

Name _____

Unlocking the Secrets of Demand: What Influences Our Choices

Short Answer Key

1. An increase in the price of a product typically leads to a decrease in demand. This phenomenon is known as the law of demand. When prices go up, consumers are less willing or able to purchase the product, resulting in a lower quantity demanded.
2. An example could be the shift towards healthier eating habits. As more people become health-conscious and prefer nutritious snacks over sugary ones, the demand for fruits, vegetables, and healthier food products increases.
3. Seasonal and weather effects can significantly impact demand. For instance, demand for winter coats and snow shovels increases during the winter season, while ice cream and swimming pool demand rises in the summer. Weather conditions like extreme heat or cold can also affect the demand for related products, such as air conditioners during heatwaves.
4. Complementary goods are products that are often used together. When the price of one complementary good changes, it can affect the demand for the other. For example, if the price of smartphones (a complementary good for mobile apps) decreases, it may lead to an increase in the demand for mobile apps, as more people can afford and use smartphones.
5. Government subsidies for electric vehicles can stimulate demand for these vehicles. When the government provides financial incentives, such as tax credits or rebates, it reduces the effective price of electric vehicles, making them more affordable for consumers. This can lead to an increase in demand for electric vehicles.

