Smoothie Market Shifts

Trace how price and other factors shape a local market

E.C.3.1 "Analyze how price and non-price factors affect the demand and supply of goods and services available in the marketplace."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline changes in a smoothie's selling price, circle other factors that change buyers' or sellers' choices, and label each marked cause D for demand or S for supply.

A Busy Afternoon at the Smoothie Stand

1. At a neighborhood sports complex, a smoothie stand sells drinks for $6. At that price, buyers want a certain number of smoothies each afternoon. If the stand raises its price to $8 while everything else stays the same, some buyers choose water instead. The quantity of smoothies demanded falls because of the drink's own price, not because customers suddenly dislike smoothies. Now imagine a heat wave while the price stays $6. More people want a cold drink at every possible price, so demand increases. A sale on bottled iced tea could instead draw some customers away, decreasing demand for smoothies.

2. On the supply side, the stand decides how many smoothies it is willing and able to sell. If the smoothie price rises from $6 to $8 and costs stay the same, making extra drinks becomes more attractive. The quantity supplied rises because the stand's own selling price changed. But a jump in berry prices raises the cost of each smoothie. At the same $6 selling price, the stand may offer fewer drinks, so supply decreases. A faster blender can have the opposite effect: by making production easier at any selling price, it can increase supply.

3. Market prices reflect both sides of these decisions. Suppose a heat wave boosts demand just as expensive berries reduce supply. More customers compete for drinks, while the stand offers fewer at each price. Both changes push the market price upward, but the number of smoothies sold is uncertain: it depends on how large each change is. If only demand rises and supply stays the same, the market price and number sold tend to rise. If only supply falls and demand stays the same, the market price tends to rise while the number sold tends to fall. Comparing what changes helps explain the outcome.

2 ANSWER WITH EVIDENCE

Use the passage

1. If the smoothie price rises from $6 to $8 and everything else stays the same, what happens to the quantity demanded? Why?

2. At an unchanged smoothie price, how would a heat wave and a sale on bottled iced tea affect smoothie demand differently?

3. How does a rise in the smoothie's selling price affect quantity supplied, and how does a rise in berry prices affect supply at an unchanged selling price?

4. If a heat wave and higher berry prices happen together, what can you predict about the market price and the number of smoothies sold?

3 YOUR TURN

Your own words

Choose a good or service other than smoothies. In four sentences, explain how a rise in its own price affects quantity demanded and quantity supplied, then give one non-price factor that shifts demand and one that shifts supply at the original price.

ANSWER KEY

Smoothie Market Shifts

HIGH SCHOOL · E.C.3.1

PART 1 · READ AND MARK

Underline changes in a smoothie's selling price, circle other factors that change buyers' or sellers' choices, and label each marked cause D for demand or S for supply. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	If the smoothie price rises from $6 to $8 and everything else stays the same, what happens to the quantity demanded? Why?	**Quantity demanded falls because some buyers choose water when the smoothie costs more.**
2	At an unchanged smoothie price, how would a heat wave and a sale on bottled iced tea affect smoothie demand differently?	**A heat wave increases demand for smoothies, while a sale on bottled iced tea can decrease it.**
3	How does a rise in the smoothie's selling price affect quantity supplied, and how does a rise in berry prices affect supply at an unchanged selling price?	**A higher smoothie price increases quantity supplied. Higher berry costs decrease supply even when the smoothie price stays the same.**
4	If a heat wave and higher berry prices happen together, what can you predict about the market price and the number of smoothies sold?	**The market price rises. The number sold is uncertain because it depends on the size of the demand increase and the supply decrease.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

If a handmade candle rises from $12 to $15, buyers purchase fewer candles, so quantity demanded falls. At $15, candle makers are willing to offer more candles, so quantity supplied rises. At the original $12 price, a new preference for scented gifts increases demand for candles. At that same $12 price, higher wax costs reduce the supply of candles.

Accept equivalent explanations that distinguish changes in quantity caused by a good's own price from shifts caused by other factors. In question 4, the number sold cannot be determined without knowing the size of each shift.