Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**5. Price Elasticity of Demand Mark: /16**

Geri sells conservatory furniture. His best seller is currently a five piece rattan set. Last summer he sold 1 000 sets at £450 per set. This year he has put the price up to £459 per set. Demand fell to 950 sets.

1. What was Geri’s sales revenue last year? /2 marks

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1. What is
   1. The percentage change in price? /2 marks

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* 1. The percentage change in demand? /2 marks

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1. What is Geri’s PED? /2 marks

% in QD = \_\_\_\_\_\_\_\_\_\_\_ =

% in P

1. What is Geri’s sales revenue this year? /2 marks

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1. One of Geri’s more luxury sets has a PED of -1.4. It retails at £999. Sales were 300 sets last year. If he lowered the price by 10% what would happen to the revenue? Show your calculations. /6 marks

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What factors influence PED?