Answer Key

Chapter 4

Section 2

Reading Study Guide

1. income: people have more or less to spend
2. market size: number of potential buyers changes
3. consumer tastes: popularity increases demand
4. consumer expectations: possible future prices affect present buying
5. substitutes: some products are interchangeable
6. complements: some products work in tandem with one another.

Mark It Up!

7. Student notes should include highlighting or underlining of the following factors that can change demand: income, market size, consumer taste, consumer expectation, substitutes, complements. This is the middle curve, curve B; students should label it normal on the graph.
8. The demand curve will shift to the right, to curve A, because consumers will be willing to buy more songs at the current prices before the price hike goes into effect. The factor affecting demand is consumer expectation.
9. The demand curve for online songs will shift to the left, to curve C, because people will buy the low-cost CDs and rerecord the songs on their MP3 players. The factor affecting demand is substitutes.

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