

Unit 04

Exercise 05 - Calculating Elasticity for a New Product Launch

Your Student's ID

Scenario: A tech company has launched a new tablet in the market, and the marketing team is analyzing how sensitive consumers are to price changes. The company recorded the following sales data at two different price points:

- Initial Price: \$350
- Initial Quantity Sold: 11,000 units
- New Price: \$300
- New Quantity Sold: 15,000 units

Using this data, calculate the price elasticity of demand for the tablet using the **midpoint** method.

Your Answers to score full marks:

1. Show how you calculated the percentage change in price:

2. Show how you calculated the percentage change in quantity demanded:

3. Show how you calculated the price elasticity of demand: