







100



110

100

130















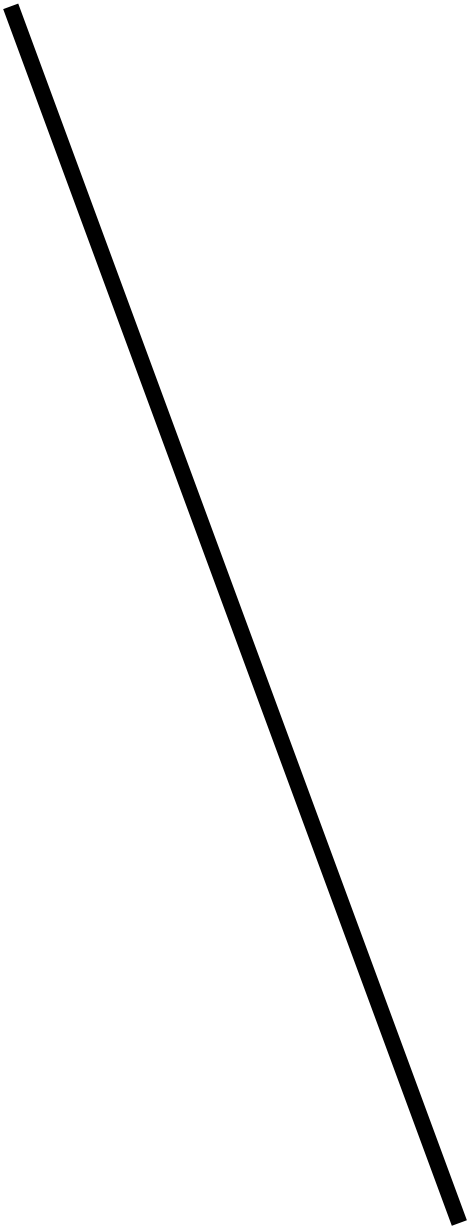
100

110

100

105











This consumer's reaction is  
larger than the change in  
price

This consumer's reaction is  
smaller than the change in  
price









Small increase in  $Q$



*Consider how these two consumers  
react to the same change in price...*

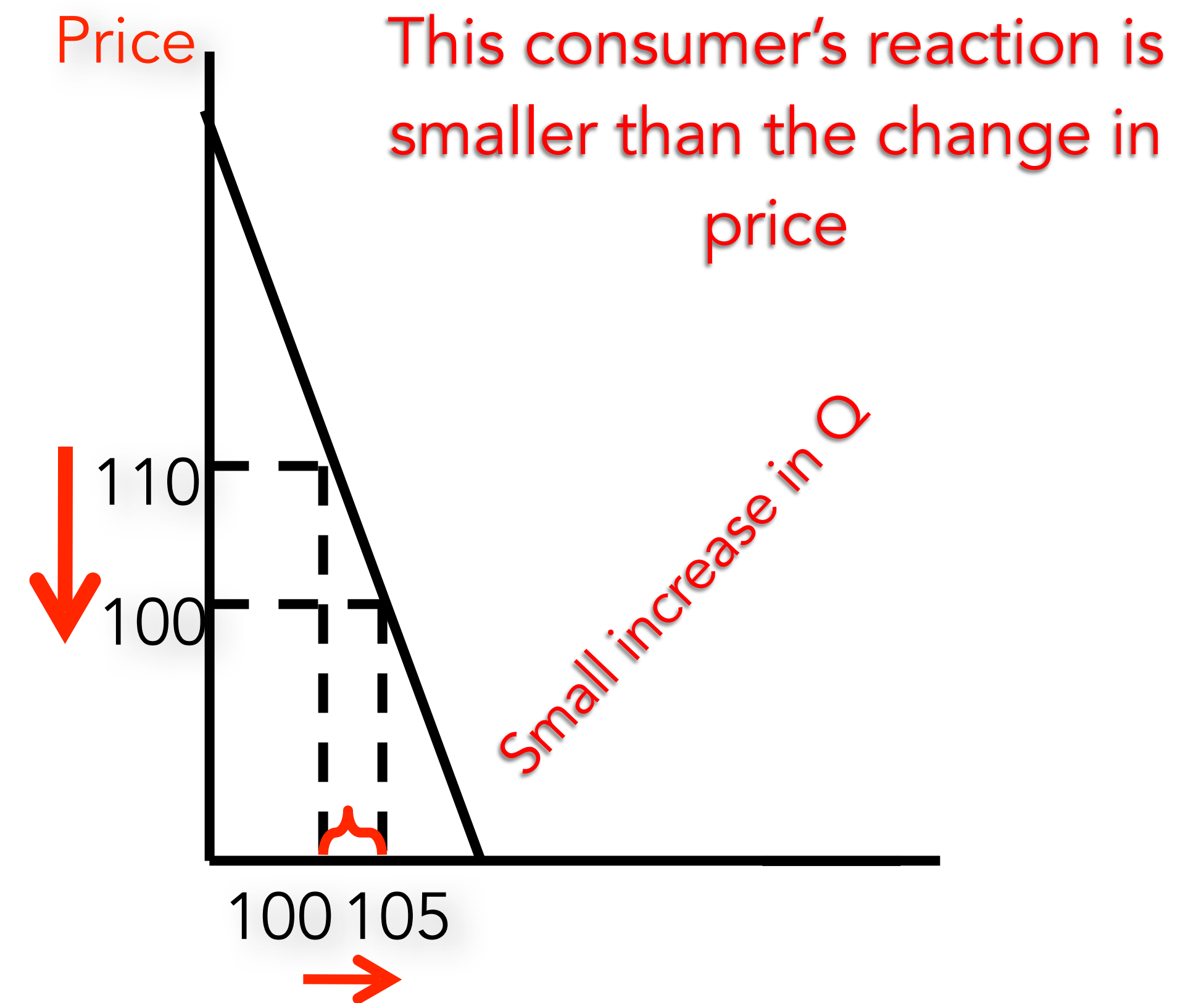
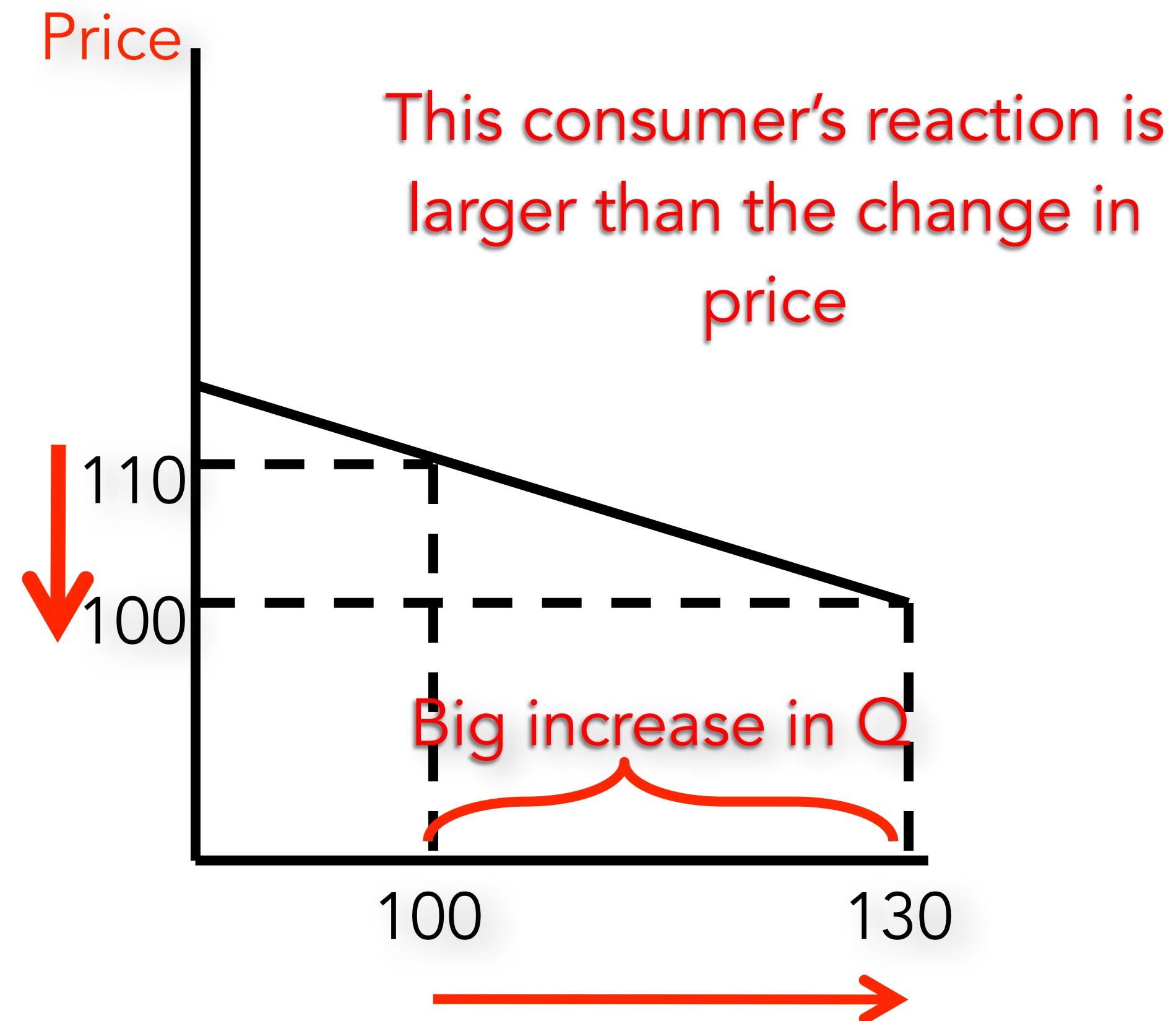
# Price

# Price

Big increase in  $Q$



Consider how these two consumers react to the *same* change in price...



Consumers who over-react to a price **drop** also  
over-react to a price **increase**...

