Price Elasticity of Demand

Price	Quantity Demanded	Elasticity Coefficient	Total Revenue	Elasticity
$8	1000	–	$ 8000	–
7	2000	5.0	14,000	Elastic
6	3000	2.6	18,000	Elastic
5	4000	1.57	20,000	Elastic
4	5000	1.0	20,000	Unit Elastic
3	6000	0.64	18,000	Inelastic
2	7000	0.38	14,000	Inelastic
1	8000	0.20	8,000	Inelastic

If demand is price elastic, Total Revenue increases as Price declines, i.e., an inverse relationship.

If demand is unit elastic, Total Revenue is unchanged as Price decreases. Thus Total Revenue is maximized at the point of unit elasticity on the demand curve.

If demand is price inelastic, Total Revenue decreases as Price decreases, i.e., a direct relationship.