

Wednesday, February 17

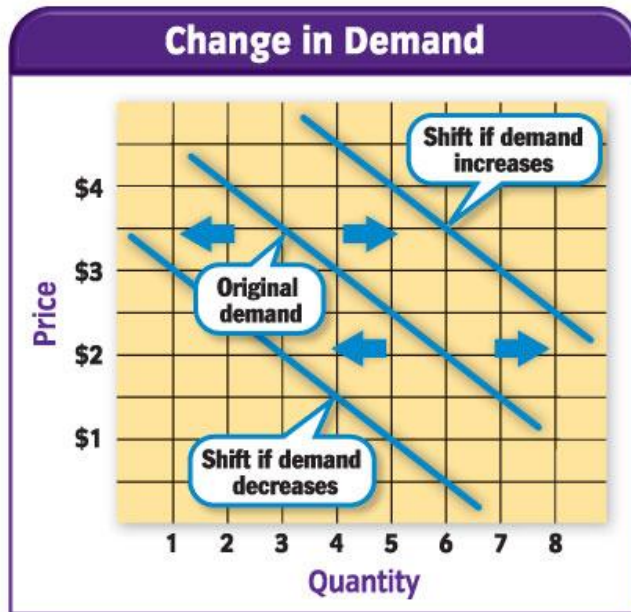
- **Bell Ringer**: You're the manager of a local Pizza Hut, and you find out that you will have to raise the price of your pizzas you sell. **Predict** what will happen to the demand of pasta that is ordered by customers. (1 sentence). **Explain** by drawing a demand curve and give the demand determinant, too.

Reminders:

- PUT CELL PHONES/ELECTRONICS AWAY—THAT POLICY WILL INCLUDE IN THE LAB AS WELL.
- JA ESSAY LAB TIME Friday; ESSAY DUE Tuesday, **March 1.**
- Tuesday, February 23—last day for Chapters 1 & 2.

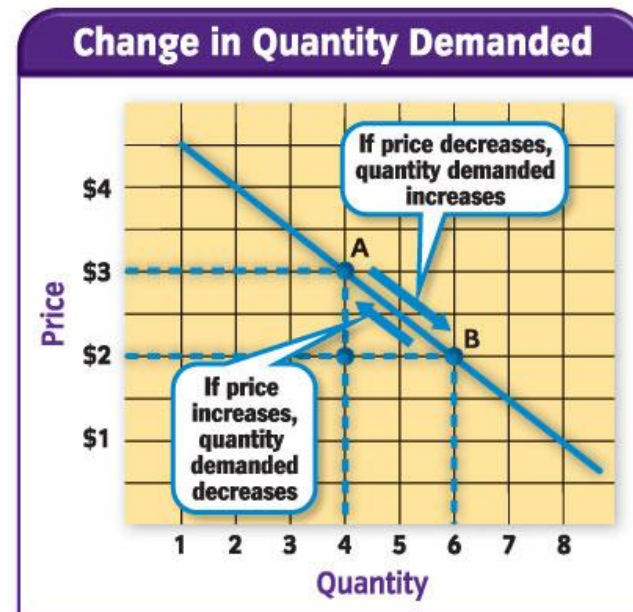
Figure 7.4

Demand vs. Quantity Demanded



Graph A. Change in Demand This is caused by something other than a change in the product's price, and it causes the entire demand curve to shift to the left or right.

Graph B. Change in Quantity Demanded This is caused by a change in the price of a good, and it is shown as a movement *along* the demand curve.



Practice Demand Graphing

Using the handout, graph each of the following DEMAND problems and indicate which of the 5 demand determinants caused the change in demand.

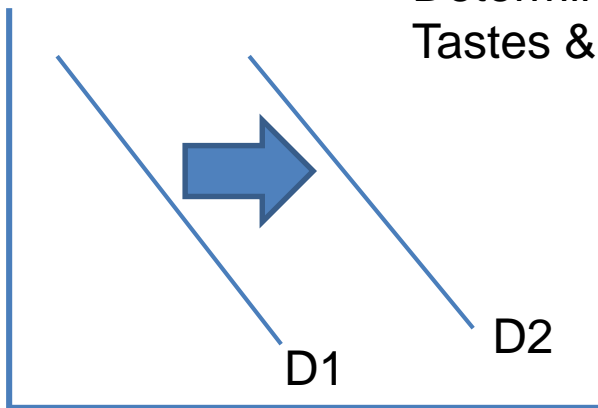
Use a **D1** for the original demand and a **D2** curve to show the change of the demand. BE SURE TO LABEL CORRECTLY!

Once you are finished graphing the 10 demand curves, we will review each. The first one has an example of what is expected on your handout.

Problem #1

- What happens to the demand for pineapples when doctors determine that eating pineapples prevents baldness? What is the determinant that caused the change?

Sample:

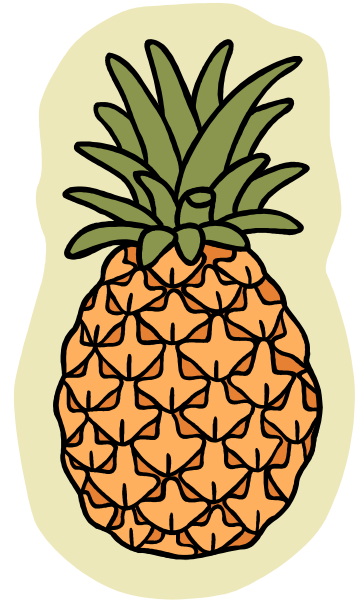


Determinant:
Tastes & preferences:



Problem #2

- What happens to the demand for pineapples when consumers are experiencing a high unemployment rate and numerous layoffs in the local economy? What is the determinant that caused the change?



Problem #3

- What happens to the demand for pineapples when there is a report that they have been infected with a virus? What is the determinant that caused the change?



Problem #4

- What happens to the demand for Sony PlayStation 4 games when the Sony PlayStation gaming system is the leading Christmas purchase of parents this year? What is the determinant that caused the change?



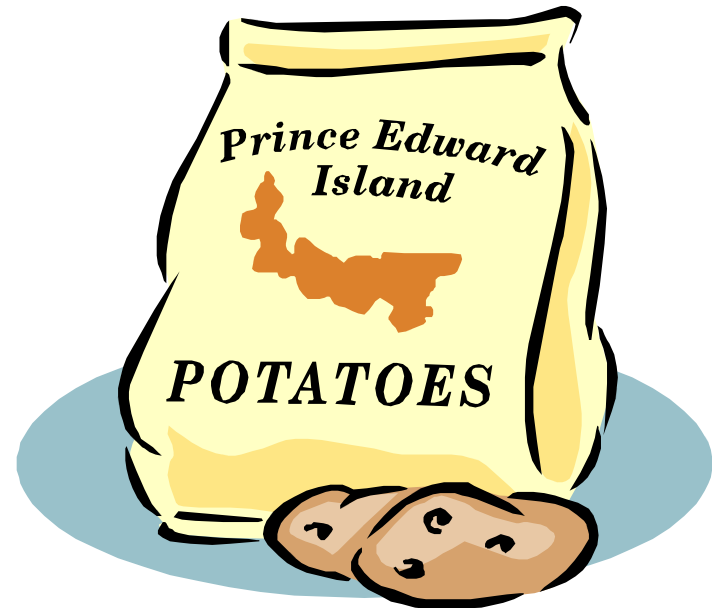
Problem #5

- What happens to the demand for pharmaceuticals in a local neighborhood when a large retirement village is built nearby? What is the determinant that caused the change?



Problem #6

- What happens to the demand for potatoes when corn prices drop? What is the determinant that caused the change?



Problem #7

- What happens to the demand for movie tickets when students get an increase in their allowance? What is the determinant that caused the change?



Problem #8

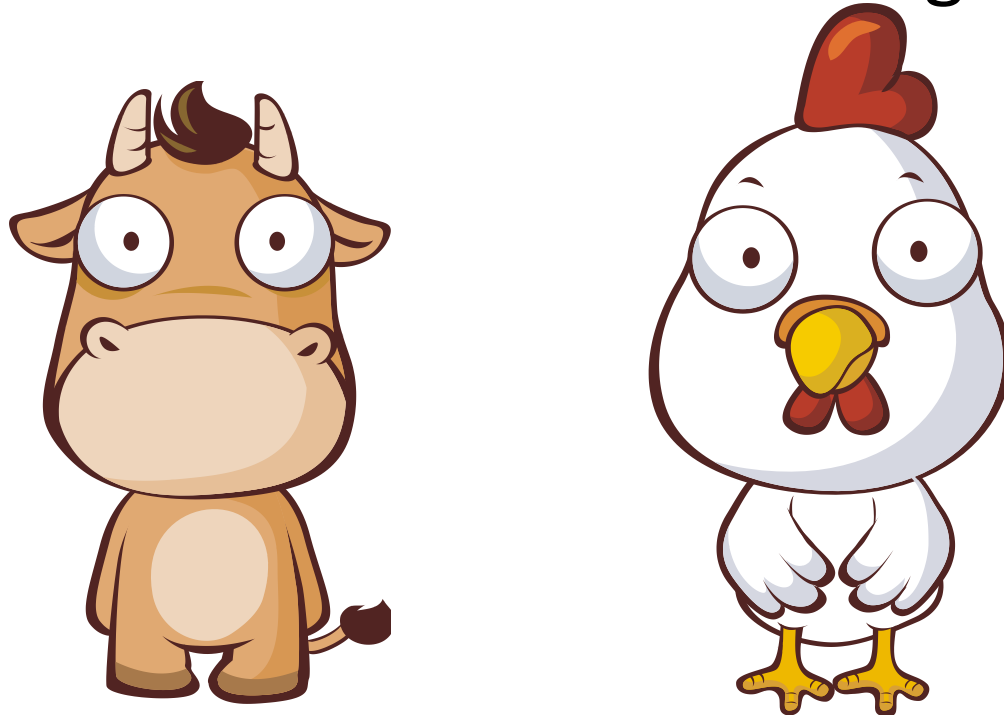
- What happens to the demand for food in the Haymarket on a Husker football Saturday? What is the determinant that caused the change?

**NEBRASKA
FOOTBALL**



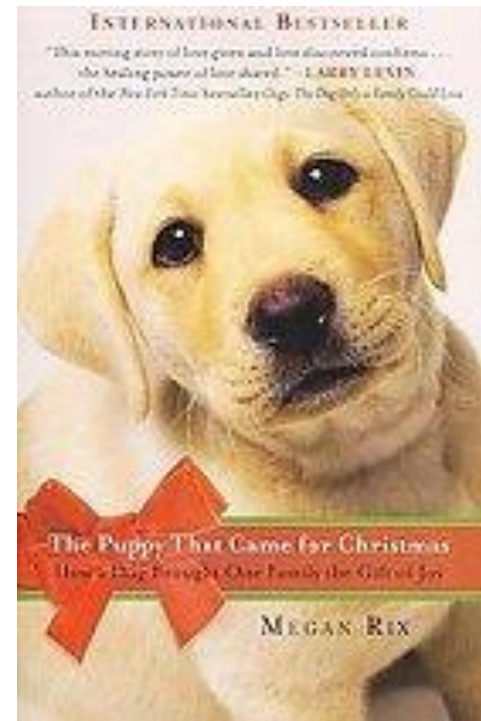
Problem #9

- What happens to the demand for chicken when the price of steak goes up? What is the determinant that caused the change?



Problem #10

- What happens to the demand for dog food when a large number of Christmas puppies are sold? What is the determinant that caused the change?

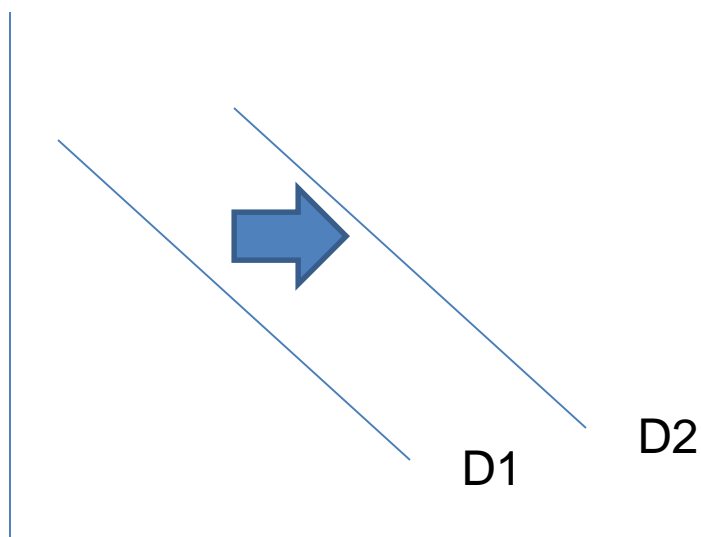


How did you do??

- Look at each demand curve and determine:
 - Is your demand curve (D1) correct?
 - (downward sloping from left to right)
 - Is your arrow increasing to the right or decreasing to the left?
 - Do you have the correct determinant
- This is practice—make any changes to FIX your practice. You will turn in at the end of the period.

Problem #1

- What happens to the demand for pineapples when doctors determine that eating pineapples prevents baldness? What is the determinant that caused the change?



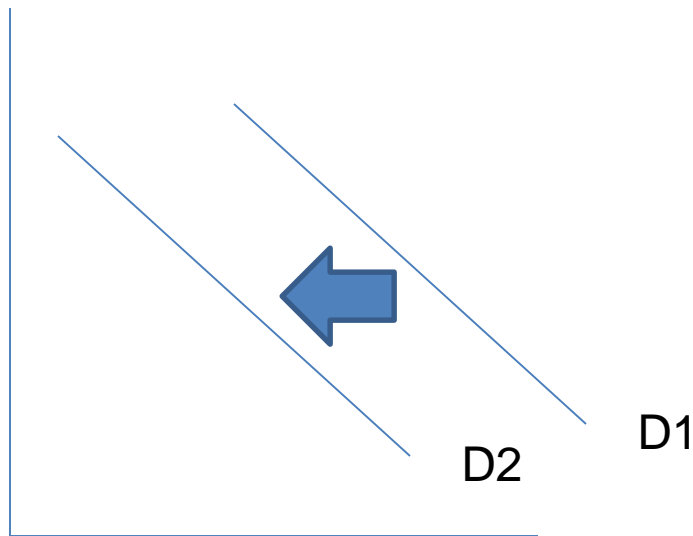
DETERMINANT:

Tastes & Preferences

Explanation: As many people may/want to prevent/avoid baldness, they may increase their demand for pineapples.

Problem #2

- What happens to the demand for pineapples when consumers are experiencing a high unemployment rate and numerous layoffs in the local economy? What is the determinant that caused the change?

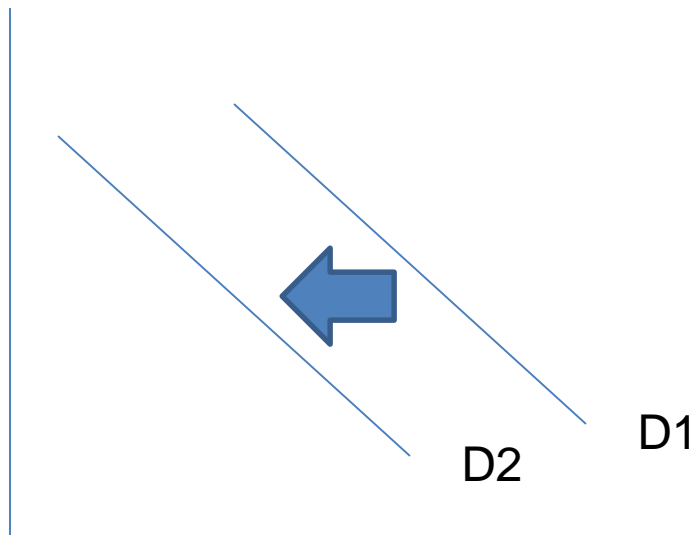


DETERMINANT:
Change in Income

Explanation: As incomes fall (due to being unemployed), consumers will demand less of a non-necessity product such as pineapples.

Problem #3

- What happens to the demand for pineapples when there is a report that they have been infected with a virus? What is the determinant that caused the change?



DETERMINANT:

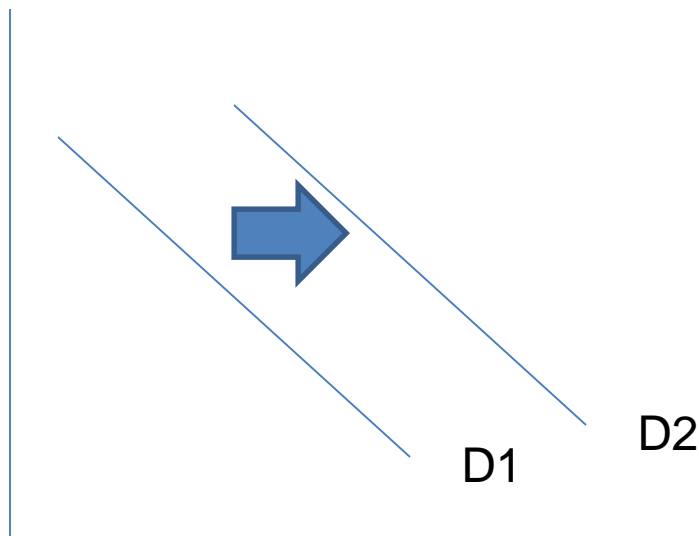
Tastes and preferences

Explanation: If consumers are worried about the safety a product, they will prefer to purchase other fruits.

Problem #4

What happens to the demand for Sony PlayStation 4 games when the Sony PlayStation gaming system is the leading Christmas purchase of parents this year? What is the determinant that caused the change?

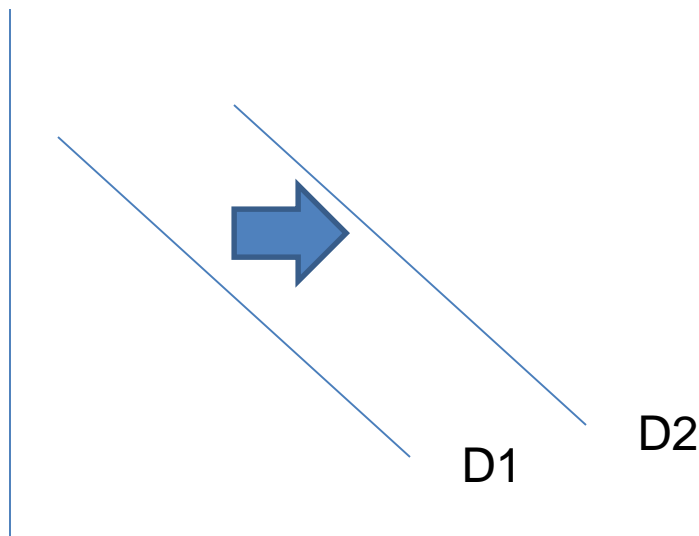
DETERMINANT:
Complementary goods



Explanation: PlayStation video games and gaming systems are complimentary products; games are needed for the systems.

Problem #5

- What happens to the demand for pharmaceuticals in a local neighborhood when a large retirement village is built nearby?



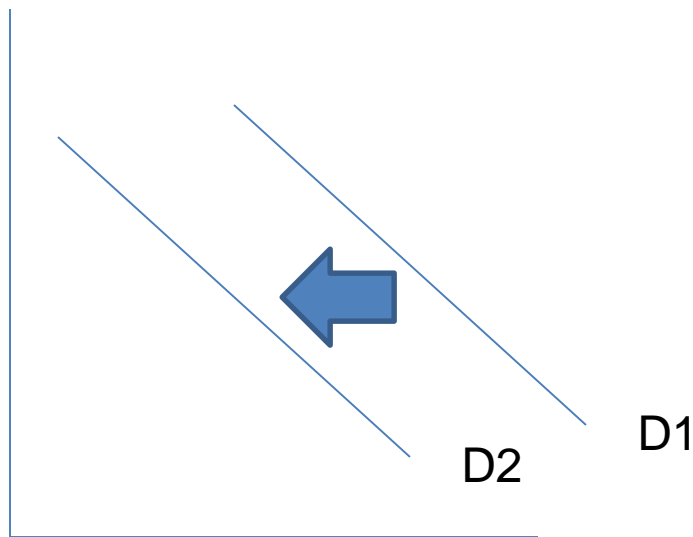
DETERMINANT:

Change in population

Explanation: Because people who live in retirement villages may use pharmacy products, the increase in number of residents affects the demand for those products.

Problem #6

- What happens to the demand for potatoes when corn prices drop?



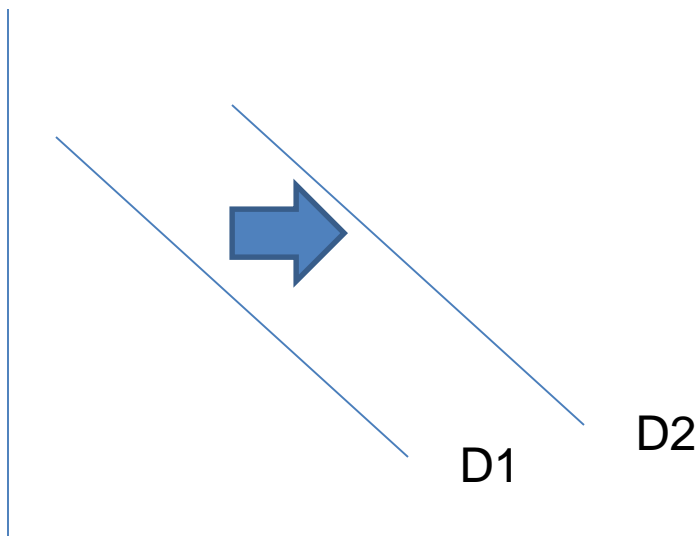
DETERMINANT:

substitute

Explanation: For some products, corn is used (corn chips vs. potato chips) so the demand for potatoes may drop as consumers purchase more corn products.

Problem #7

- What happens to the demand for movie tickets when students get an increase in their allowance?

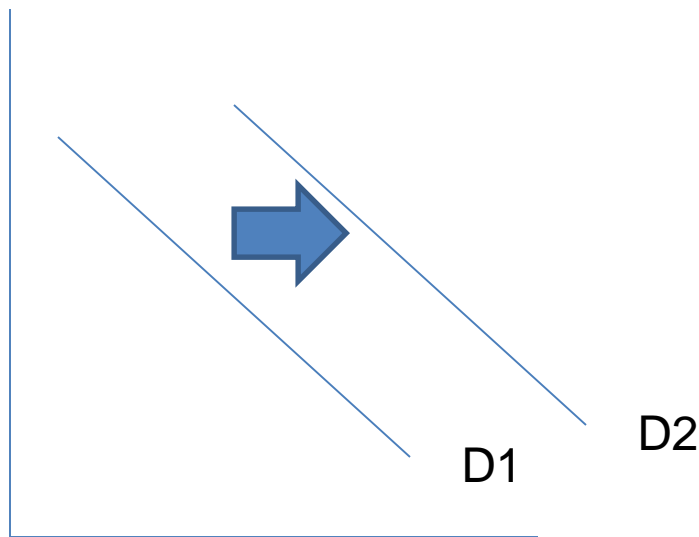


DETERMINANT:
Change in income

Explanation: As the 'income' for students increase, their purchasing of goods & services may increase including entertainment products/services.

Problem #8

- What happens to the demand for food in the Haymarket on a Husker football Saturday?



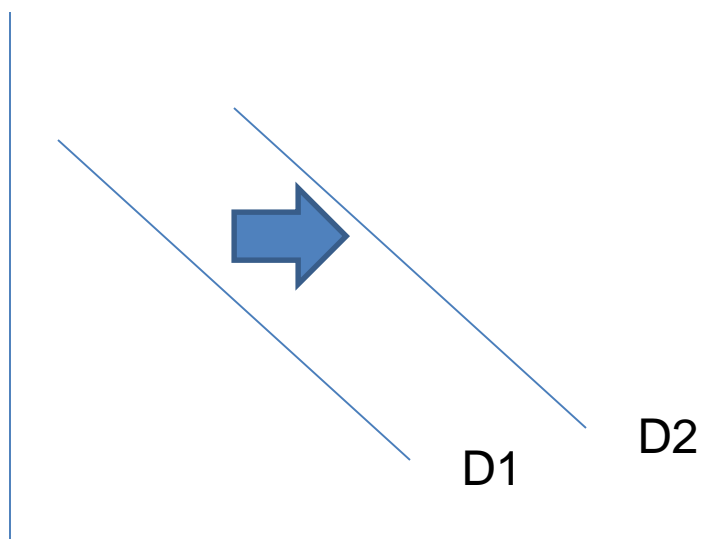
DETERMINANT:

Change in population

Explanation: If you worked for or owned a restaurant in the Haymarket (which borders Memorial Stadium), you will likely see many more customers coming through your doors.

Problem #9

- What happens to the demand for chicken when the price of steak goes up?



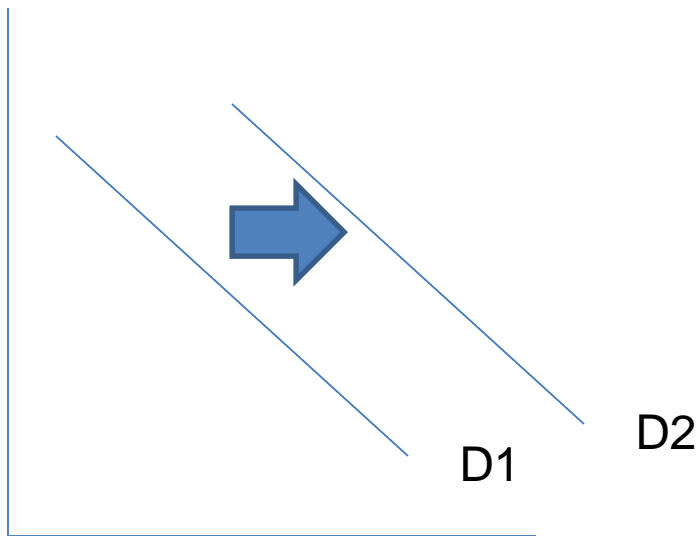
DETERMINANT:

substitute

Explanation: Although some people may prefer steak over chicken, if the price of steak is too much of an increase; they will substitute other meat products (chicken, fish, etc.).

Problem #10

- What happens to the demand for dog food when a large number of Christmas puppies are sold?



DETERMINANT:

Complementary goods

Explanation: Puppies are going to need puppy food (dog food).