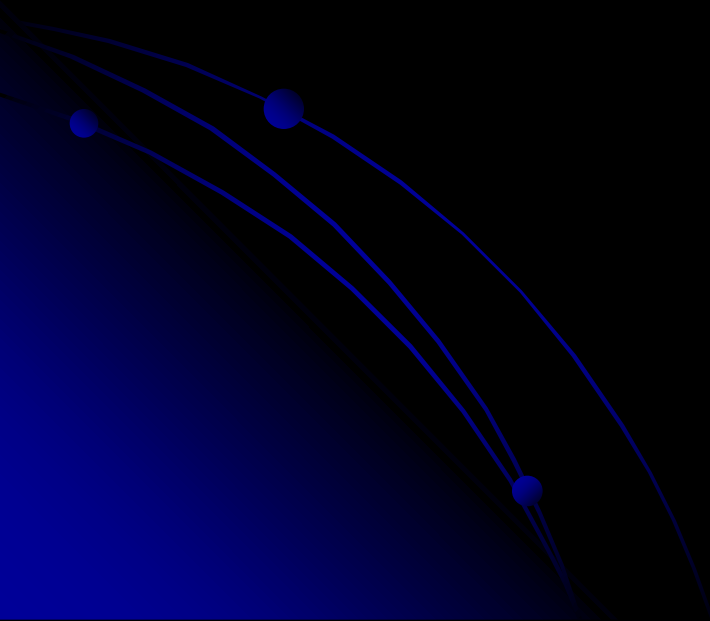
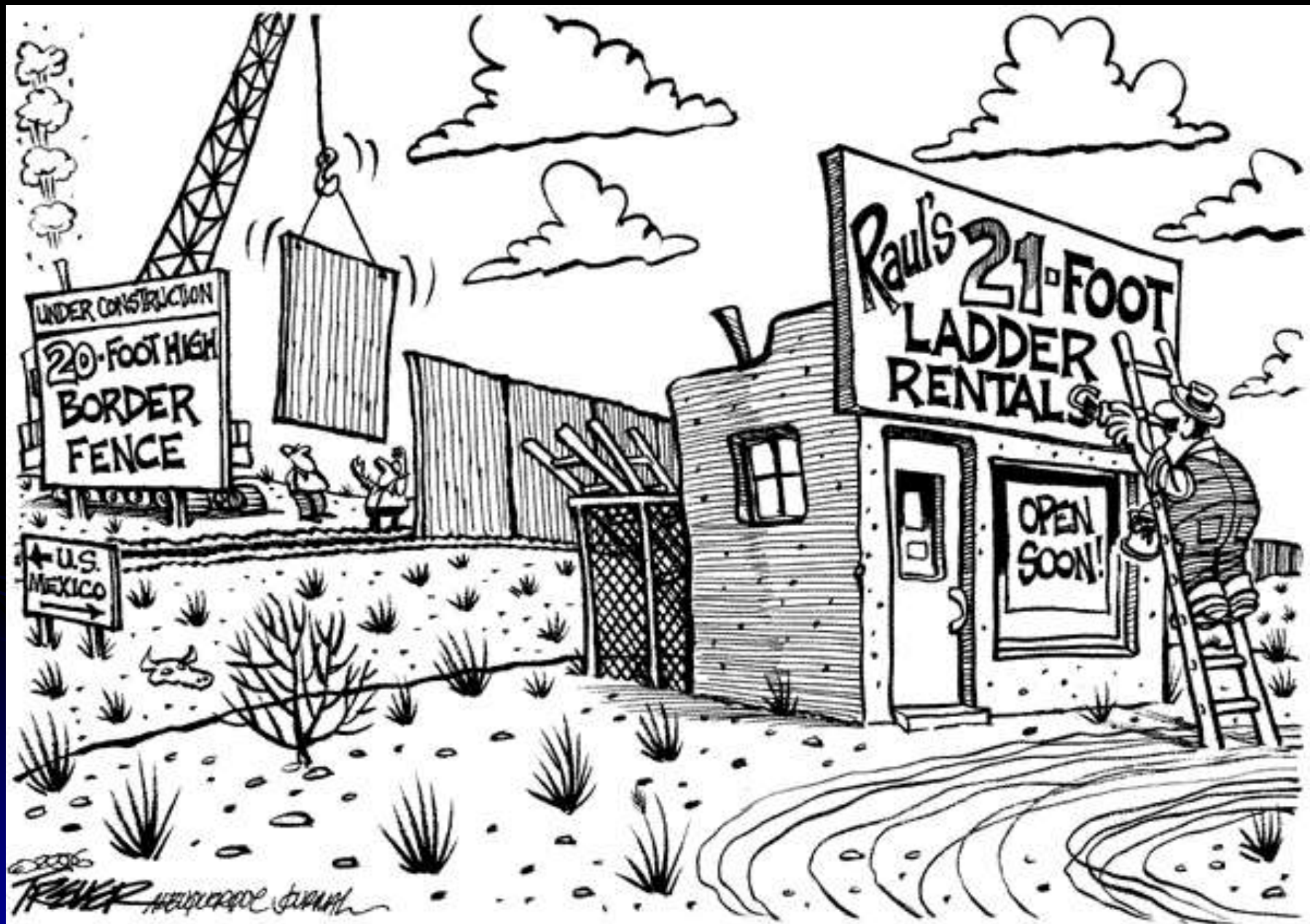


# Chapter 4 Section 1

## Demand





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Trevor

# Demand Schedule

Price	
.25	
.50	
.75	
1.00	
1.25	
1.50	
1.75	
2.00	
2.25	



Imagine....




- *Wilmot High School's cafeteria begins selling Krispy Kreme doughnuts. Not only are they selling them, but they are baking them fresh every morning, and the aroma can be smelled from every corner of the building. (If you don't like KK, sub another yummy item). At the prices given, how many Krispy Kremes would you purchase in a month?*

# *Mrs. Unger's Demand Schedule*

Price	Quantity Demanded
.25	20
.50	15
.75	12
1.00	10
1.25	8
1.50	6
1.75	5
2.00	3
2.25	0

*Congratulations! You have just created your first demand schedule.*

- *Now, graph this information, on a graph with  $P$  (price) on the vertical axis and  $Q$  (quantity) on the horizontal axis.*
  - *You have completed an individual demand schedule and graph.*
- 

# *Let's create a "market" demand for Krispy Kreme*

- *For each price, and class rep will add together all the individual demand. Results will be recorded on the board.*
- *Another rep will take the information and graph it. Put both the market demand schedule and graph in your notes.*

# Demand

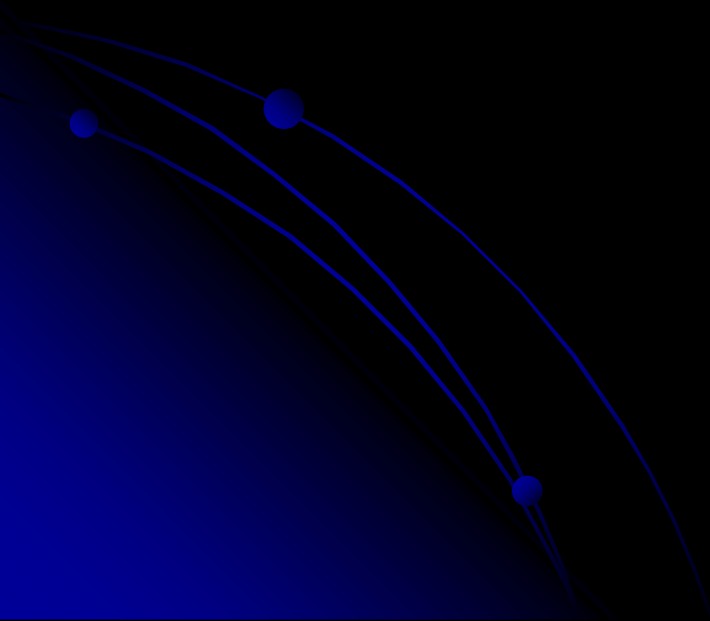
- What is the general shape of the demand curve?
- Downward sloping
- Why is the demand curve shaped this way?
- As price increases, quantity demanded decreases.
  - This is the law of demand.



# What is Demand?

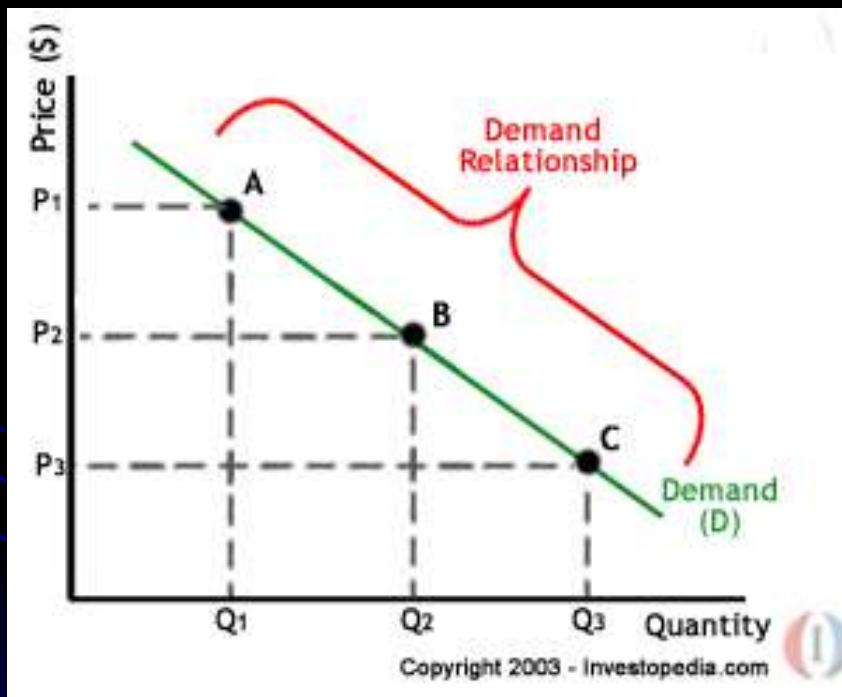
- Demand is

The desire to purchase a good AND the ability to pay for it.



# The Demand Curve

(Demand is Downward sloping,  
notice the D's)



# Does Mrs. Unger have demand for....

- Snowboard
- Yacht
- Trip to Africa



# Does Mrs. Unger have demand for....

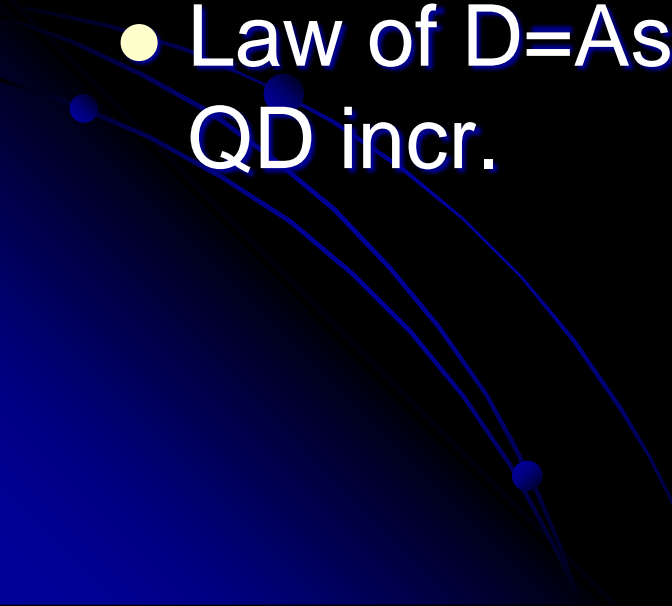
- Mercedes
- Starbucks coffee
- Subway



- Lady Gaga ticket

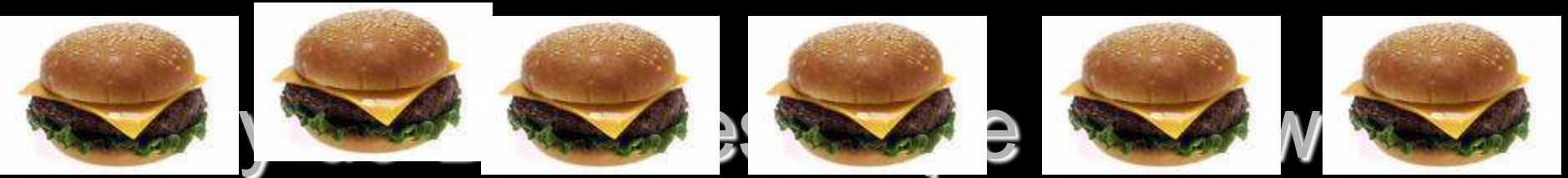


# Abbreviations

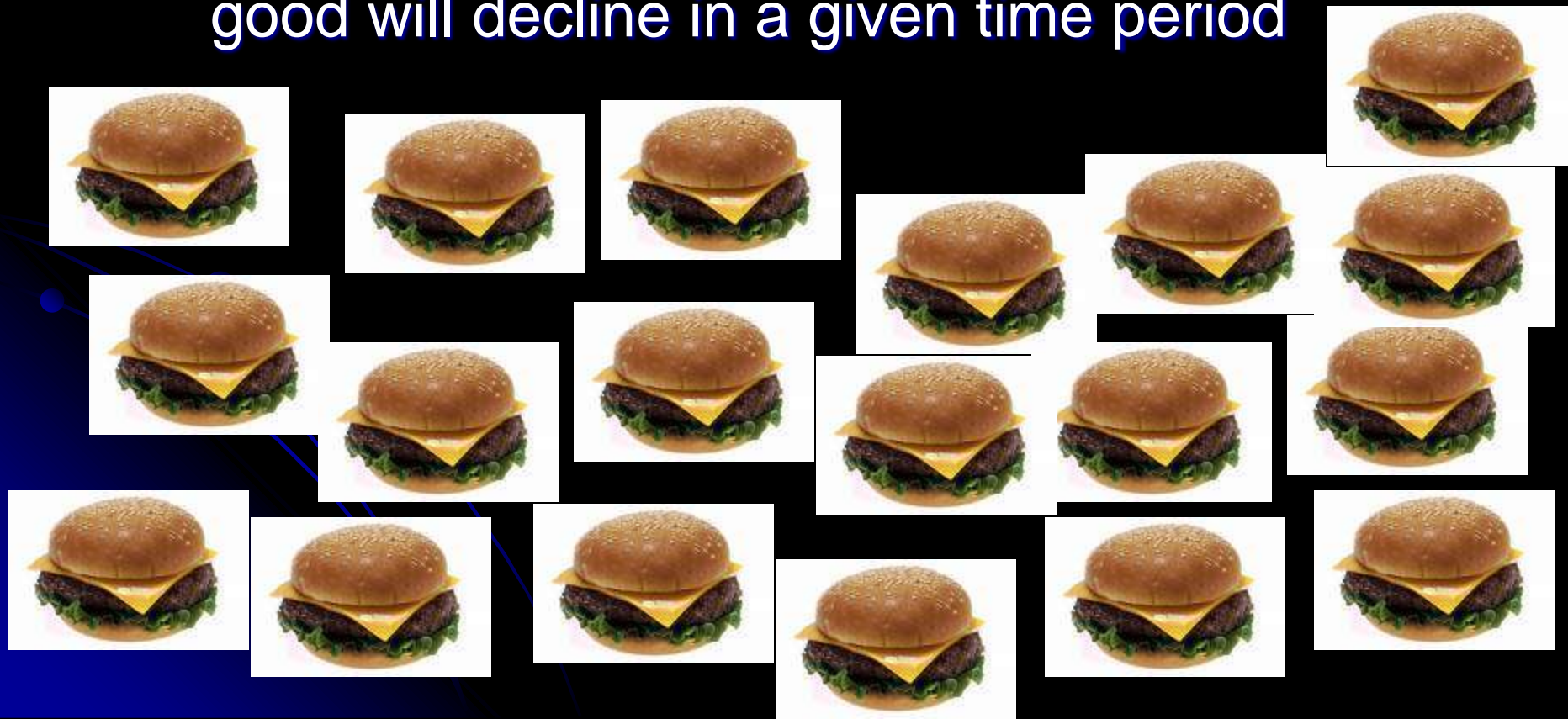
- D=Demand
  - QD=Quantity Demanded (or the number demanded at a particular price)
  - P=Price
  - Law of D=As P incr., QD decr. As P decr., QD incr.
- 

# Small Group Activity

- In groups of 4 or 5, create a market demand graph for a common food product. Each person should chart and graph their individual demand.
- Set 6 different prices for the product. Create a market demand schedule (the chart) and then graph the information. Correctly label your graph.



- **The Law of Diminishing Marginal Utility:**  
The marginal benefit of using another unit of a good will decline in a given time period



# Law of Diminishing Marginal Utility

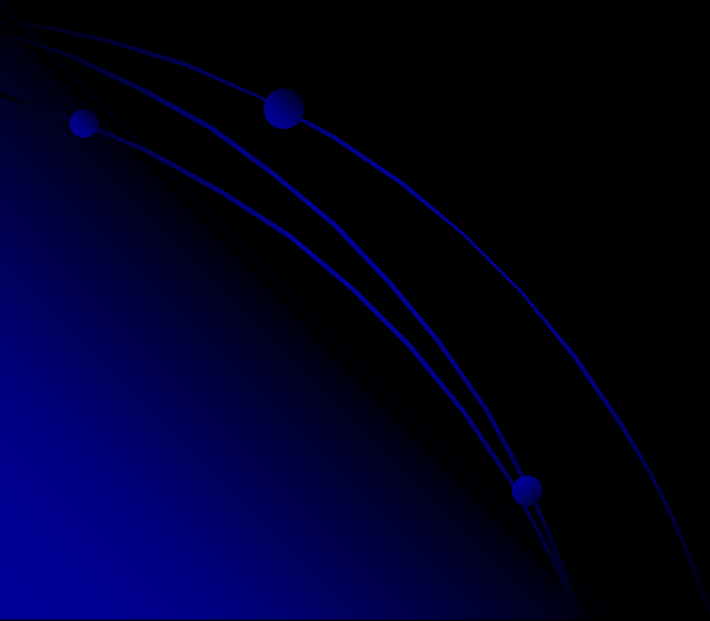
- *The first double cheeseburger tastes great, the second one is good, the third one is ok, the fourth makes you sick.*
- *The first ipod brings you a lot of enjoyment, the second is fine, the 10<sup>th</sup> ipod brings you very little marginal benefit.*



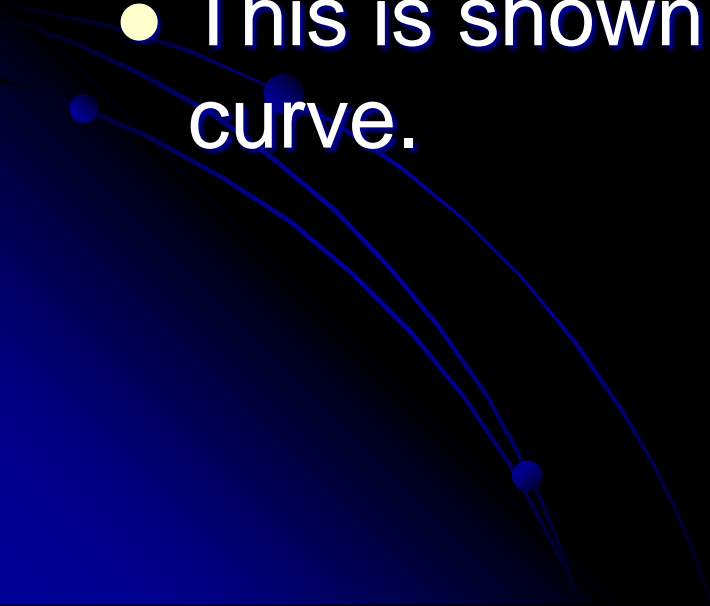


# Quantity Demanded Vs. Demand

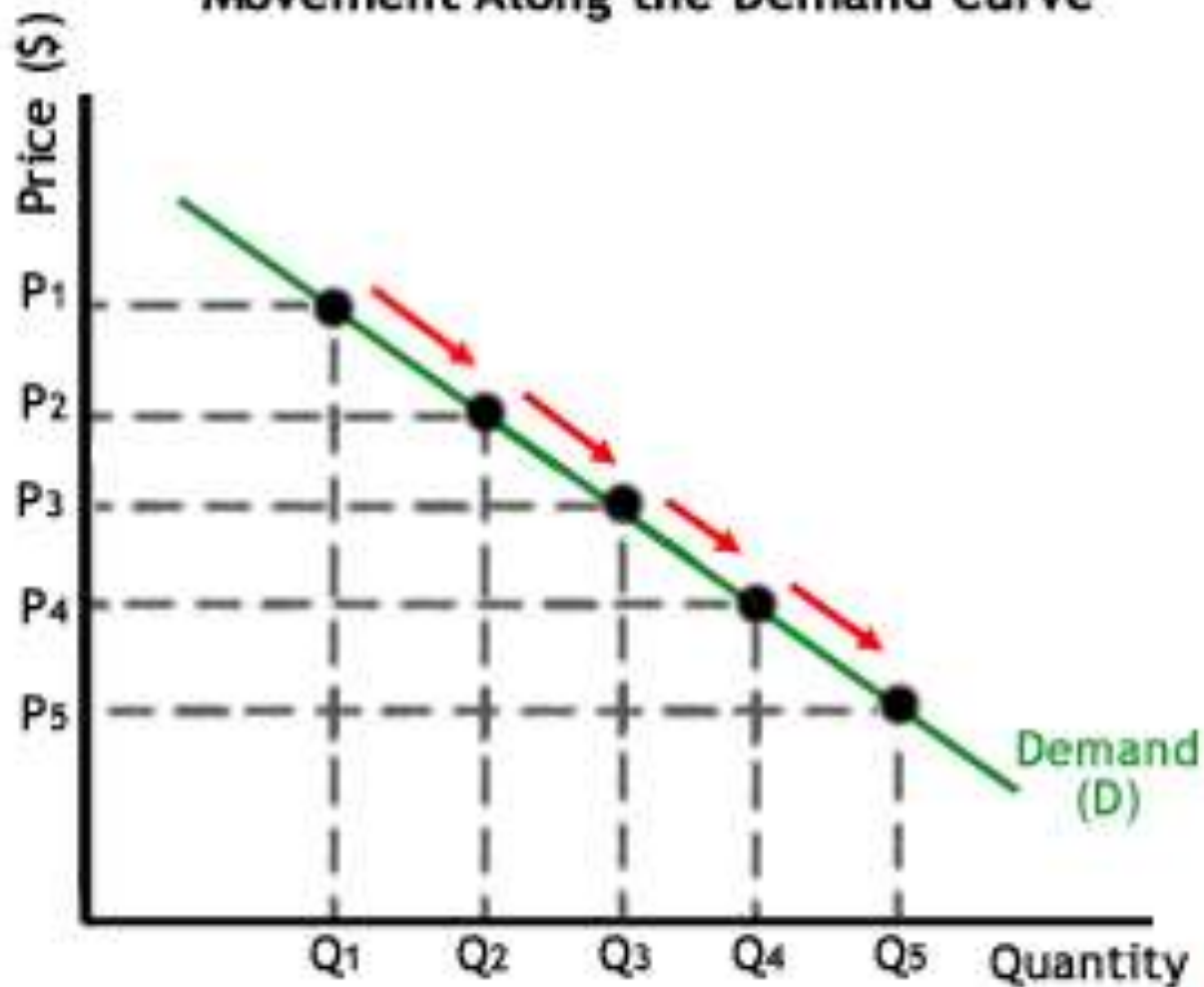
- Change in QD occur in reaction to a change in price.
- They are shown by movement along a demand curve



# Change in Demand

- Change in demand occurs when something prompts consumers to buy more of less of the good at every price.
  - This is shown by a shift in the Demand curve.
- 
- A decorative graphic in the bottom-left corner of the slide. It consists of three downward-sloping, concave curves that appear to be demand curves. The curves are drawn in a light blue color. The top curve is the highest, and the two curves below it are lower and shifted to the right, suggesting a shift in demand. Each curve has a small blue dot at its upper end.

## Movement Along the Demand Curve



## Shift in Demand for Beer

