







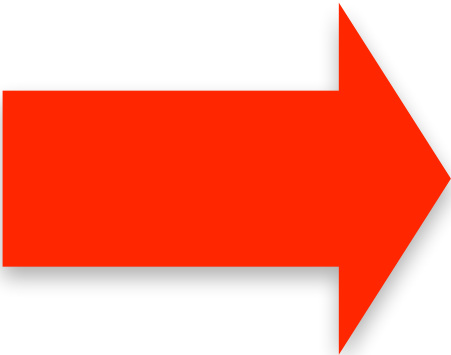


1. The number of Substitutes available

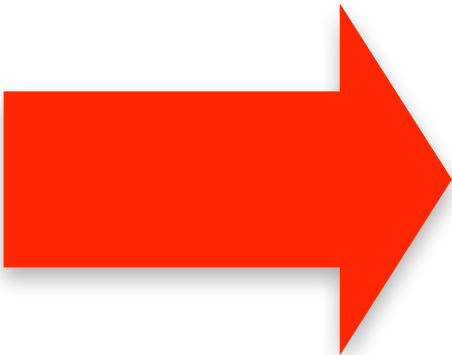


The fewer the number  
of available substitutes

The more difficult it is for  
consumers to avoid a price  
increase

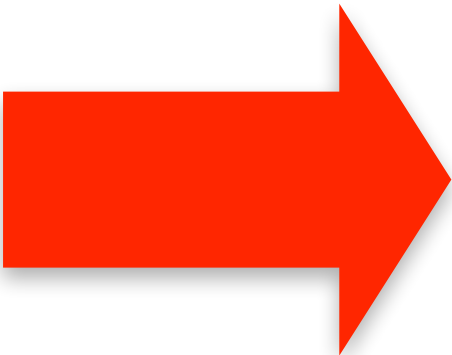


The more difficult it is to decrease  
quantity demanded in response to a  
price increase



The more inelastic  
(insensitive) demand is

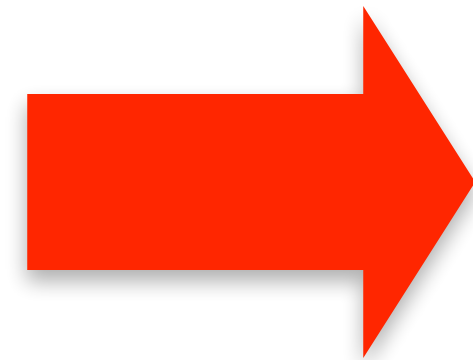
The **smaller** the drop in quantity demanded in response to a price increase



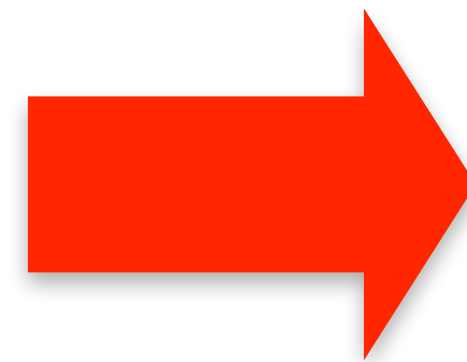


# 1.The number of Substitutes available

The **fewer** the number  
of available substitutes

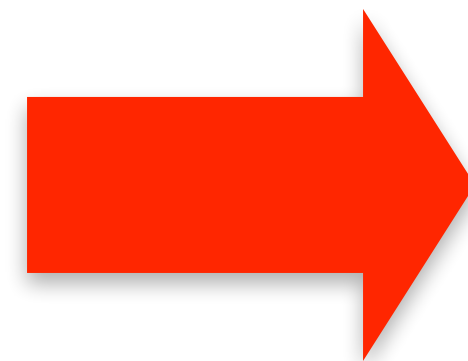


The **more difficult it is** for  
consumers to avoid a price  
increase

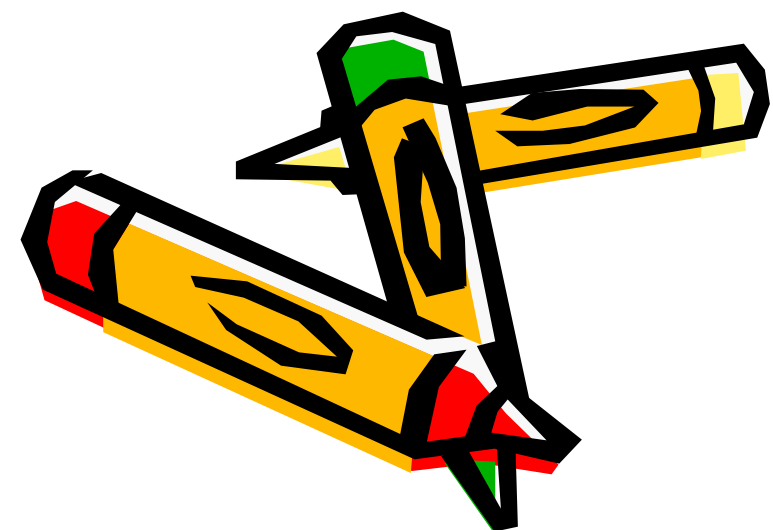
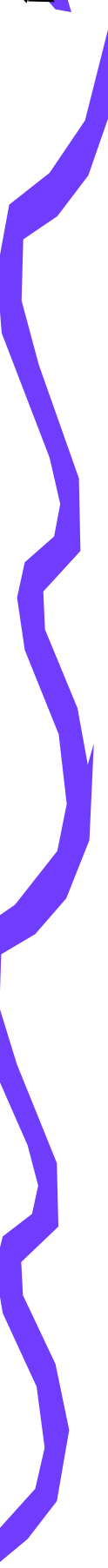


The **more inelastic**  
(insensitive) demand is

The **more difficult it is** to decrease  
quantity demanded in response to a  
price increase



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



What Determines the Elasticity?

