

# Law of Demand

## Homework

### DIRECTIONS

This activity has two sections. On the front side, fictional newspaper headlines illustrate the market for pizza in a college town. Determine if the quantity demanded changed (which means only the price of pizza has changed), or if the entire demand has changed. If only quantity demanded changed, circle "No Change." If the entire demand has changed, identify if it was an increase or a decrease, and identify which determinant of demand is responsible. On the back side, there is a similar activity.

### DETERMINANTS OF DEMAND

#### Events That Increase Demand

- A) Consumers enter the market
- B) Consumers have more money
- C) Consumers expect good things to happen in the future
- D) Product is a fad (popular)
- E) Price of a substitute good increases
- F) Price of a complementary good decreases

#### Events That Decrease Demand

- G) Consumers leave the market
- H) Consumers have less money
- I) Consumers expect bad things to happen in the future
- J) Product goes out of style
- K) Price of a substitute good decreases
- L) Price of a complementary good increases

### INTERPRET HEADLINES FROM THE MARKET FOR "PIZZA IN A COLLEGE TOWN"

#### 1) College Students Arrive for Fall Semester Today

Increase                  Decrease                  No Change                  Determinant of Demand: \_\_\_\_\_

#### 2) College Students Expect Tuition to Be Higher for Spring Semester

Increase                  Decrease                  No Change                  Determinant of Demand: \_\_\_\_\_

#### 3) Price of Soda Skyrockets

Increase                  Decrease                  No Change                  Determinant of Demand: \_\_\_\_\_

#### 4) Twice As Many College Students Will Work This Year Than Last Year

Increase                  Decrease                  No Change                  Determinant of Demand: \_\_\_\_\_

#### 5) Pizzas Are Half Price on Tuesdays

Increase                  Decrease                  No Change                  Determinant of Demand: \_\_\_\_\_

#### 6) Price of Sub Sandwiches Has Increased

Increase                  Decrease                  No Change                  Determinant of Demand: \_\_\_\_\_

#### 7) College Students Return Home for the Summer

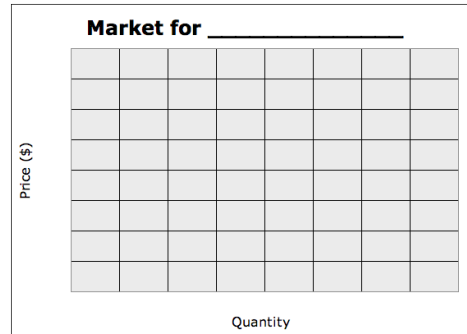
Increase                  Decrease                  No Change                  Determinant of Demand: \_\_\_\_\_

CREATE YOUR OWN HEADLINES

For each problem below, a Determinant of Demand has been provided. Create a fictional newspaper headline that would illustrate demand changing in the indicated way. (You can use whichever market you like. If you have trouble thinking of headlines, use the Car Market in your headlines.) Once you have created a headline, complete the graph using appropriate labels.

**8) Consumers have less money**

Headline: \_\_\_\_\_



**9) Price of a complementary good increases**

Headline: \_\_\_\_\_



**10) Product is a fad (popular)**

Headline: \_\_\_\_\_



**11) Consumers enter the market**

Headline: \_\_\_\_\_

