

3

5

Gasoline prices
increase,
consumers have
NO alternatives



Gasoline

Regular

399 $\frac{9}{10}$

Plus

409 $\frac{9}{10}$

Premium

418 $\frac{9}{10}$

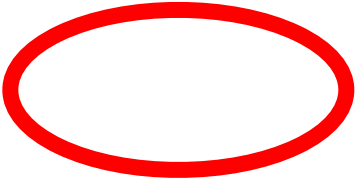


Chevron





**Demand for
gasoline is inelastic**





Demand for one
brand of gasoline
is more elastic

2. The definition of the market

More substitutes easier
for consumers to avoid
price increase

What Determines the
Elasticity?

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



More substitutes easier
for consumers to avoid
price increase

Broadly defined markets have **fewer** substitutes and **less** elastic demands