

3. The Amount of time the consumer has to React to a
price change

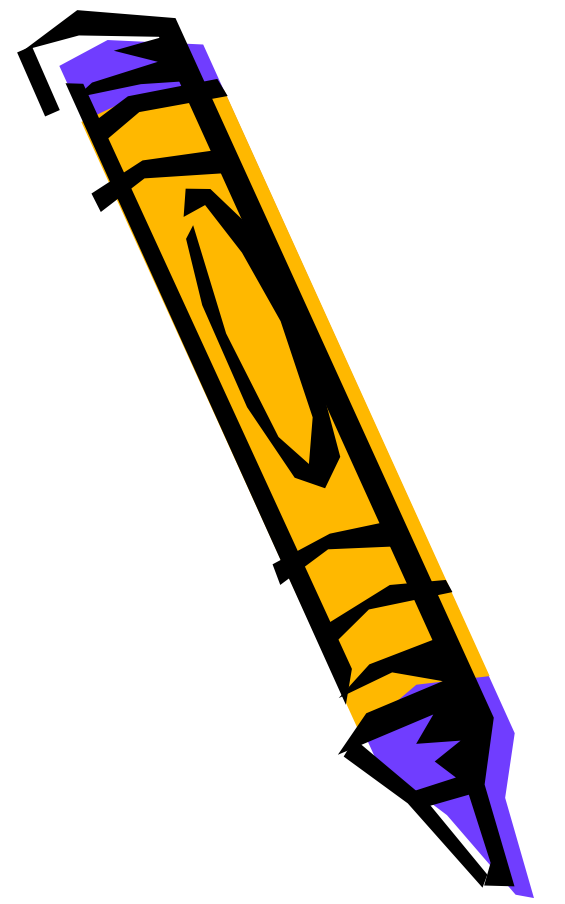
Demand is more
elastic in the
long run

What Determines the
Elasticity?

The **longer** the time to react, the **easier** it is to find a
substitute or modify behavior.

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The **longer** the time to react, the **easier** it is to find a substitute or modify behavior.

Demand is more **inelastic** in the **short** run

Demand is more **elastic** in the **long** run

