

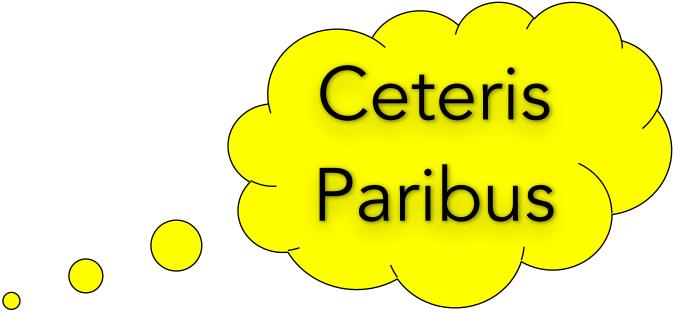
True Religion jeans were \$350 at Nordstrom and now they are

available at Costco for \$19.99!

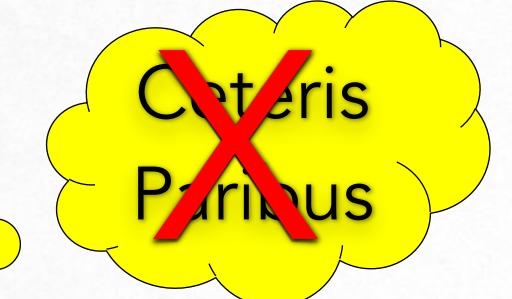
Quantity Demanded increases

What if because the jeans are now cheap, consumers no longer like them?

Two variables changed (price and tastes) we can not know if consumers would buy more jeans because of the price drop or fewer jeans because as they are no longer a "status symbol"







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Two variables changed (price and tastes) we can not know if consumers would buy more jeans because of the price drop or fewer jeans because as they are no longer a "status symbol" How will buyers react to an increase in the price of iPhones?