

3.2

Shifts in Demand



As a Young Historian, I will be able to...

Changes in Demand

Sometimes increases or decreases in demand have nothing to do with price

Ceteris Paribus- “All other things constant”
assuming nothing would change beside prices

Demand curves can only be accurate as long as the assumption is true

When we allow other factors to change, we no longer move along the demand curve



Non-Price Determinants of Demand

Non-Price Determinants- Factors that can lead to the shifting of demand up or down

These include income, consumer expectations, population demographics, and consumer tastes

Normal goods- goods that consumers demand more of when their income increase

Inferior goods- Goods that you would buy in smaller quantities, or not at all, if your income were to rise and you could afford something better

Expectations & Demographics

Expectations for the future can affect our demand for certain goods today

Let's use the example of buying a new video game console...



Demographics- Statistical characteristics of populations, such as age, race, gender, occupation, & income level

Businesses will evaluate this data to identify potential customers & how they purchase. Also affects advertising

Population & Consumer Tastes

Changes in population sizes will affect demand for products, growing populations need more food for example!

Purchase patterns for Baby Boomers has changed over time

Styles and trend change over time, so does Consumer Tastes. Keep in mind the Tickle Me Elmo...

Technology has changed advertising, now its everywhere from podcasts to YouTube

Prices of Related Goods

Complements- Two goods that are bough & used together

Substitutes- Goods that are used in place of one another

What are some examples of Complemented goods and Substituted goods?

What happens when prices rise and fall?

