

↑ σ = ↓ Price Sensitivity

H/L = Ratio of High to Low Price

θ = % Population Willing to Pay H

$\theta = 0.5$

$\theta = 0.75$

$H/L = 2$

σ

0.8

0.6

$H/L = 4$

σ

0.8

0.6

0.0

0.1

0.2

0.3

0.4

0.5

σ

0.0

0.1

0.2

0.3

0.4

0.5

σ

Independent
Correlated

0.10

0.05

0.00

-0.05

-0.10