



University of Missouri

Chapter 5: Elasticity

- Elasticity is a unit-free measure of responsiveness of quantity demanded or supplied to price.
- Explains how total spending on a good (revenue) changes with a price change
- Can be helpful in understanding the effectiveness of certain government policies
- Although we will be doing some math in this chapter, don't get bogged down in the calculations. Focus on the concept and the intuition. (You can always look up the formula!)



McDonald's to Coca-Cola: Why are CEOs suddenly obsessed with 'elasticity'?

The economic concept, which describes consumers' sensitivity to prices, is a hot topic as inflation soars and executives fret about profits

Topics
Coca-Cola | consumer spending | McDonald's

Jason Karalan & Veronica Majerol | NYT
Last Updated at August 19, 2022 23:11 IST

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