# Group Assignment: Elasticity

List group members who attended at least 90% of the meeting:

1.

2.

3.

4.

5.

6.

## **Instructions**

As a group, choose a group member to complete this document. This person will submit the document at the end of the meeting.

1. What is the formula for calculating the *price elasticity of demand* using the midpoint method (this equation should involve Q1 and Q2, P1 and P2)?  (It is okay to include the x100% on the top and bottom parts if you would like.)

1. Use the formula from #1 and the following information to find the price elasticity of demand.   
     
   For a particular video game, the company sells 160 (thousand) copies of the game when the price of the game is $55.  However, when they change the price to $45, the company sells 240 (thousand) copies of the game.  
   1. As part of the process of finding the price elasticity of demand, what is the percent change in quantity using the midpoint method?  Round your answer to 4 decimal places if necessary.
   2. As part of the process of finding the price elasticity of demand, what is the percent change in price using the midpoint method?  Round your answer to 4 decimal places if necessary.
   3. Using parts a and b, calculate the price elasticity of demand.  Round your answer to 2 decimal places if necessary.
2. Read the article:  [”CMO Today: Comcast-Fox Bid Latest; H&M’s Algorithm Push; Adidas Pauses Facebook Video Ads”](https://www.wsj.com/articles/cmo-today-comcast-fox-bid-latest-h-ms-algorithm-push-adidas-pauses-facebook-video-ads-1525779512)   
   1. In this article, one of the companies mentioned has recently started to calculate price elasticities. Which company is it?
   2. They are calculating price elasticities in two different categories. What are they?    
      (*Hint: “price elasticity per \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_”)*
   3. What will they do in the stores as a result of the price elasticities they calculate?
   4. What are they hoping this will do for the company (as opposed to what happened for 10 straight quarters)?
   5. What do analysts think about the new approach?