

The prices of goods and service

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The prices of goods and service we purchase in the marketplace can have an elastic or inelastic demand. Three items I recently purchased are coffee, premium ice cream, and a ticket to watch an entertainment event. The first product coffee has an inelastic demand because its demand is not affected by price. The other two products have an elastic demand. If the Ice cream or the entertainment ticket would have been too expensive it would have been possible that I would not have purchased the items.

Price discrimination occurs when one customer is charged a different price for the same product at the same store. For example, universities are participants of price discrimination. International students get charged a higher price for education than American citizens. The Avatar 6: 00 P. M. example also qualifies as price discrimination. The people that enter the first movie run which starts prior to 6: 00 P. M. get a charge at times less than the people that go to the theater in the evening.