



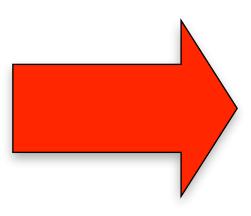


1. The number of Substitutes available

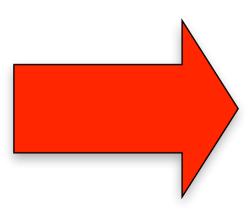
The more substitutes

The easier for consumers to avoid

consumers to avo price increase



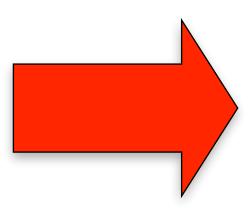
The easier to decrease quantity demanded in response to a price increase



The more elastic (sensitive) demand is

The larger the drop in

quantity demanded in response to a price increase



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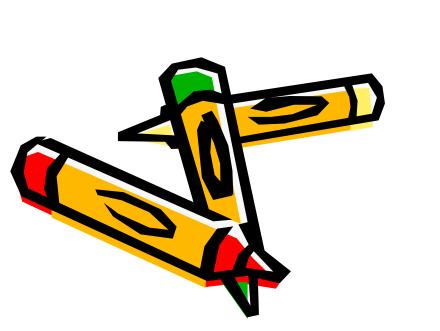
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What Determines the Elasticity?