

\$1



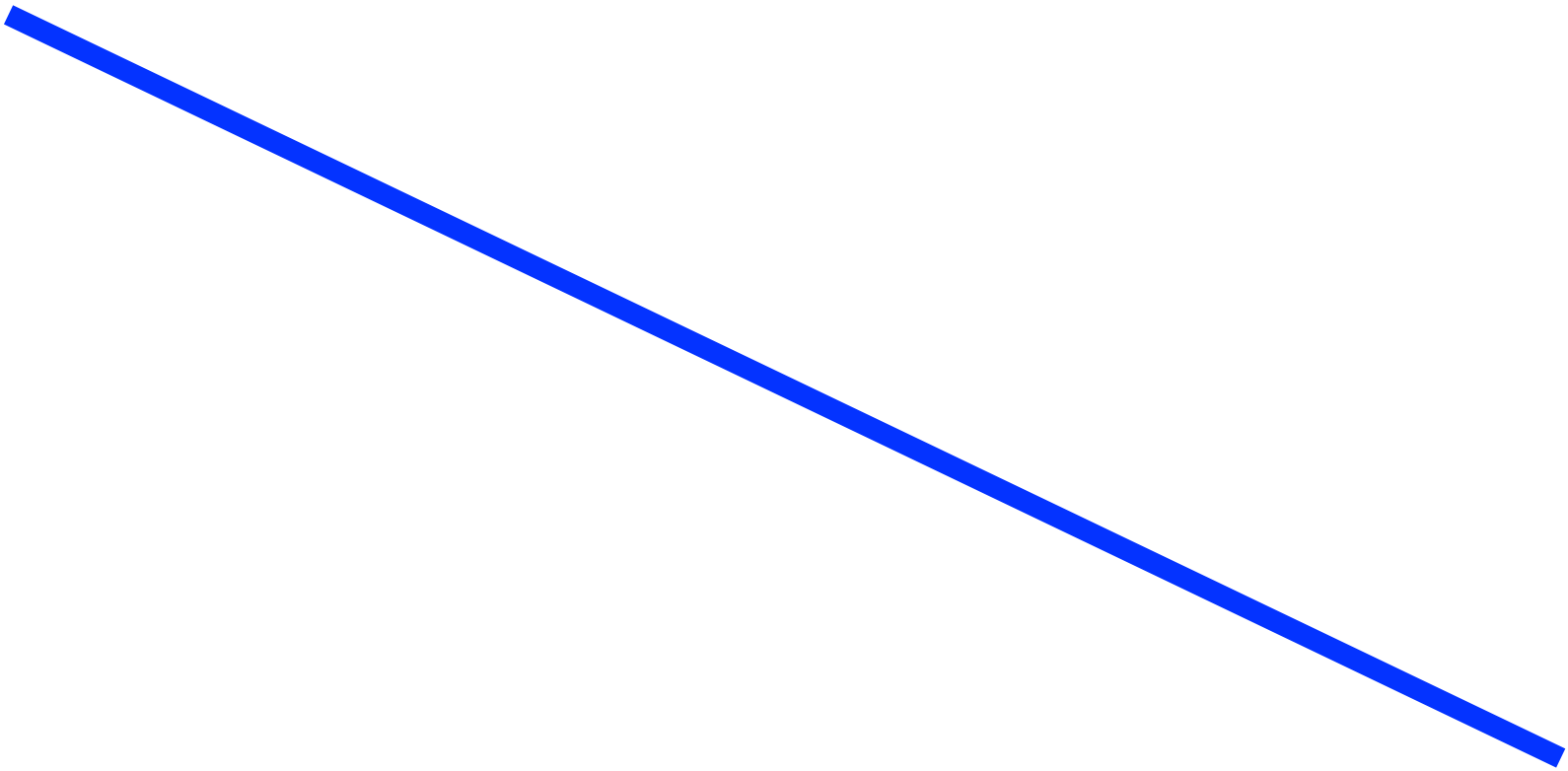




Price

Quantity Purchased

If the price is 50 cents/unit, Ana, John and Mark purchase 60 units



\$0.50



60

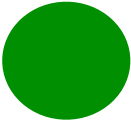
When the price

increase to \$1/unit:

Ana still buys 60 units

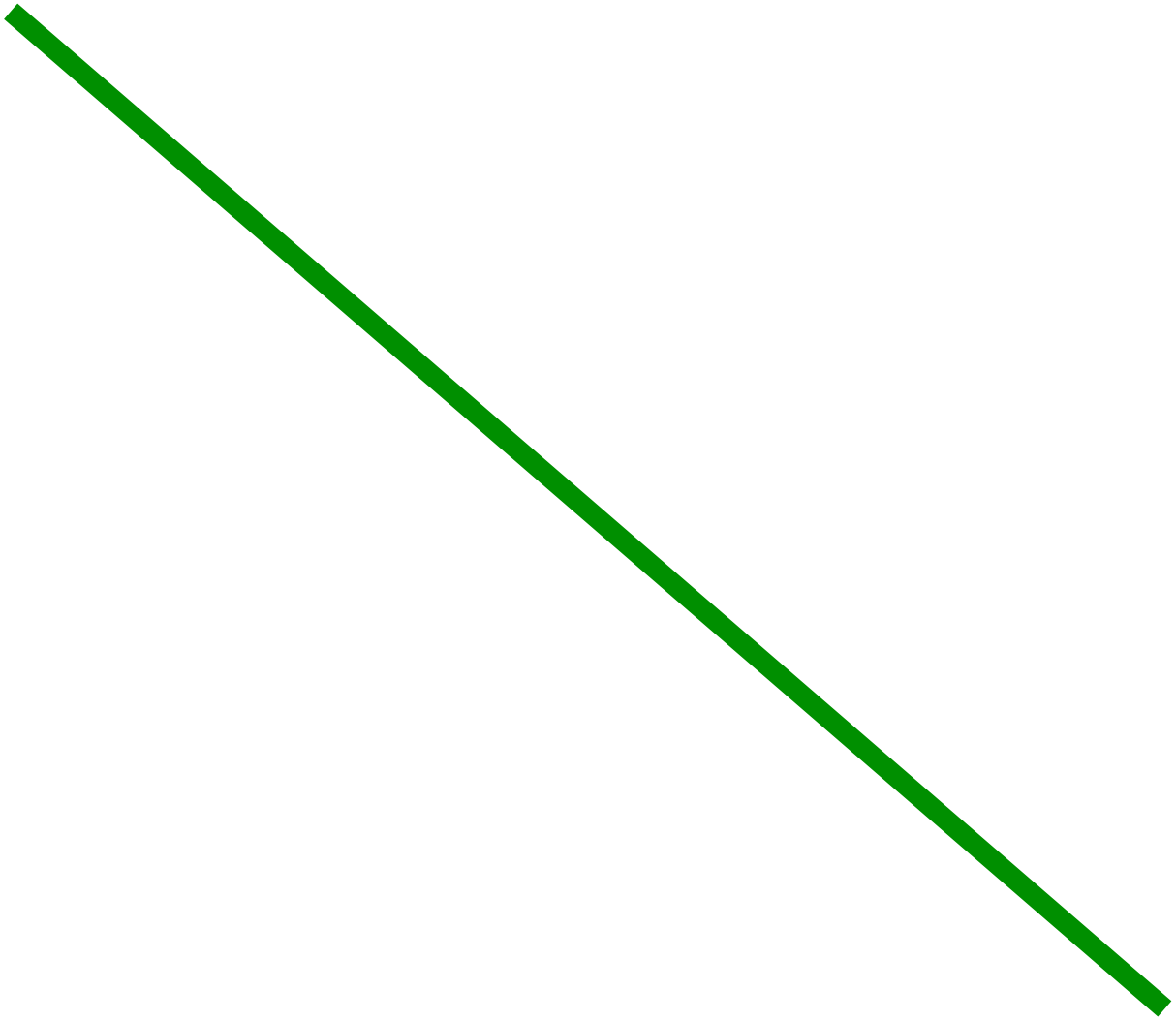




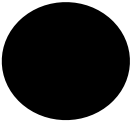




30







John's demand



Mark's demand



Ana's dilemma

John buys zero

and Mark purchase
only 30 units



If the price is 50 cents/unit, **Ana**, **John** and **Mark** purchase 60 units



When the price increase to \$1/unit:
Ana still buys 60 units
John buys zero
and **Mark** purchase only 30 units

Goods and Services Market