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**7. PED and YED Mark: /17**

1. Calculate the price elasticity of demand for Samsung’s Galaxy smartphone if a 12% increase in price leads to a fall in sales of 3%. /3 marks

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1. Samsung sold 83.2million phones in the first quarter of 2015. Assuming the price elasticity of demand for Samsung phones is -0.6, calculate the change in demand if it reduced price by 10%. /5 marks

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1. Calculate the income elasticity of demand for Samsung phones if consumers’ experience an increase in income of 2% and sales rise by 7%. /3 marks

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1. Calculate the price elasticity of demand for Samsung smartphones if an increase in price from £449 to £479 leads to a fall in quantity demanded from 83.2 million to 79.4 million. /6 marks

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Draw a diagram to illustrate your answer to question 4.