



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 $\frac{9}{10}$

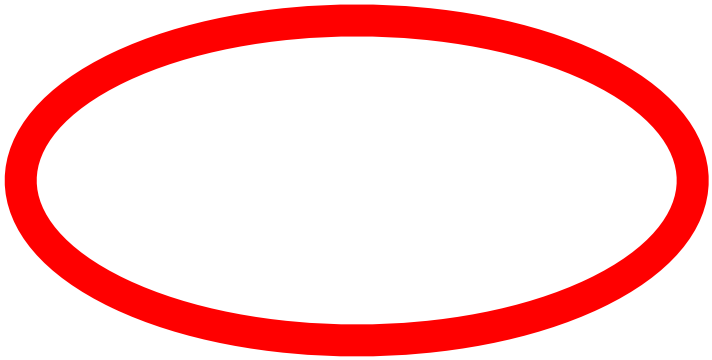
Premium

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

Demand for gasoline is inelastic



Broadly defined markets