

Big Idea: Order may allow for predictions.

Essential Question:

- 1) What is the law of demand?

- 2) What is the relationship between demand for a specific product and the price of that product within a marketplace?

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By the end of the lesson, you will be able to understand and then apply the following terms to the theory of demand.

Academic Concept goals:

- 1) Demand
- 2) Law of Demand
- 3) Demand Schedules
- 4) Demand Curves
- 5) Incentives
- 6) Quantity Demanded
- 7) Market Changes

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Demand:

Demand is a listing of how much of an item an individual player is willing to purchase at each price.

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
Law of Demand:

The Law of Demand states that when prices go down, quantity demanded increases. When prices go up, quantity demanded decreases.

So what is quantity demanded?

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The Law of Demand

Price  Quantity Demanded

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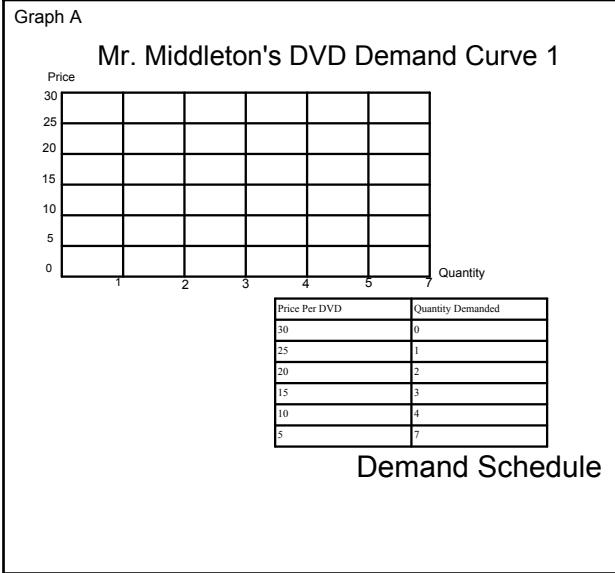
Demand Schedule:

A demand schedule is a listing of how much of an item an individual is willing to purchase at each price.

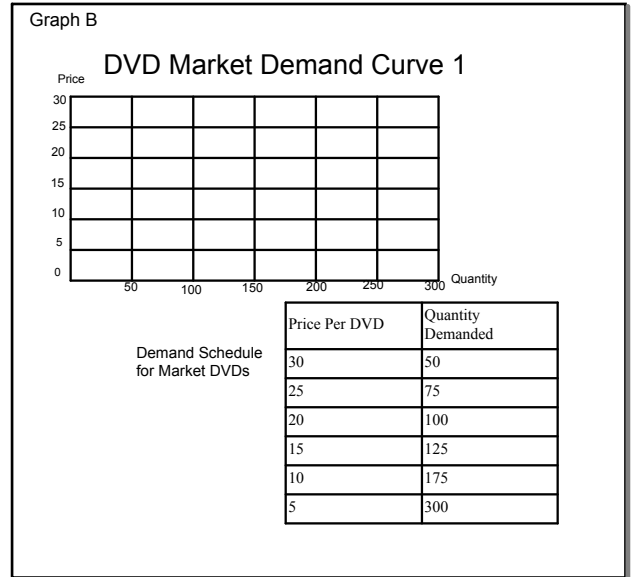
Demand Curve:

Graphically shows the data from a demand schedule.

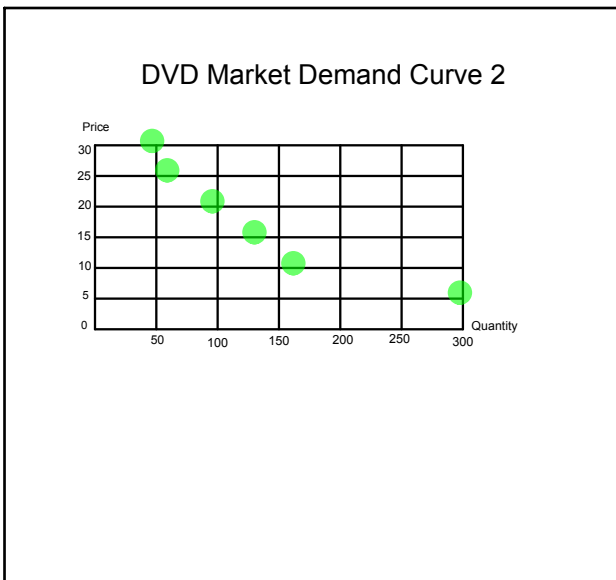
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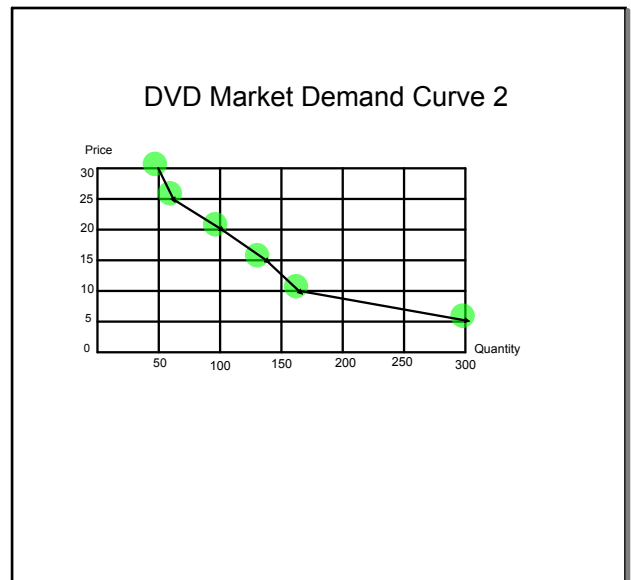
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Connection To Math

How would a merchant use this schedule to decide on a price?

1st -- The merchant would calculate the total revenue at each price.

2nd -- To figure out the total revenue, multiply the price per DVD by the quantity demanded.

$$\begin{array}{r} \text{Price} \\ \times \text{Quantity} \\ \hline \text{Total Revenue} \end{array}$$

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$$\begin{array}{r} \text{Price} \\ \times \text{Quantity} \\ \hline \text{Total Revenue} \\ \\ \$30.00 \\ \times \quad 50 \\ \hline \$1,500.00 \end{array}$$

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Price Per DVD	Quantity Demanded
30	50
25	75
20	100
15	125
10	175
5	300

Graph C
Demand Schedule for DVDs

1) What is the total revenue of a DVD priced at \$20?

2) Under which price would the seller make the most total revenue?

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Demand and the market

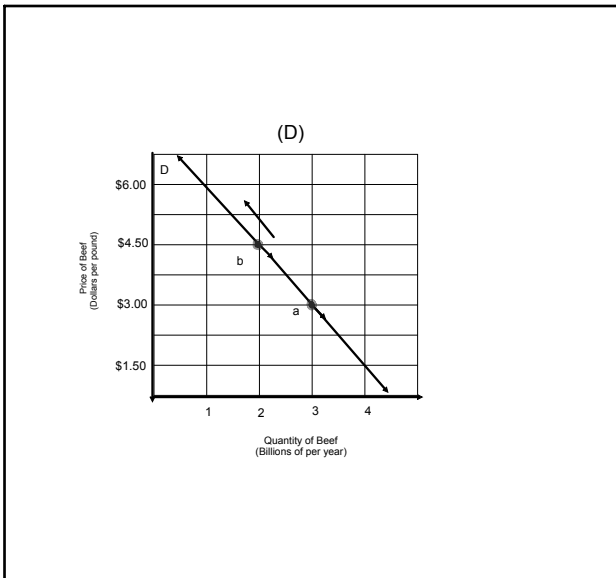
(a)

Price of chicken (Dollars per pound)	Quantity of Chicken Demanded (Billions of pounds per year)
\$3.50	0.5
\$3.00	1
\$2.50	1.5
A \$2.00	2
\$1.50	2.5
B \$1.00	3
\$0.50	3.5

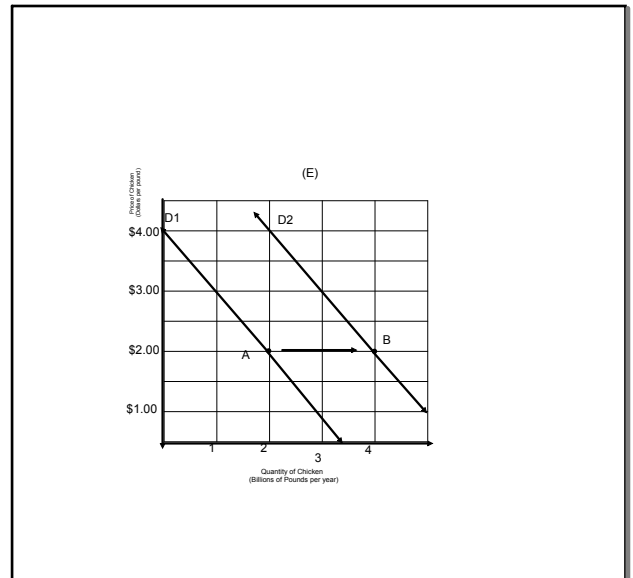
(b)

Checking for understanding: What is it that both of these charts show?

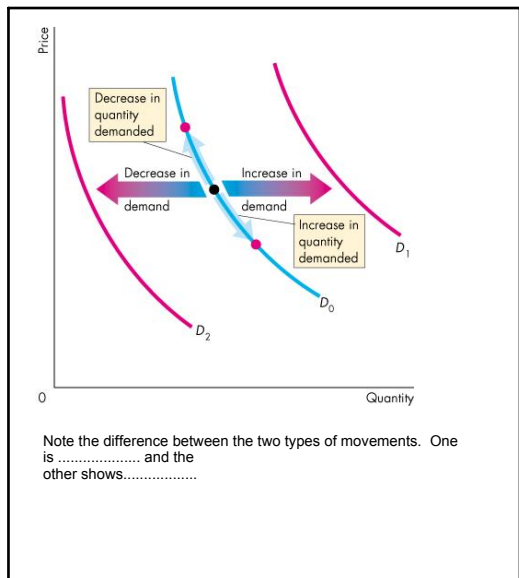
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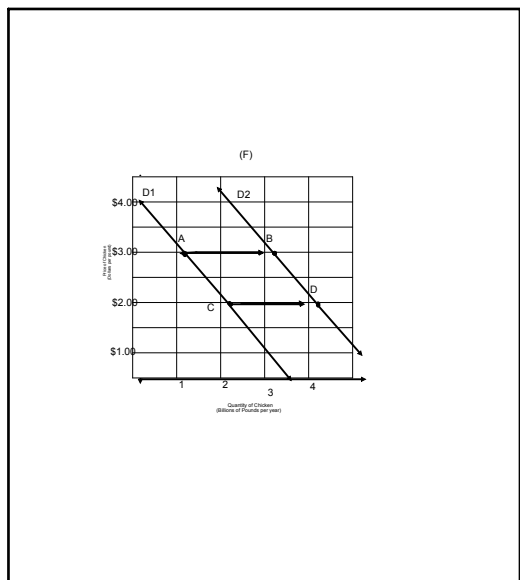
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Checking for understanding
assessment

Academic Concept goals: Define

- 1) Demand
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- 3) Demand Schedules
- 4) Demand Curves
- 5) Incentives
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Essential Question: Answer

- 1) What is the law of demand?

- 2) What is the relationship between demand for a specific product and the price of that product within a marketplace?

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