

Name _____

The Dance of Demand: How Consumer Behavior Calls the Shots

Short Answer Key

1. (Answers may vary) Example: If someone develops a strong liking for a new flavor of ice cream, they may buy more of it, increasing the demand for that flavor.
2. (Answers may vary) Example: An increase in income might lead to purchasing items like a new video game or going out to eat more often, increasing the demand for those products.
3. (Answers may vary) Example for substitutes: Coffee and tea. If the price of coffee increases, some people may switch to tea. Example for complements: Peanut butter and jelly. They are often bought together.
4. A product with elastic demand is highly responsive to price changes. For example, if the price of a movie ticket increases significantly, people may choose to skip the movie altogether.
5. Price elasticity is important for businesses because it helps them understand how changes in price will impact their sales and revenue. It guides pricing strategies.

