# Group Assignment: Supply and Demand

List group members who attended at least 90% of the meeting:

1.

2.

3.

4.

5.

6.

## **Instructions**

As a group, choose a group member to complete this document. This person will submit the document at the end of the meeting.

1. Each item below lists a product to consider and the event that affects that product market. Indicate **whether it is demand or supply that shifts, which way it shifts**, and what happens to the **equilibrium price and equilibrium quantity** in a competitive market as a result. Additionally, **identify the determinant** of demand or supply (also called the Demand Shifter or the Supply Shifter) that causes the shift.
   1. Laptops. There are improvements in the technology that increase the economic efficiency of production.
   2. Cars. Consumer incomes rise as the economy moves out of recession.
   3. Beef. Chicken prices fall because of a decline in the cost of feeding chickens.
   4. Fast-food meals. The government imposes a significant tax on producers of fast-food meals.
2. Refer to the following article: [”Rotisserie Chickens: The ’90s Gift to Supermarkets That Keeps on Giving](https://www.wsj.com/articles/rotisserie-chickens-the-nineties-gift-to-supermarkets-that-keeps-on-giving-1515061801).”As a group discuss and answer the following questions. *TIP: Don’t overanalyze the article.*
   1. In 1-3 sentences, explain what has happened in the market for rotisserie chicken between 1990s and 2017 as described in this article.
   2. What was the equilibrium quantity of rotisserie chickens sold at Costco in 2010?
   3. What was the equilibrium quantity of rotisserie chickens sold at Costco in 2017?
   4. Draw a supply and demand model for rotisserie chicken.
      * Make sure to label everything in the model.
      * Label the initial set of supply and demand curves as 2010 curves – label the initial equilibrium quantity as the 2010 quantity from part b (even though it is just from Costco).
      * Label the initial price as $5.
      * Then move either the demand or the supply curve (*not both*) based on information from the article. Label it as a 2017 curve.
      * Label the final price as $7 and the final equilibrium quantity as the 2017 quantity from part b (even though it is just from Costco).
3. Rotisserie chickens became a supermarket staple in the 1990s. One reason executives say it is so important to hold down rotisserie chicken prices at $5 to $7 each is that: (choose the correct answer)
   1. groceries have been able to keep the costs down of selling the birds.
   2. shoppers demand these prices.
   3. demand is perfectly price elastic at these prices.
   4. these prices get shoppers in the door.
   5. shoppers often buy higher-margin side dishes and beverages to accompany the chicken.

The correct answer is: