

Mid-Atlantic Professional Development Center: Lengthening the Half-Life of Learning

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Section 1
Product chosen: Air travel
If the price of air travel tickets were to change, there wouldn't be a very drastic change in quantity demanded. Air travel tickets aren't that price sensitive, this is because people are very dependent on air travel to get to certain destinations either for work or holidays.

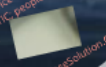


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Section 2
Factor: Air travel price
Quantity

Section 3

Section 2
Price Elasticity - measures how much the quantity demanded will change when price changes.
Elastic - small change in price, large change in demand. More responsive.
Inelastic - large change in price, small change in demand. Less responsive.
As mentioned before, air travel ticket prices aren't that price sensitive so they are said to be **INELASTIC**, people are so dependent on air travel.



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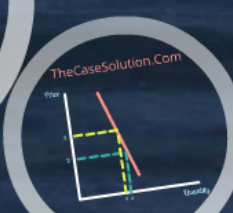
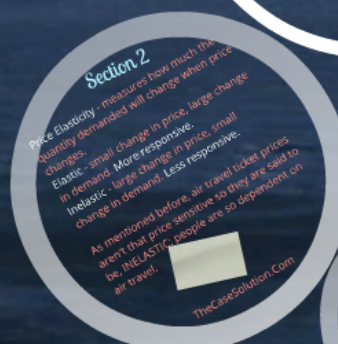
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Section 3
Factors that determine Price Elasticity

Section 4

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Section 3

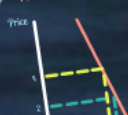
Factors that determine Price Elasticity

There are several factors that determine the price elasticity of demand for a good or service. These factors include the availability of substitutes, the proportion of income spent on the good, the time period over which the purchase is made, and the nature of the good itself.

Section 4

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PED

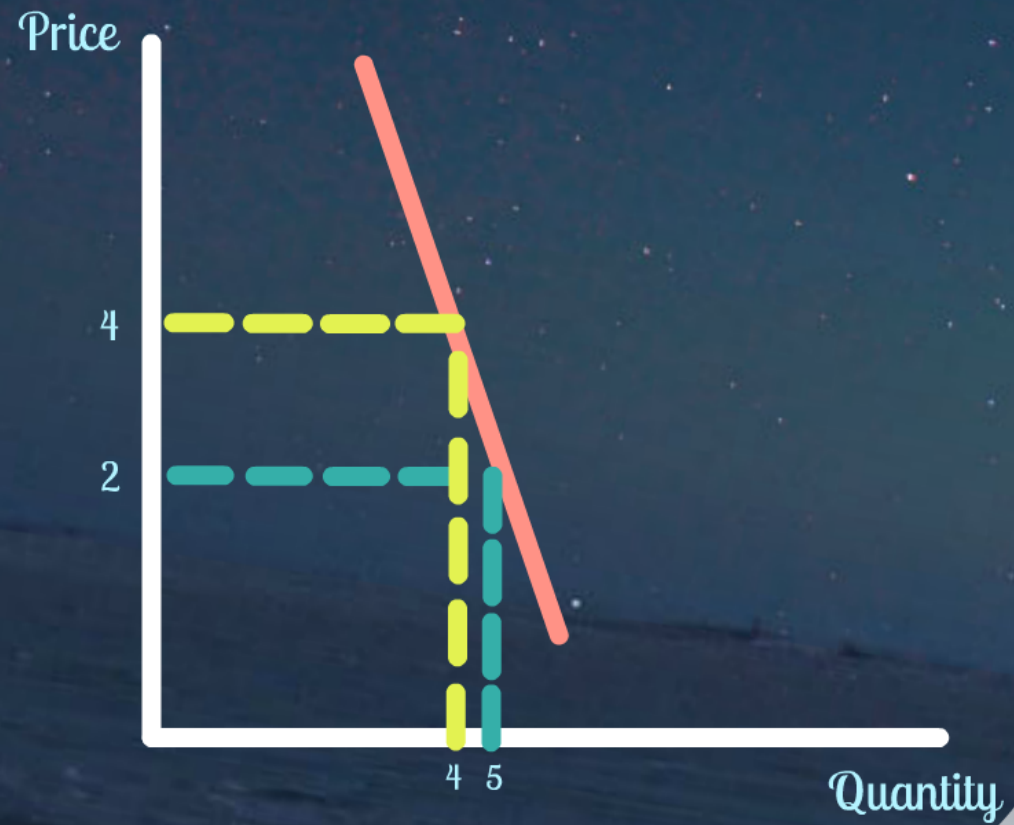
Price Elasticity of Demand

$$PED = \frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}$$

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