



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  $\frac{9}{10}$

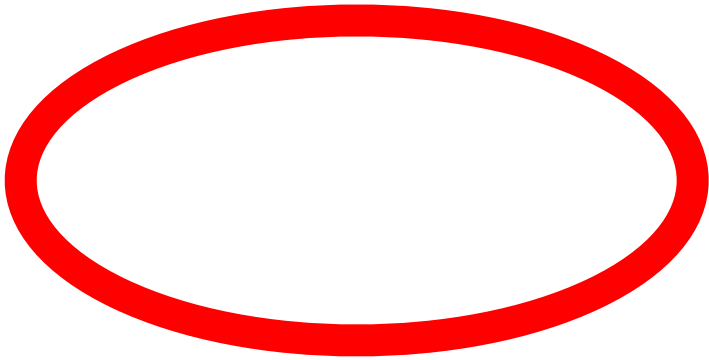
Premium

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



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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

Demand for gasoline is inelastic



**Broadly** defined markets