

Price Elasticity of Demand Class Worksheet

1	Enchanted Eclairs bakery introduces a special pastry known as the "Mystical Muffin" priced at £8. With a consistent weekly sale of 150 muffins, the bakery assesses the price elasticity of demand for the Mystical Muffin to be -0.4. Contemplating a price adjustment to £10, what would be the projected quantity demanded at this revised price?
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Your workings:

2	Using the information and the answer from the above question, calculate the percentage change in revenue.
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Your workings:

3	Magical Brew Cafe located in Glasgow, where they currently offer a specialty tea blend for £3.50 per cup, with an average weekly sale of 800 cups. The owner, Fiona, believes that the price elasticity of demand for her tea is -1.5. If Fiona decides to decrease the price by 10%, calculate the potential rise in weekly revenue resulting from this price reduction.
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Your workings:

4	Petal Paradise, a florist boutique in Edinburgh. Previously, they sold their signature bouquet for £30 and observed a weekly sale of 50 bouquets. After a price reduction of 15%, the weekly sales surged to 70 bouquets. Calculate the price elasticity of demand for Petal Paradise's standard bouquet of flowers based on this data.
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Your workings: