

The Price Elasticity of Demand
compares

Q^d of prescription drugs decrease if the price increases

Q^d of strawberries decrease if the price increases

Size of the change in Q^d

Size of the change in Price




Small drop in Q_d

Large drop in Q_d

decrease

decrease

with

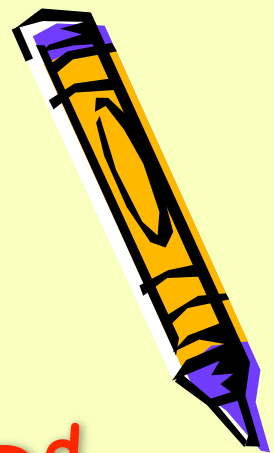


We need...we
must purchase regardless
of the price



We don't
need...we can buy a
different fruit

The Price Elasticity of Demand compares



With **Size** of **Q^d** in **Price**

We need...we must purchase regardless of the price

Q^d of prescription drugs **decrease** if the price increases

Small drop in Q^d

We don't need...we can buy a different fruit

Q^d of strawberries **decrease** if the price increases

Large drop in Q^d

**To measure a consumer's sensitivity
to price changes**