

**ECO 201 Milestone Two Guidelines and Rubric**

The purpose of this milestone is for students to begin their firm analysis from a microeconomic perspective, applying concepts learned in Modules One, Two, and Three. Specifically, students will examine the supply and demand conditions for the goods or services the firm produces, paying special attention to how sales and product development have evolved over time. Students will then apply the elasticity concept to determine how the price elasticity of demand for the firm's goods or services would be categorized, and they will examine what that suggests for the firm's ability to increase or decrease prices.

**Prompt:** Submit a draft of the **supply and demand conditions** (Section II) and **price elasticity of demand** (Section III) of your research paper, including all critical elements listed below. You will analyze data on firm sales and in the market overall to identify trends and inform your recommendation for the firm's future actions. You will also use available data to determine the price elasticity for the goods or services your firm produces and explain the factors that influence consumers' reactions and the firm's pricing decisions.

**Specifically the following critical elements must be addressed:**

- II. Explore the supply and demand **conditions** for your firm's product.
  - a) Evaluate trends in demand over time and explain their **impact** on the industry and the firm. You should consider including annual sales figures for the product your firm sells.
  - b) Analyze information and data related to the demand and supply for your firm's product(s) to support your recommendation for the **firm's actions**. Remember to include a graphical representation of the data and information used in your analysis.
- III. Examine the **price elasticity of demand** for the product(s) your firm sells.
  - a) **Analyze** the available data and information, such as pricing and the availability of substitutes, and justify how you determine the price elasticity of demand for your firm's product.
  - b) Explain the factors that affect **consumer responsiveness** to price changes for this product, using the concept of price elasticity of demand as your guide.
  - c) Assess how the price elasticity of demand impacts the firm's **pricing decisions** and revenue growth.

**Rubric**

**Guidelines for Submission:** Your paper must be submitted as a two- to three-page Microsoft Word document with double spacing, 12-point Times New Roman font, one-inch margins, and sources cited in APA format.

<b>Critical Elements</b>	<b>Proficient (100%)</b>	<b>Needs Improvement (75%)</b>	<b>Not Evident (0%)</b>	<b>Value</b>
<b>Conditions: Impact</b>	Effectively evaluates trends in demand over time and explains their impact on the industry and the firm	Evaluates trends in demand over time, but evaluation is ineffective or does not explain their impact on the industry and firm	Does not evaluate trends in demand over time	18
<b>Conditions: Firm's Actions</b>	Analyzes information and data related to the demand and supply for the firm's product(s) to support recommendation for the firm's actions and includes graphical representation of data and information	Analyzes information and data related to the demand and supply for the firm's product(s), but information and data do not support recommendation for the firm's actions or do not include graphical representation of data and information	Does not analyze information and data related to the demand and supply for the firm's product(s)	18
<b>Price Elasticity of Demand: Analyze</b>	Analyzes the available data and information and justifies how the price elasticity of demand for the firm's product was determined	Analyzes the available data and information, but does not justify how the price of elasticity of demand for the firm's product was determined	Does not analyze the available data and information to determine the price elasticity of demand	18
<b>Price Elasticity of Demand: Consumer Responsiveness</b>	Explains the factors that affect consumer responsiveness to price changes for the product using the concept of price elasticity of demand as a guide	Explains the factors that affect consumer responsiveness to price changes for the product, but does not use the concept of price elasticity of demand as a guide	Does not explain the factors that affect consumer responsiveness to price changes for the product	18
<b>Price Elasticity of Demand: Pricing Decisions</b>	Accurately assesses how the price elasticity of demand impacts the firm's pricing decisions and revenue growth	Assesses how the price elasticity of demand impacts the firm's pricing decisions and revenue growth, but assessment is inaccurate	Does not assess how the price elasticity of demand impacts the firm's pricing decisions and revenue growth	18
<b>Articulation of Response</b>	Submission has no major errors related to citations, grammar, spelling, syntax, or organization	Submission has major errors related to citations, grammar, spelling, syntax, or organization that negatively impact readability and articulation of main ideas	Submission has critical errors related to citations, grammar, spelling, syntax, or organization that prevent understanding of ideas	10
<b>Earned Total</b>				<b>100%</b>