







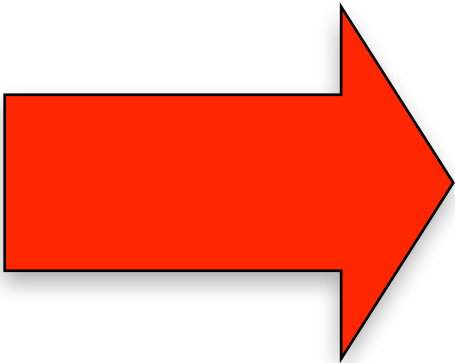




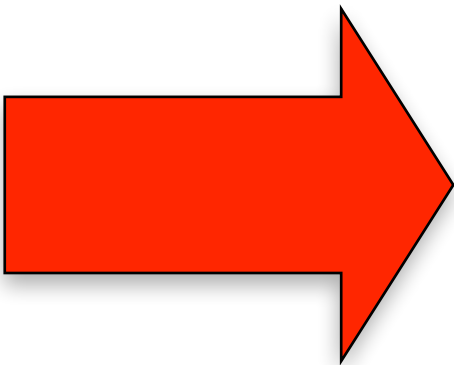
1. The number of Substitutes available

The more
substitutes

The **easier** for
consumers to avoid
price increase

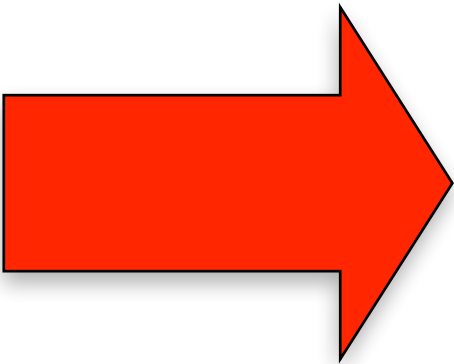


The **easier** to decrease
quantity demanded in
response to a price increase



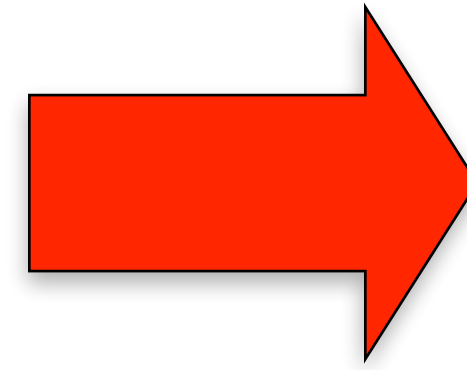
The more elastic
(sensitive) demand is

The **larger** the drop in
quantity demanded in
response to a price increase



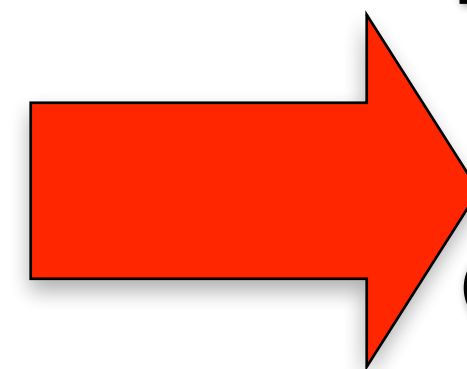
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The **more**
substitutes

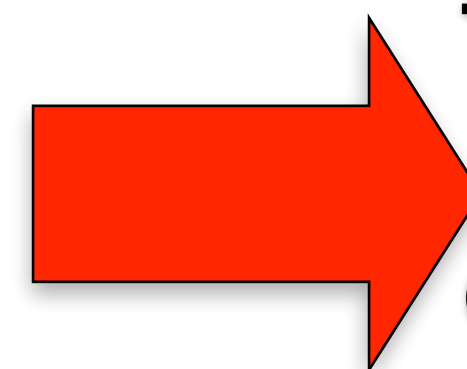


The **easier** for
consumers to avoid
price increase

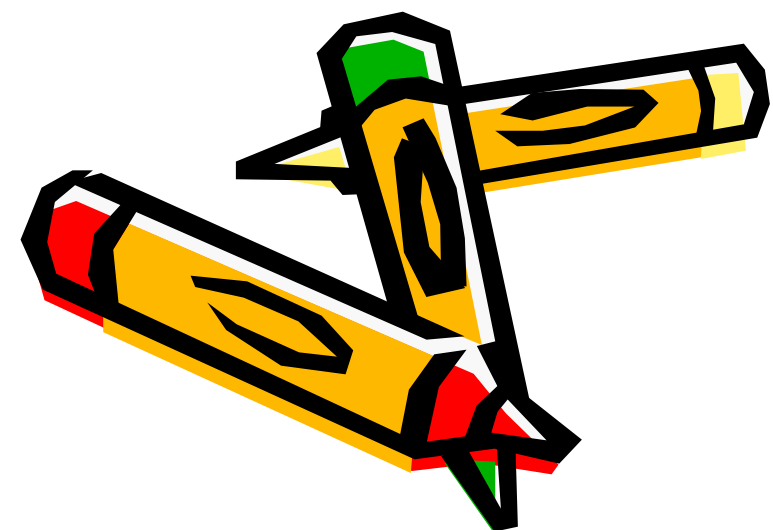
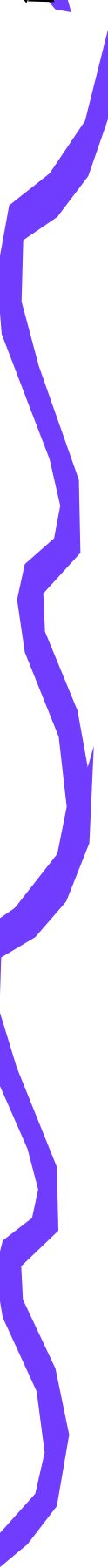
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What Determines the
Elasticity?

