







100

110

100

130

Big increase in Q









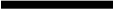


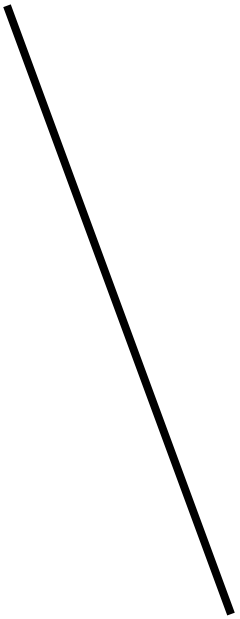


100

110

105







This consumer
overreacts

This consumer's
reaction is small









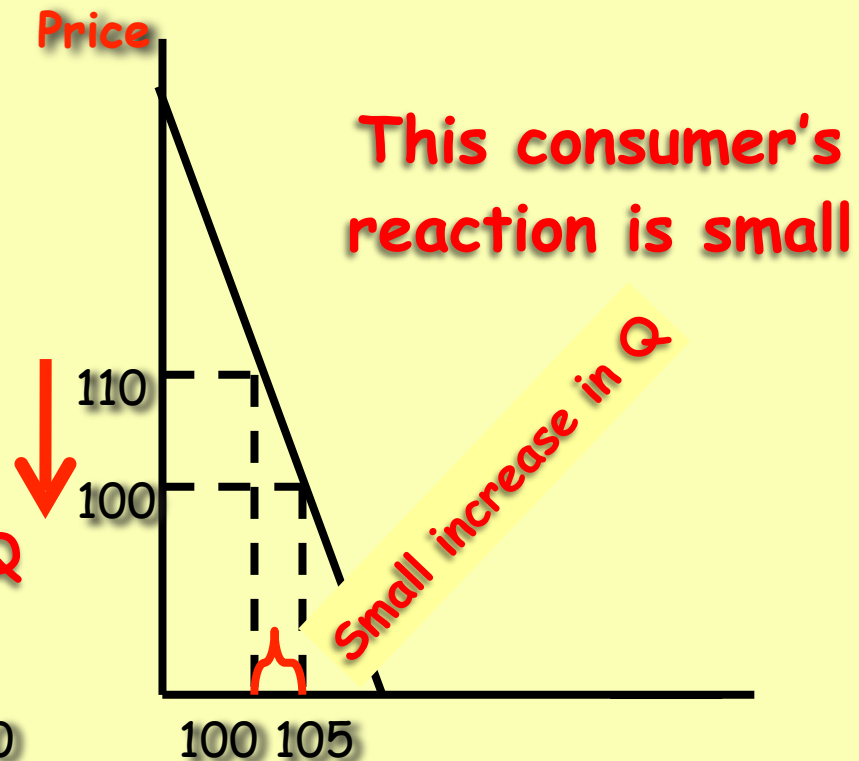
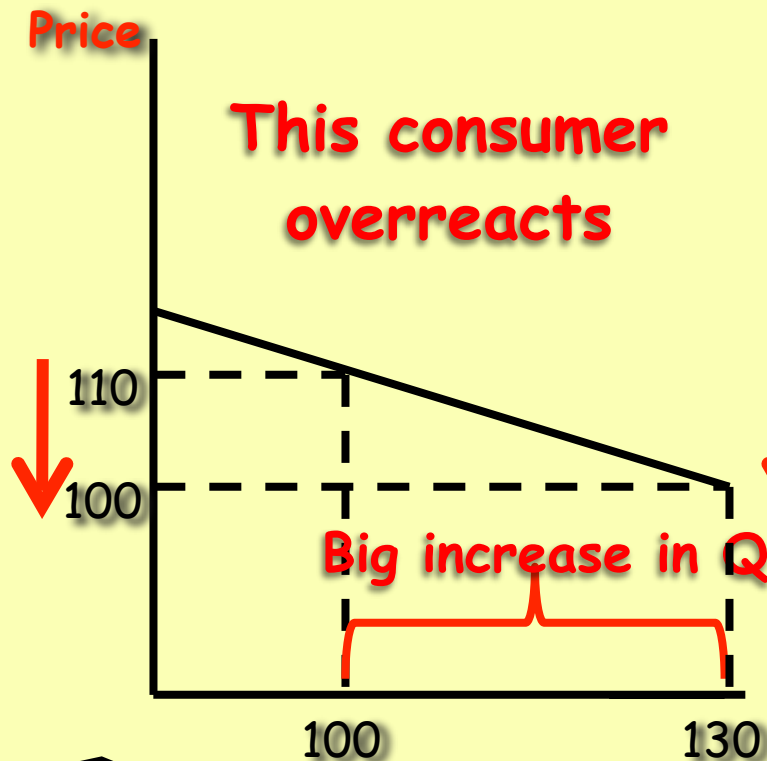
Small increase in Q

Consider how these two consumers
react to the **same** change in price...

Price

Price

Consider how these two consumers react to the **same** change in price...



Consumers who over-react to a price **drop** also over-react to a price **increase**...

