

- 8 A firm has a successful advertising campaign for a good.

Which combination shows the impact on demand or supply and the associated reason?

- A a leftward shift in the good's demand curve, as increased advertising cost raises the price of the product and reduces its demand
 - B a rightward shift in the good's supply curve, as the advertising cost of the firm increases
 - C a rightward shift in the good's demand curve, as successful advertising increases demand
 - D a leftward shift in the good's supply curve, as successful advertising enables firms to sell more
- 9 What would be the most likely reason for a firm's decision to calculate the price elasticity of demand for its product?
- A to provide retail statistics for the government
 - B to predict the change in its total revenue after it raises prices
 - C to calculate the firm's competitive position
 - D to enable the firm to complete consumer satisfaction surveys
- 10 The cross-elasticity of demand of good S with respect to the price of good P is +1.5. The cross-elasticity of demand of good S with respect to the price of good R is -1.5. The cross-elasticity of demand of good P with respect to the price of good R is -1.5.

What can be concluded about goods P, R and S?

- A S and P are complements; P and R are substitutes.
 - B S and P are complements; R is an inferior good.
 - C S and P are substitutes; P and R are complements.
 - D S and P are substitutes; R is an inferior good.
- 11 Which combination of events is **most** likely to leave the demand curve for a normal good in the same position?
- A a decrease in consumer incomes and an increase in the price of a substitute good
 - B a decrease in consumer incomes and an increase in the price of the good
 - C an increase in consumer incomes and an increase in the price of a substitute good
 - D an increase in consumer incomes and an increase in the price of the good