



How will buyers react to a decrease in the price of Ford cars?

Quantity Demanded increases

What if at the same time, the price of Honda cars also drops?

Two variables changed (price and price of a substitute) we can not know if consumers would buy **more** Ford cars because of the price drop or **fewer** Ford cars because of the drop in the price of the substitute brand...



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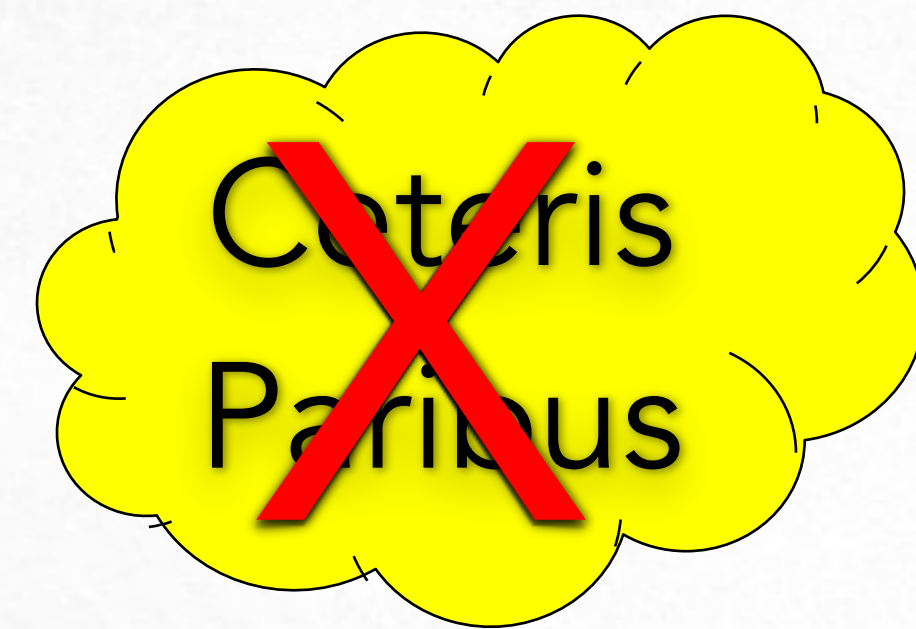




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