

Key Concepts: An Introduction to Demand

Demand schedule
Demand curve

Individual demand schedule
Individual demand curve

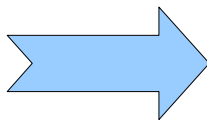
Market demand schedule
Market demand curve

Instructions: PLEASE READ ALL INSTRUCTIONS VERY CAREFULLY – this exercise will challenge you and should take between 30-40 minutes!

1. Pick a partner from across the room by making sleazy romantic faces. NO WORDS!
2. Now, without getting out of your seat or talking across the room, confirm from afar that you will go on a date w/this person, and decide what you will buy (this good/service should be under \$20, ex: movie, ice cream, pizza). Keep it sleazy!
3. Create your “**individual demand schedule.**” As individuals and without moving or communicating with your partner, make up an individual demand schedule for your good/service. A demand schedule is a table that shows how much a certain consumer would consume of a good or service at a variety of prices. To do so, use the table below and consider the following question: *How many times would you go out on this “date” in a 10-day period at every price given?* (\$1 - \$18)

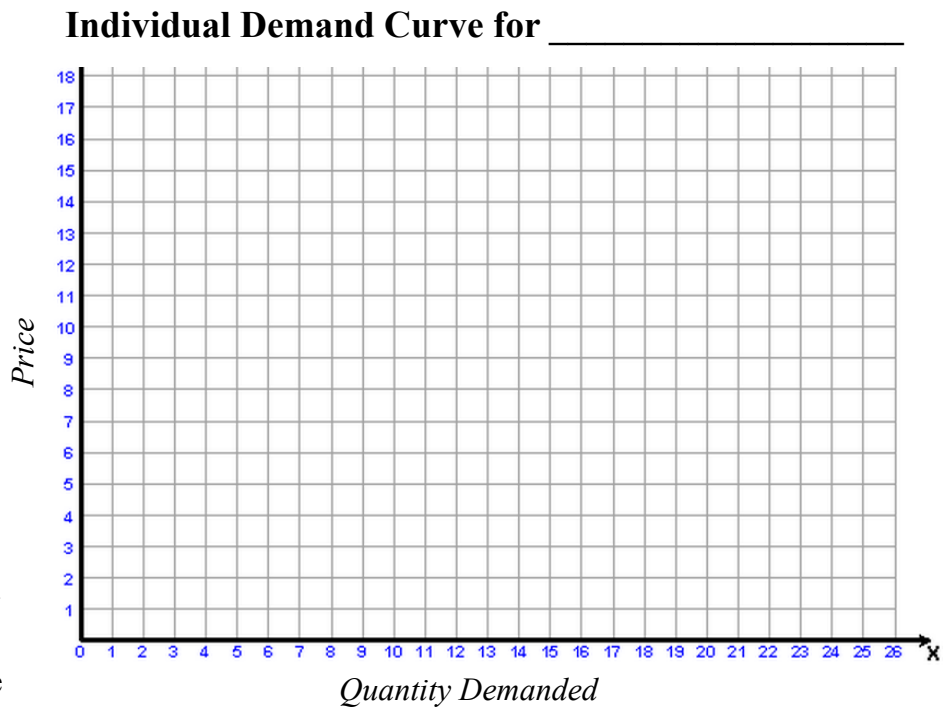
Your Individual Demand Schedule for

_____)
(write your good/service here)



Price of Good/Service	Quantity Demanded at given price
<i>Here is how much the good/service you've decided to consume would cost you:</i>	<i>Write how many times you would consume this good/service at each price during a given 10-day period.</i>
\$18	
\$17	
\$16	
\$15	
\$14	
\$13	
\$12	
\$11	
\$10	
\$9	
\$8	
\$7	
\$6	
\$5	
\$4	
\$3	
\$2	
\$1	

4. Now graph your **individual demand curve** using the graph to the right. Individual demand curves show YOUR demand for a good or service at every price (in this case, it is between \$1 and \$18). To create your demand curve, plot each point from your demand schedule onto the graph. *Be sure that quantity demanded always goes on the x axis, and that price always goes on the y axis.* Connect the dots when you're done – there's your demand curve. If it's weird or wonky, consider using a line of best fit to make the trend mellow and consistent.

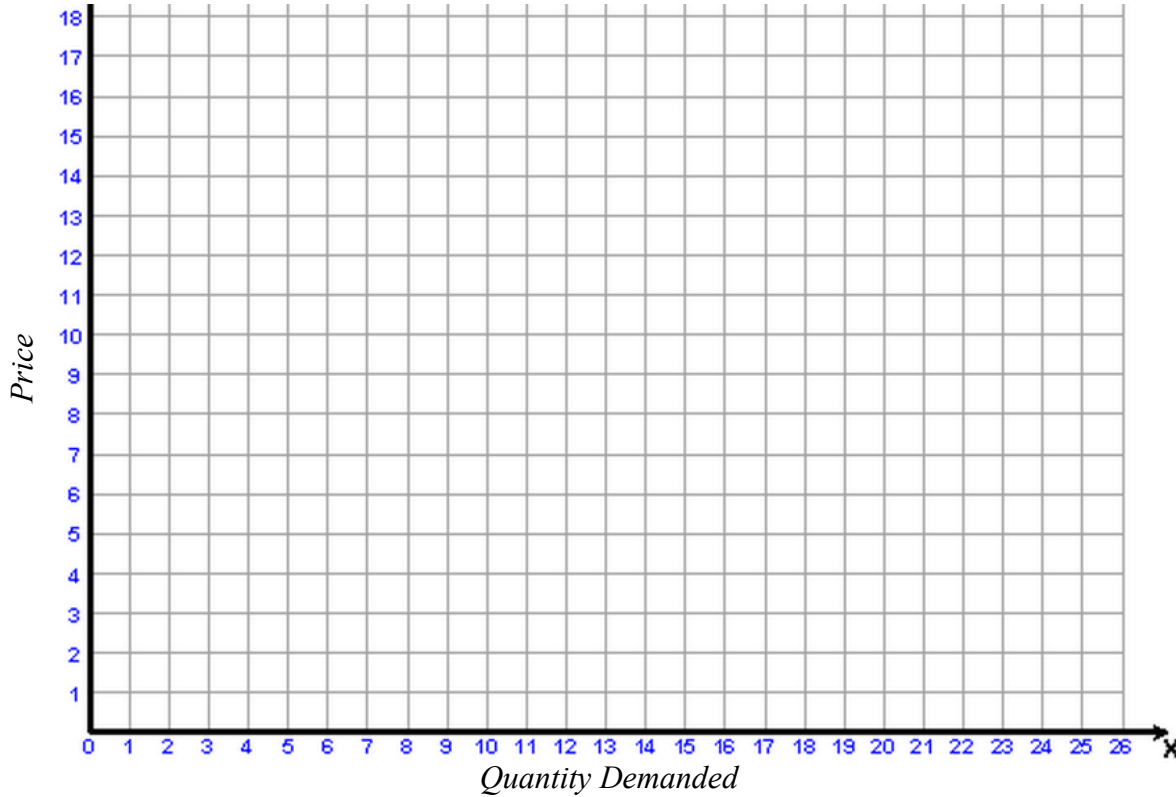


Market Demand Schedule for _____

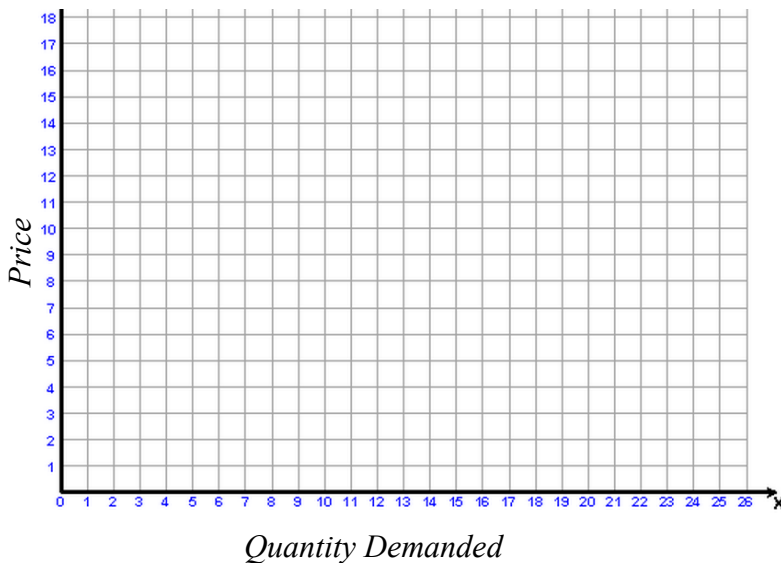
5. Done? Now get together with your partner and create a **market demand schedule**. This represents the total number of good/service that all consumers will consume at any given price. To do this, just add the quantity demanded (right columns) together – don't average them! Your values in the right column should be far greater than for your individual schedule. Although there are only two of you, *remember that both of you are representing all of the consumers in a given market.*

Price of Good/Service	Quantity Demanded at given price
<i>Here is how much the good/service you've decided to consume would cost you:</i>	<i>Write how many times you would consume this good/service at each price during a given 10-day period.</i>
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\$4	
\$3	
\$2	
\$1	

6. Create your **market demand curve** using the data from both you and your partner. A market demand curve is a curve (or line) that represents the sum of ALL consumer demand for this product - although it's just the two of you working together, this curve represents ALL consumers for this product. When economists do this, they are dealing with VERY large numbers!

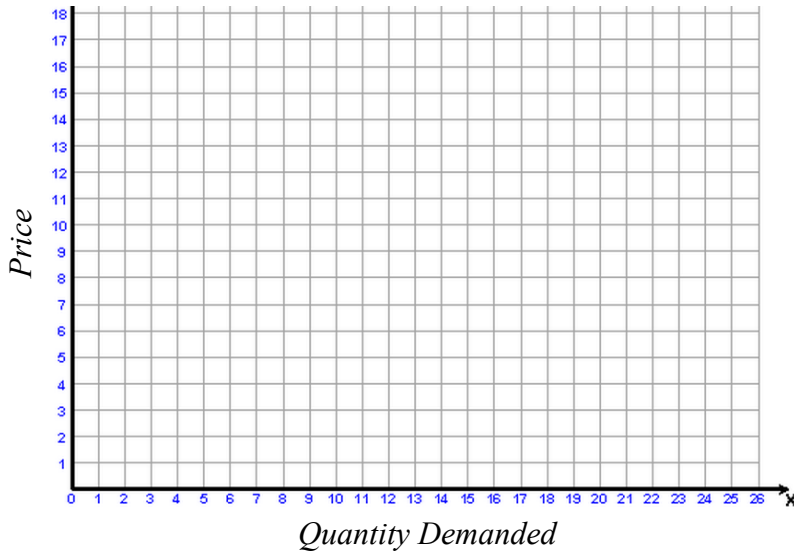


7. **Now, challenge yourself!** Together, come up with at least two factors that will move your demand curve either up or down (this represents a shift in demand for your chosen good/service at every price. What factors could do such a thing? (*Hint*: if you have picked ice cream, what would happen to your curve if the price of frozen yogurt is suddenly cut in half?) Redraw your original curve on each graph below, then show your new curve either to the right or left. Provide a written explanation in the space next to the graph.



Scenario 1

After drawing both the original market curve and the new market curve, explain the scenario that shifted consumer demand for your product:

**Scenario 2**

After drawing both the original market curve and the new market curve, explain the scenario that shifted consumer demand for your product:

Debrief: With your partner, run through the following debrief.

1. What kinds of external factors could change demand for your chosen good or service?
2. What is a demand schedule, and how/why do you think are they used by professional economists?
3. What is the difference between an individual demand curve and a market demand curve?
4. Review: What is the law of demand?
5. What is one question you still have? (if you have more than one, write more!)

Done? See my DP blog and move right into the reading and exercise on “Demand.”