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Broadly defined markets have fewer substitutes and less elastic demands

If **ALL** prices
increase,
consumers have
NO alternative:
Can't avoid an
increase in the
price of food

Food





Demand for Food is Inelastic

**Demand for
Carrots is Elastic**

More substitutes easier
for consumers to avoid
price increase

Broadly defined markets have **fewer** substitutes and **less** elastic demands



**Demand for
Carrots is Elastic**

**More substitutes easier
for consumers to avoid
price increase**



Demand for Food is Inelastic

Which product has a
more elastic demand?

