



Demand for one brand of gasoline is more elastic



If **Gasoline** prices increase,  
consumers have **NO**  
alternatives



Gasoline

Regular

399  $\frac{9}{10}$

Plus

409  $\frac{9}{10}$

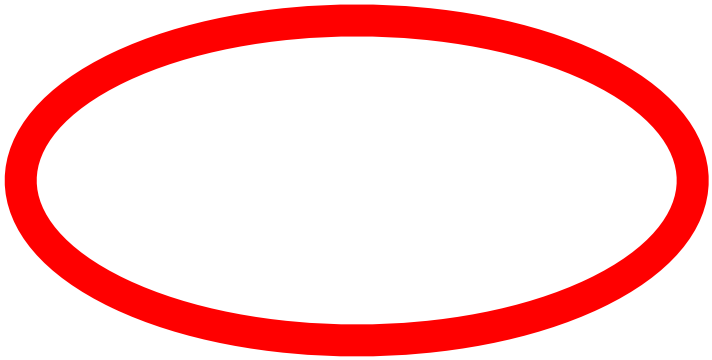
Premium

418  $\frac{9}{10}$





Demand for  
gasoline is  
inelastic



2. The definition of the market

# What Determines the Elasticity?

There are NO  
substitutes  
for gasoline



There are more substitutes for  
a **specific brand** of gasoline



Demand for **one brand** of gasoline is more **elastic**



There are more substitutes for a **specific brand** of gasoline



**Broadly** defined markets