# Change in Demand

A decrease in demand occurs when the entire demand curve shifts downward. An increase in demand occurs when the entire demand curve shifts upward.

While keeping price at constant, changes in any other factors such as income, tastes, and prices of related goods, expectations, and number of buyers etc. affect demand. This can occur when the total wealth of consumers decreases or increases, when consumers' preference for a good decreases or increases, and when the price of related goods goes down or up etc.

For example, in the market for chicken wings, there will be a decrease in demand occurs when consumers decide they prefer hamburgers. The demand curve for chicken wing completely shifts downward. Even if the current price of chicken wings remains the same, total demand shifts left/downward because of the change in consumer preferences. Remember nothing happened to chicken wings price itself, BUT consumers' preference for a good decreases.

# Change in Quantity Demanded

Changes in quantity demanded can be measured by the movement of demand curve, while changes in demand are measured by shifts in demand curve as I explained it above.

A decrease in quantity demanded occurs from an increase in the price level for a good while other factors are at constant. While the demand curve for the good remains the same, producers have raised prices causing a movement along the demand curve. In the market for chicken wings, if the market price moves up from $3 to $5, quantity demanded for chicken wings drops from ten chicken wings to six chicken wings.

Practice questions:

In the market for hotels, a decrease in income will cause the

a. demand curve to shift right b. demand curve to shift left

c. supply curve to shift left d. quantity demanded to decrease

While keeping price at constant for hotels, changes in any other factors such as income, affect demand curve to shift left. A decrease in demand occurs when the entire demand curve shifts downward (left)

In the market for hotels, an increase in hotel’s price will cause the

a. demand curve to shift right b. demand curve to shift left

c. supply curve to shift left d. quantity demanded to decrease

A decrease in quantity demanded occurs from an increase in the price level for a good while other factors are at constant.