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## EFFECTS ON SUPPLY AND DEMAND

**Directions:** Listed below are 10 events which could have some influence on the supply and demand of a product. Read each of these events, and decide which of the factors (that affect either consumers or sellers) the event represents. Below each statement, write the name of the factor represented by each event and identify which group (consumers or sellers) it would influence. When you have finished, ask your instructor for a copy of the answer guide.

**Event #1:** A company introduces a new product intended to help college students improve their ability to take tests.

**Event #6:** A young executive buys a sports car because it is being sold at clearance price.

**Event #2:** The corn crop in one state was damaged by heavy rains and floods.

**Event #7:** A family purchases an expensive home in an exclusive neighborhood when the breadwinner gets a major promotion and pay raise.

**Event #3:** One pair of jeans looks the same as another pair but costs much less.

**Event #8:** Two new companies begin manufacturing video games.

**Event #4:** A candy manufacturer gives large pay increases to employees to prevent a strike.

**Event #9:** A toy company installs a computerized assembly system.

**Event #5:** All of the high school students in one area are buying the same cellular phone.

**Event #10:** A new law is passed which increases taxes on imports.

## CONSUMER QUESTIONNAIRE

**Directions:** Check the appropriate column, and answer the questions that follow on a separate sheet of paper. When you have finished, discuss your responses with your instructor.

### Would you buy the product or service if it doubled in price?

	Yes	No	Don't Use This Product/Service
1. Loaf of bread	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Carton of milk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Daily newspaper	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Your favorite magazine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Your favorite candy bar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Your favorite soft drink	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Gasoline	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Toothpaste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Laundry detergent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. CD featuring a popular singer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Hair cut	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Ticket to a movie you want to see	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Renting a favorite movie on DVD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Pet food (dog food, cat food, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cable service at your house	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. New car	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Shampoo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Pair of designer jeans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Airline ticket to Florida	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Bottled water	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Questions:

1. What products seem to be necessary, or essential? Do these products have elastic or inelastic demand?
2. What products are *not* necessary? Do these products have elastic or inelastic demand?
3. What factors affect the demand for the products listed?
4. What factors affect the supply of the products listed?