Average incomes per capita increased from 1200 $ to 1400 $,
and the sales of garments from 80 $ to 110 $
Determine the elasticity rate (ratio) of demand. Make conclusions.

Cross-elasticity between the demand for pepsi and iced tea is 0.75. What goods is it? If the price of iced tea will increase by 20%, how will change the demand for Pepsi?