

# Semester “Spring 2011”

## “Principles of Marketing (MGT301)”

Assignment No. 2

Marks: 20

### “Price Elasticity of Demand”

Price Elasticity of Demand is an important concept which should be considered while changing the price of product. In this perspective two scenarios are given below:

#### **Scenario 1: (5 Marks for explanation+ 5 marks for Graph)**

Product A belongs to the category of normal goods and it has a lot of substitutes. If the price of product B increases then what will be the effect on its demand? Justify your answer with the help of graph.

#### **Scenario 2: (5 Marks for explanation+ 5 marks for Graph).**

Product B is a high quality product and people who purchase this product belong to elite class. It has very less substitutes available in the market which don't have the same quality as product C has. If the price of product C increases then what will be the effect on the demand of product C? Justify your answer with the help of graph.

#### **Instructions:**

1. Your answer should be precise and in bulleted form.
2. Graph should be labeled
3. You can take help of MS Word and Excel in making graphs.

### **Important Tips**

1. This Assignment can be best attempted from the knowledge acquired after watching video lecture no. 23 to lecture no 24 and reading handouts as well as recommended text book).
2. Video lectures can be downloaded for free from [www.youtube.com/vu](http://www.youtube.com/vu).
3. Answer the questions with logic and what you have learnt so far in MGT301

# Schedule

Opening Date and Time	May 27 , 2011 At 12:01 A.M. (Mid-Night)
Due Date and Time	June 02 , 2011At 11:59 P.M. (Mid-Night)

**Note:** Only in the case of Assignment, *24 Hrs extra / grace period* after the above mentioned due date is usually available to overcome uploading difficulties which may be faced by the students on last date. This extra time should only be used to meet the emergencies and above mentioned due dates should always be treated as final to avoid any inconvenience.

## Important Instructions:

Please read the following instructions carefully before attempting the assignment solution.

### Deadline:

- Make sure that you upload the solution file before the due date. No assignment will be accepted through e-mail once the solution has been uploaded by the instructor.

### Formatting guidelines:

- Use the font style "Times New Roman" and font size "12".
- It is advised to compose your document in MS-Word 2003.
- Use black and blue font colors only.

### Solution guidelines:

- Every student will work individually and has to write in the form of an analytical assignment.
- Give the answer according to question, there will be negative marking for irrelevant material.
- For acquiring the relevant knowledge don't rely only on handouts but watch the video lectures and use other reference books also.

### Rules for Marking

Please note that your assignment will not be graded or graded as Zero (0) if:

- It has been submitted after due date
- The file you uploaded does not open or is corrupt
- It is in any format other than .doc (MS. Word)
- It is cheated or copied from other students, internet, books, journals etc...