

Reasons for Changes in Demand Part I

Directions: Identify the determinate that causes the change in demand and then decide whether it will increase, decrease, or not affect the demand for the product. A list of demand determinates is found below.

Change in consumer tastes/preferences

Change in consumer incomes

Change in the size or composition of the population

Change in the price of a substitute good

Change in the price of a complementary good

Change in consumers' price expectations

The demand will not change

1. What would happen to the demand for pizza if you find out that pizza causes heart disease?

Determinate that causes the change: _____

What will happen to demand? _____

2. What would happen to the demand of Nike shoes if it is the favorite shoe of many sports celebrities?

Determinate that causes the change: _____

What will happen to demand? _____

3. A new energy drink comes to market that does not have negative side effects (e.g., jitters, crashes).

Determinate that causes the change: _____

What will happen to demand? _____

4. Student allowances and the minimum wage for work increases.

Determinate that causes the change: _____

What will happen to demand? _____