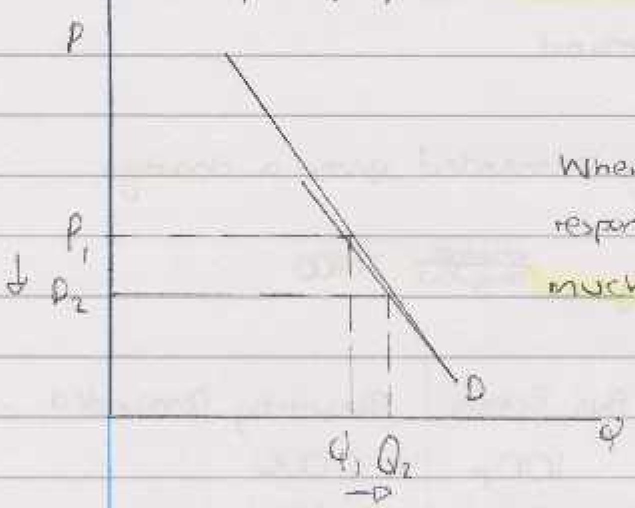
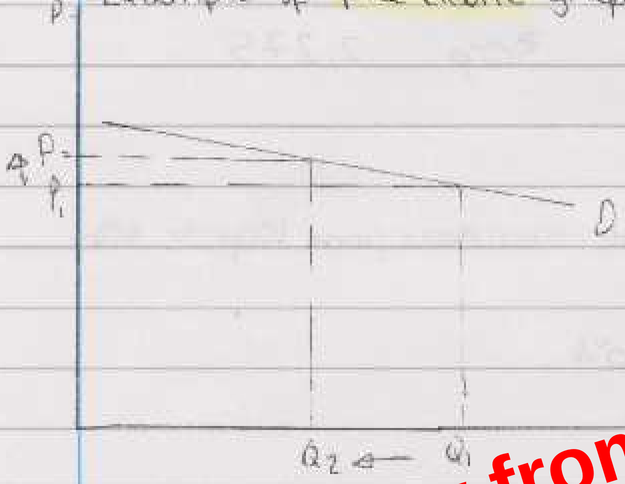
Example of price inelastic graph



When price changes from P_1 to P_2, the response of quantity demanded is not as much

Example of price elastic graph



Therefore,

- The steeper the curve is, the more price inelastic the graph is.
- The shallower the curve is, the more price elastic, the curve is.

Factors affecting elasticity: SPLAT

+ Substitutes - e.g. washing powder has close subsititues. ~~The Cto~~ If the price of washing powder goes up, people will just buy a different substitute. Therefore quantity demanded responds more to the change in price. So, the higher the number of substitutes, or the closer the ~~[illegible]~~ substitutes are, the more price elastic the product is.