



## Section 3: Guided Reading and Review

# Elasticity of Demand

### A. As You Read

As you read Section 3, supply the missing information in the spaces provided.

**Calculating Elasticity** (Provide a formula or numerical value.)

1. Computation of elasticity of demand: \_\_\_\_\_  
\_\_\_\_\_
2. Elastic demand: \_\_\_\_\_  
\_\_\_\_\_
3. Inelastic demand: \_\_\_\_\_  
\_\_\_\_\_
4. Unitary elastic demand: \_\_\_\_\_  
\_\_\_\_\_

**Factors Affecting Elasticity** (How does each affect elasticity?)

5. Substitutes: \_\_\_\_\_  
\_\_\_\_\_
6. Necessities vs. luxuries: \_\_\_\_\_  
\_\_\_\_\_
7. Changes over time: \_\_\_\_\_  
\_\_\_\_\_

**Elasticity and Revenue** (Define and explain.)

8. Total revenue: \_\_\_\_\_  
\_\_\_\_\_
9. How elasticity affects a company's pricing: \_\_\_\_\_  
\_\_\_\_\_

### B. Reviewing Key Terms

Briefly define or identify each of the following.

10. elasticity of demand \_\_\_\_\_
11. inelastic \_\_\_\_\_
12. elastic \_\_\_\_\_
13. unitary elastic \_\_\_\_\_