

Syllabus Reference 2.2: Connecting Elasticity to Pricing policy of firms

RTE –news agency

Valentine card sellers warned on prices

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Sellers of Valentine cards have to display prices or face hefty penalties, according to the Office of Consumer Affairs. Shops are being warned today that they can be fined up to €3,000 if prices are not displayed.

In a survey of 123 shops that sell cards, the office found that 25% of the outlets were not displaying prices. Over 1,000 cards were checked in the course of the survey.

The Office of Consumer Affairs says the prices of greeting cards should be shown to comply with price display legislation. Most cards are priced by reference to a code number with a chart adjacent to card stands indicating the prices that equate to each code number.

The Office decided to target the greeting card sector when it became aware, from monthly spot checks, that significant number of retailers, particularly; newsagents and symbol group stores were not displaying card prices.

The Director of Consumer Affairs, Carmel Foley, says the survey had brought compliance levels up from 75% to 95% and had raised retailers' awareness of the need to provide unambiguous price information to customers.

She said that over the last few years card prices have increased, and that because prices can vary from shop to shop customers should be able to buy where they clearly see the best value.

Task 1: why do shops selling Valentine cards not want to display the prices?
Task 2: Design the demand function for market demand for Valentine cards
Task 3: Is the demand for Valentine cards elastic or inelastic?

Shift coloured boxes for the answers.

Task 1: Answer

Task 2: Answer

Task 3: Answer

Elastic

Inelastic

