



Broadly defined markets



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# Food








Carrots



If food prices increase,  
the drop in quantity  
consumed is **small**: we  
have to eat!



If carrot prices  
increase, the drop in  
quantity consumed is  
**large**: we DO NOT  
have to eat carrots

Demand for Food is Inelastic

Demand for carrots is elastic

Have fewer substitutes and more  
inelastic demands

Specifically defined markets

Have more substitutes and  
more elastic demands



**Broadly** defined markets

Have **fewer** substitutes and more  
**inelastic** demands

**Demand for Food is Inelastic**



**Specifically** defined markets

Have **more** substitutes and  
more **elastic** demands

**Demand for carrots is elastic**





Which good has a more **elastic** demand?

