

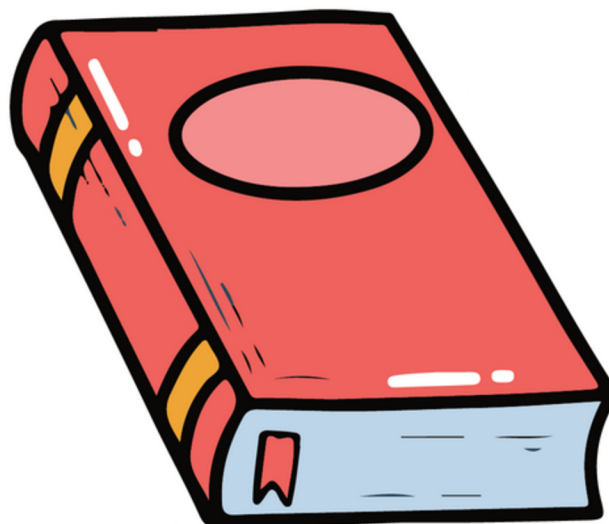
# JC BUSINESS



HUB

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## CLASS NOTES



Chapter Learning Outcome -> 3.3 Evaluate how changes in the supply and demand of goods and services in different markets can affect prices

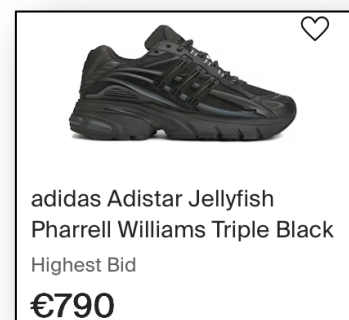
### Chapter Keywords

Market	Quantity Demanded	Quantity Supplied	Shortage / Scarcity
Equilibrium	Substitute	Complementary	Surplus / Excess

## Intro Activity - The Hype Train -> Adidas Limited Drops

Imagine Adidas announced a "Surprise Drop" of a new limited-edition trainer. Only 500 pairs were going to be available for the whole of Ireland, but 50,000 people were ready and logged onto the app to try and buy them when they were released. Within 60 seconds, they were **SOLD OUT**.

Within the hour, they started to appear on resale websites like **Depop** and **StockX** for triple the original price.



### 29.1 Class Activity

1. Why might so many people be desperate to buy these trainers?
2. Why would Adidas only make 500 pairs if they know 50,000 people want them?
3. What would happen to the price people are willing to pay on resale sites like Depop if:
  - (a) Adidas announce they are going to release 5,000 more pairs of the trainers
  - (b) Nike drops a trainer that looks almost identical but is €100 cheaper
  - (c) A famous influencer posts about how cool the trainer is on their social media
4. Can you think of any other situation where thousands of people are fighting over a limited number of items?

Try to pick two words from this list that could describe this situation:

**Surplus**      **Shortage**      **Scarcity**      **Excess**      **Equilibrium/Balanced**

If you have access to devices you could research the meaning of these words if you are stuck.



## What is a Market?

A market is any place where buyers and sellers interact to exchange goods or services.

**Buyers** create **demand** in a market because they want to buy goods or services

**Sellers** create **supply** because they produce or sell goods or services

In this chapter we will explore factors that can change the quantity demanded and quantity supplied for goods and services, and how changes in the demand or supply can impact prices in a market.

### Examples of markets

<b>Grocery market</b> E.g. Dunnes, Tesco, Aldi	<b>Second hand market</b> E.g. Vinted, DoneDeal	<b>Mobile phone market</b> E.g. Apple, Samsung...
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## The Black Market

Transactions in the black market are illegal and go unrecorded by Revenue so no tax is paid on them.

They can include things like buying counterfeit goods, dodgy boxes or fireworks.

### Impact of taking part in the black market:

- Buying counterfeit goods is illegal.
- Legitimate businesses lose out - as the illegal goods or services are usually cheaper. E.g. if households in Ireland use dodgy boxes to watch sport, legitimate businesses like Clubber who stream GAA matches would lose out on revenue.
- Even though a consumer may pay less for the goods or services, they lose their consumer rights when shopping in the black market.

Feature	Legal Market	Black Market
<b>Taxes</b>	Taxes are paid to the government to help fund schools/roads/health	No taxes paid to the government
<b>Selling Price</b>	Usually higher as legitimate businesses have to charge taxes	Usually lower as counterfeit goods may be cheaper to make if they are of lower quality
<b>Consumer Safety</b>	Guaranteed by laws/regulations to help ensure safety	No guarantees for the consumer that the good or service is safe to use
<b>Consumer Rights</b>	You can get a refund/exchange for a faulty good or service not carried out correctly	No legal way to get your money back



# Demand

**Demand** shows the amount of units (called the **quantity demanded**) that consumers are **willing and able to buy** at different prices.

It shows how much consumers want of a product at each price level.

How demand responds to price changes is known as the **law of demand**:

When prices fall, the quantity demanded rises

When prices rise, the quantity demanded falls

## Understanding demand from a diagram

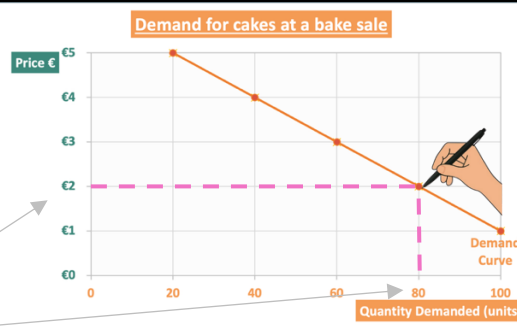
A demand curve shows the relationship between price and quantity demanded for a good or service.

Let's take an example of the demand for cakes at a school bake sale.

A survey of students found out the following:

- If cakes are sold at the **price of €2**, the demand would be **80 cakes**.
- If cakes are sold at the **price of €3**, the demand would be **60 cakes**.

This shows that when the **price of cakes increased** from €2 to €3, the **demand for cakes decreased** from 80 cakes to 60 cakes.



The demand curve is **downward sloping** as when the **price increases**, the **quantity demanded decreases** as less consumers want to buy it at a higher price.

**Top Tip:** To find out the quantity demanded for a good at any price, we find that price on the y-axis and then track across our diagram until we hit the demand curve and then track down to the x-axis to find out the quantity.



**29.2 Student Skill:** Identify the quantity demanded or price level from a diagram.

Use the diagram above to answer the following questions.

Q1. Identify the quantity demanded of cakes if the price was €4

Q2. At what price would the quantity demanded be 100 cakes?

Q3. Following a price change, do price and quantity demanded move in the same direction or not? Use data from the diagram to help explain your answer.



# Plotting demand curves on a diagram

Let's use the data we have for the demand of cakes at our bake sale to explain how you would draw a demand curve.

From the data in our table we can tell that when the price of cakes increases, the demand for them decreases.

Price (€)	Quantity Demanded (units)
€1	100
€2	80
€3	60
€4	40
€5	20

<p><b>STEP 1</b></p> <p>LABEL THE TITLE AND AXES CLEARLY</p>	<ul style="list-style-type: none"> <li>The title should include what you are measuring e.g. "demand for cakes at a bake sale"</li> <li><b>Y-axis (vertical)</b> is the price (€)</li> <li><b>X-axis (horizontal)</b> is the quantity in units</li> </ul>	
<p><b>STEP 2</b></p> <p>PLOT THE DEMAND CURVE</p>	<ul style="list-style-type: none"> <li>At €5, quantity demanded is 20 → plot (€5,20)</li> <li>At €4, quantity demanded is 40 → plot (€4,40)...</li> </ul>	
<p><b>STEP 3</b></p> <p>JOIN THE DOTS</p>	<ul style="list-style-type: none"> <li>Draw a line connecting the dots you have plotted</li> </ul>	
<p><b>STEP 4</b></p> <p>LABEL THE CURVE</p>	<ul style="list-style-type: none"> <li>Label the curve that you have drawn</li> </ul>	



## Substitute goods & complementary goods

Some goods are closely related to each other. These relationships help explain changes in demand. The main types we look at are **substitute goods** and **complementary goods**.

<div data-bbox="248 544 730 1021" style="border: 2px solid #4CAF50; padding: 10px; text-align: center;"> <p><b>SUBSTITUTE GOODS</b> GOODS USED TO REPLACE ANOTHER</p>  </div>	<div data-bbox="858 544 1345 1021" style="border: 2px solid #F44336; padding: 10px; text-align: center;"> <p><b>COMPLEMENTARY GOODS</b> GOODS USED TOGETHER WITH EACH OTHER</p>  </div>
<p>A substitute good is a good that can be used as an <b>alternative</b> or <b>replacement</b> for another good. E.g. A Coke bought in place of a Pepsi.</p>	<p>A complementary good is a good that is <b>used together with another good</b>. E.g. An iPhone cover and an iPhone. Having one will add value to the other.</p>

**Top Tip:** When deciding whether goods are substitutes or complementary, ask yourself:  
Q1 – Could this good be **used in place of another good**? If yes, it is a **substitute** good.  
Q2 – Could this good be **used together with another good**? If yes, it is a **complementary** good.

Always include an example of goods when explaining each term in an exam.





### Exam Corner 2022 Q16 JC Bus Q – Sample Q & A

(iii) The price of substitute goods and complementary goods are factors that affect the level of demand for a product.

Indicate whether the following items are substitutes for or complimentary to a PS5 by placing a tick (✓) in the correct box. **(8m)**

Good	Substitute	Complimentary
Xbox	✓	
PS5 Controller		✓
Headset		✓
Gaming chair		✓

29.3 Student Skill: Identify whether a good or service is a substitute good or a complementary good or service



Q1 Indicate whether the following items are likely to be substitutes for or complementary to a Large Coke in McDonalds:

- (i) Chips      (ii) Sprite      (iii) Vanilla Milkshake      (iv) Big Mac

Q2 Choose whether the following pairs of items are substitutes for or complementary for each other:

- (i) Coca-Cola and Pepsi      **SUBSTITUTES / COMPLEMENTARY**  
(ii) Cereal and milk      **SUBSTITUTES / COMPLEMENTARY**  
(iii) An iPhone App and an iPhone      **SUBSTITUTES / COMPLEMENTARY**  
(iv) Golf clubs and golf balls      **SUBSTITUTES / COMPLEMENTARY**

Q3 Create your own question to test other students in your class

- (i) Choose a good or service and create a new question similar to Q1  
(ii) Choose four related goods (either substitutes or complements) and create a new question similar to Q2. Then test your questions on other students in your class.

Workbook  
Q7 -> Q12



# Factors that increase or decrease demand

Certain factors make consumers change their mind about how much they want of certain goods/services – either increasing or decreasing their demand for the goods/services .

FACTORS THAT INCREASE OR DECREASE DEMAND		
↑ INCREASED DEMAND	FACTOR	DECREASED DEMAND ↓
A lower price will make the good or service more affordable, increasing the quantity demanded.	<b>Price of the good or service</b> 	A higher price will make the good or service less affordable, decreasing the quantity demanded.
If the price of a replacement or alternative good increases, consumers may switch and demand more of the original good.	<b>Price of substitute goods or services</b> 	If the price of a substitute falls, consumers may switch and buy it instead, reducing demand. If Monster became cheaper, demand for Red Bull would fall.
If the price of a complementary good falls, demand for the related good may increase. If cereal was cheaper, more people would buy it, which would increase the demand for milk too.	<b>Price of complementary goods or services</b> 	If the price of a complementary good rises, demand for the related good may decrease. Demand for iPhone covers would decrease if iPhones became more expensive as less people would buy the items.
When consumer's incomes rise, they would have a higher ability to spend and may demand more goods and services.	<b>Consumer's income levels</b> 	When consumer's incomes fall, households may reduce their spending, lowering demand.
Changes in trends, good advertising and social media posts can make products more popular, increasing demand.	<b>Trends / Fashion / Marketing</b> 	Trends, a lack of advertising or negative social media attention can make products less popular, decreasing demand.
Unexpected events, such as hot weather, can increase demand for certain goods like ice-cream	<b>Unplanned Factors</b> 	Unplanned events, such as extreme weather, emergencies, or sudden news events, can reduce demand for certain goods like concerts/festivals.

Note: design for the new JC Book that will be available on [www.jcbusinesshub.com](http://www.jcbusinesshub.com).





### Exam Corner 2019 Q16 JC Bus Q – Sample Q & A

(iv) Impact of the following have on the demand for books in New Chapter?  
Place a tick (✓) in the correct box.

	Increased demand for books in New Chapter	Decreased demand for books in New Chapter
A reduction in the price of books	✓ 3m	
An increase in taxes (VAT)		✓ 3m
Roll out of broadband to all areas in Wicklow		✓ 3m
An Eason's store opening in the town		✓ 3m

#### Explainer:

1. Cheaper books will increase demand for them
2. If VAT led to the books being more expensive, it would decrease demand for them
3. Broadband will allow Wicklow customers to order books online easier / use eBooks instead (more likely to choose substitute goods in place of New Chapter's books)
4. Eason's would be a direct substitute for New Chapter, decreasing the demand for their books.



**29.4 Student Skill: Identify whether a factor would increase or decrease the demand for a good or service**



1. Choose the correct option to show whether each statement would lead to an **increase** or **decrease** in demand for Mooju chocolate milk.

Statement	Increased demand	Decreased demand
The price of an alternative chocolate milk drink Yazoo decreases		
An online trend on TikTok goes viral of people using Mooju to make smoothies at home		
A new report is released suggesting milk may not be suitable for lots of people to drink		
People get an increase in their disposable income		

2. List two other reasons that the demand for Mooju might increase. Explain each.

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_

3. Choose a good or service that you and your friends use regularly.

Create TWO statements that could lead to an increase in demand for it, and TWO statements that could lead to a decrease in demand for it.

Then test your questions on other students in your class.

Statement	Increased demand	Decreased demand



## Displaying increases and decreases of demand on a diagram

### Movements on a demand curve

A change in the selling price of a good or service will cause a **movement along a demand curve** showing the change in the quantity demanded of the good or service.

- When the price of cakes is €2 the quantity demanded is 80 cakes.
- When the price increases to €3 the quantity demanded for cakes would decrease to 60 cakes.



### Shifts of a demand curve

#### Rightward shift (Increase in demand for the good or service)

- For business class, the students organising the bake sale created and printed posters to advertise the bake sale and stuck them up across the school.
- This increased the demand for cakes by 20 units at every price level, as more students found out about the bake sale taking place.

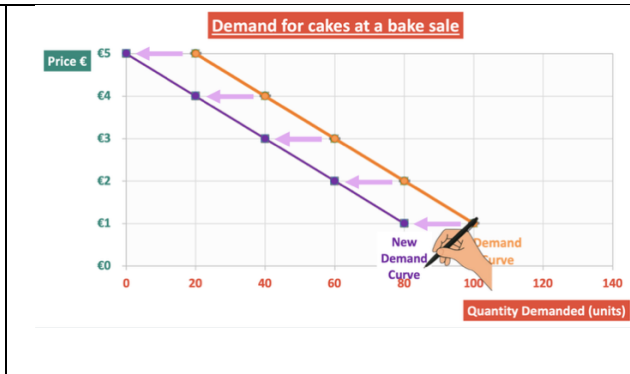
Price (€)	Quantity Demanded (units)	NEW Quantity Demanded (units)
€1	100	120
€2	80	100
€3	60	80
€4	40	60
€5	20	40



#### Leftward shift (decrease in demand for the good or service)

- The day before the bake sale takes place, a group of transition year students announce that they have organised an ice cream truck to come in at lunch and serve ice creams to raise money for charity.
- This decreased the demand for cakes by 20 units at every price level, as some students may buy ice cream as an alternative treat instead of cakes.

Price (€)	Quantity Demanded (units)	NEW Quantity Demanded (units)
€1	100	80
€2	80	60
€3	60	40
€4	40	20
€5	20	0



# Supply

Supply shows the amount of a good or service that sellers are willing and able to sell at different prices.

How supply normally responds to prices changes is known as the law of supply:

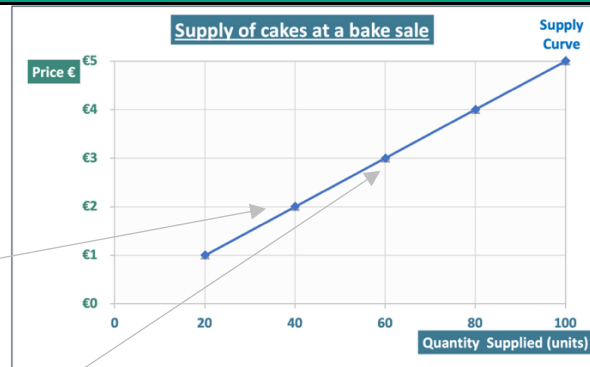
When the **price rises**, businesses usually **increase the quantity supplied**  
When the **price falls**, businesses usually **decrease the quantity supplied**

## Showing supply on a diagram

A supply curve shows the relationship between price and quantity supplied for a good or service.

Let's use our bake sale example again. If students could sell cakes at €2, they would be willing to bake 40 cakes.

If student could sell their cakes at a **higher price**, more would be willing to bake cakes – at €3 the quantity supplied of cakes has increased to 60 cakes.



A supply curve is upward sloping – as the price increases, the quantity supplied also increases.



**Top Tip:** Students can often find **supply** confusing – it's important to remember, the price is what sellers get for selling a good or service, not what it costs them to supply it.

Firms are more willing to supply a good when the **selling price is higher**, as this can increase their profit. A higher selling price doesn't mean their costs have increased.

**29.5 Student skill: Identify the price or quantity for a good or service from a diagram**

Q1. Identify the quantity supplied of cakes if the price was €4 on the diagram above



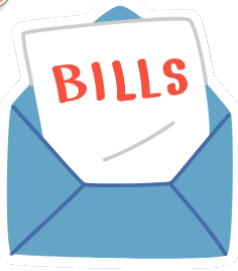

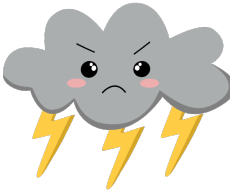
Q2. At what price would the quantity supplied be 100 cakes?

Q3. Following a price change, do price and quantity supplied move in the same direction or not? Use data from the diagram to help explain your answer.



## Factors that can increase or decrease supply

Certain factors, including the selling price, can cause firms to change how much of a good or service they are willing to sell.

How it increases supply	Factor	How it decreases supply
A higher price makes it more profitable for firms to sell the good or service, so they increase the quantity supplied if they can.	<b>Price of the good or service</b> 	A lower price makes it less profitable for firms to sell the good or service, so they decrease the quantity supplied.
Government actions like reducing VAT would allow firms to earn more profit per good sold, so they would want to increase supply.	<b>Government / VAT / taxes</b> 	Government decisions like a new tax (e.g. sugar tax) or regulation may make it harder or less profitable for suppliers, reducing supply.
A decrease in the cost of production (e.g. lower minimum wage) will lead to an increase in supply. It becomes cheaper for the firm to make the product so they produce more.	<b>Costs of production</b> 	An increase in the cost of production (e.g. higher electricity bills) will lead to a decrease in supply. It becomes more expensive for the firm to make the product so they produce less.
Improvements in technology or better access to resources can allow firms to produce more efficiently, increasing supply.	<b>Technology/resources available</b> 	Limited access to skilled labour or technology can restrict production, decreasing supply.
Favourable conditions, such as good weather for farming, allow firms to increase supply.	<b>Unplanned factor</b> 	Unplanned events, such as strikes, extreme weather, or disruptions to production, can reduce supply.





### Exam Corner 2023 Q16 JC Bus Q – Sample Q & A

- (iv) What impact would the following have on the supply of the Apple iPhone 14?  
Place a tick (✓) in the correct box. (9m)

	Increased supply of Apple iPhone 14	Decreased supply of Apple iPhone 14
Decrease in the cost of producing an Apple iPhone 14	✓	
Industrial action by Apple employees		✓
A storm blew the roof off a factory producing the Apple iPhone 14		✓

### 29.6 Student Skill: Identify whether a factor would increase or decrease the supply for a good or service

**A. Tasty Choc Bars** Read each statement below. For each one, state whether the supply of Tasty Choc Bars would increase or decrease, and explain your answer.

1. The market price of Tasty Choc Bars increases. **INCREASED OR DECREASED SUPPLY**

Explain: \_\_\_\_\_

2. The cost of cocoa and sugar used to make Tasty Choc Bars increases. **INCREASED OR DECREASED SUPPLY**

Explain: \_\_\_\_\_

3. The government reduces VAT on chocolate bars. **INCREASED OR DECREASED SUPPLY**

Explain: \_\_\_\_\_

4. A new machine is introduced that allows the company to produce Tasty Choc Bars more quickly and cheaply. **INCREASED OR DECREASED SUPPLY**

Explain: \_\_\_\_\_

5. Workers at the Tasty Choc Bar factory go on strike for two weeks. **INCREASED OR DECREASED SUPPLY**

Explain: \_\_\_\_\_





### B. Apple iPhones

1. Choose the correct box if you think that the statement would lead to either increased supply or decreased supply of Apple iPhones.

Statement	Increased supply	Decreased supply
The cost of an important chip used to make iPhones doubles in price		
A breakthrough in technology means iPhones can now be made twice as fast		
The main iPhone production factory is damaged in a large fire		
The price iPhones can sell for increases		

2. Explain two other reasons that could increase the supply of iPhones.

Reason: \_\_\_\_\_  
\_\_\_\_\_

Reason: \_\_\_\_\_  
\_\_\_\_\_

3. Pick a good or service you know, and create a question with statements related to supply changing, like in Q1 above. Then test your questions on other students in your class.

Statement	Increased supply	Decreased supply

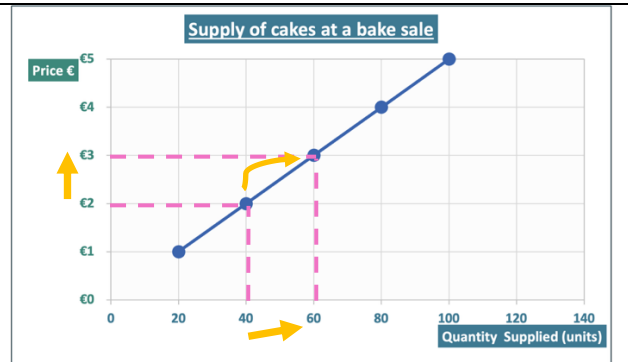


# Displaying increases/decreases of supply on a diagram

## Movements on a supply curve

A change in the selling price of a good or service will cause a **movement along a supply curve** showing the change in the quantity supplied of the good or service.

- When the price of cakes is €2 the quantity supplied is 40 cakes.
- If the price increases to €3 the quantity supplied for cakes would increase to 60 cakes.

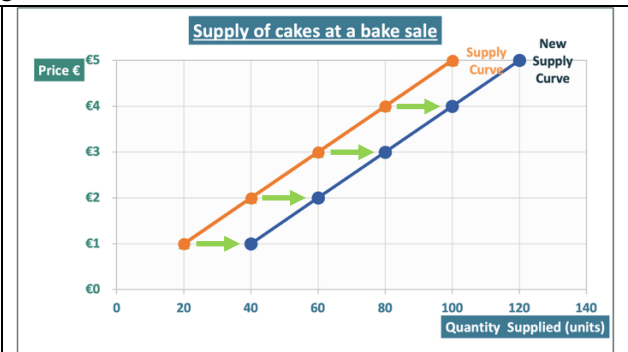


## Shifts of a supply curve

### Rightward shift (Increase in supply of the good or service)

- The school principal announced that the school's Home Economics teacher will allow students to bake cakes in the school and provide some ingredients needed to students.
- This increased the supply for cakes by 20 units at every price level, as more students now wanted to bake cakes using the free ingredients and school facilities.

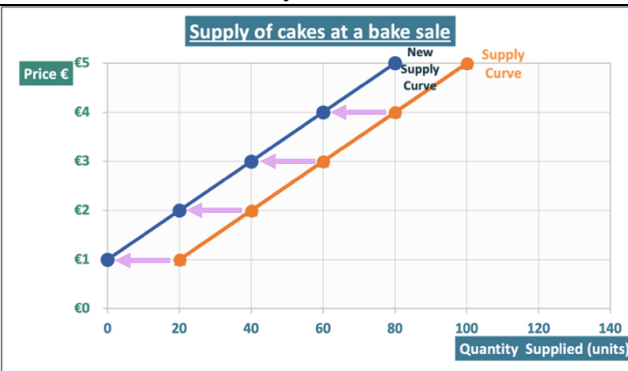
Price (€)	Quantity Supplied (units)	NEW Quantity Supplied (units)
€1	20	40
€2	40	60
€3	60	80
€4	80	100
€5	100	120



### Leftward shift (decrease in supply of the good or service)

- Before the last class of the day, students were ready to head home and bake cakes for the sale the next day. Their maths teacher had other ideas and announced they'd have a surprise exam the next morning.
- Some students decided they better study instead of baking cakes. This decreased the supply for cakes by 20 units at every price level for the next day.

Price (€)	Quantity Supplied (units)	NEW Quantity Supplied (units)
€1	20	0
€2	40	20
€3	60	40
€4	80	60
€5	100	80



# Market Equilibrium

A market is a place where **buyers demand goods or services** and **businesses sell the goods or services**.

A **price will be set** in a market depending on the **level of demand** (how much and how many people want it) and the **level of supply** (how many people are willing to provide the good or service).

Market equilibrium is the **price and quantity** where the **level of demand is equal to the level of supply** in a market.

## Identifying Market Equilibrium from a table

We are going to look at the demand and supply of TVs at different prices to help explain market equilibrium.

**Quantity demand for TVs:** As prices increase, we would expect less consumers to demand TVs.

**Quantity supply for TVs:** As prices increase, we would expect more sellers to want to supply TVs.

**Market for New TV sets**

Price	Quantity Demanded (000's units)	Quantity Supplied (000's units)
€200	250	50
€300	200	100
€400	150	150
€500	100	200
€600	50	250



From our table, we can see that at the price €200, the quantity demanded is 250,000 TVs, but the supply of TVs is only 50,000 units. This means the demand is greater than the supply at €200, so the market is not in equilibrium.

To **identify the equilibrium price**, we need to **find the price where the quantity demanded is equal to the quantity supplied** – this is at €400 from our data, where demand is 150,000 TVs and supply is 150,000 TVs.

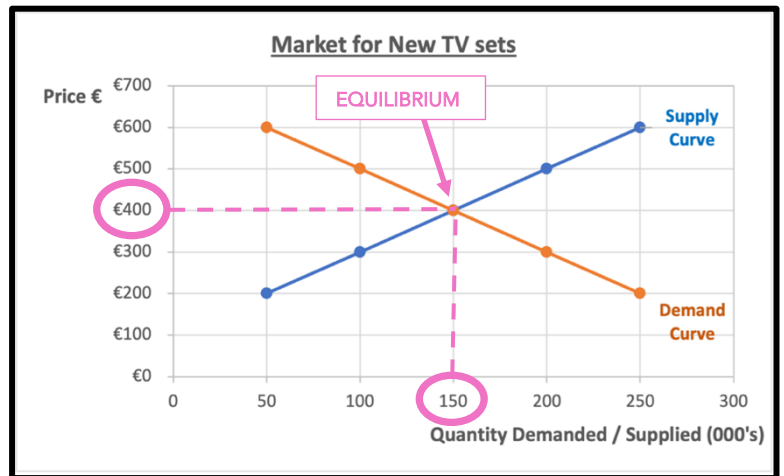


**Top Tip:** A table or diagram will often shorten the figures to make it easier to read – in the table above the units are in “000’s units” meaning 100 in the table would be 100,000 units.

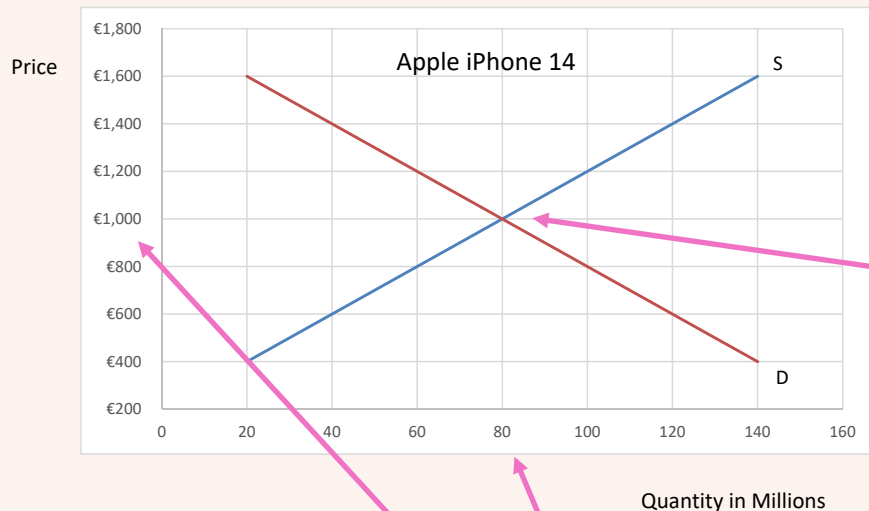


## Identifying Market Equilibrium from a diagram

When we look at a diagram to see where the market equilibrium is, we look for the price and quantity where the demand curve and the supply curve cross over – in this case, it is at €400 on our diagram, where the demand is 150,000 TVs and the supply is 150,000 TVs.



### Exam Corner – 2023 Q18 (b) (i)



To find market equilibrium we look for where demand equals to supply (where the curves cross). Then check where they cross on each axis to find the price and quantity.

Use the above diagram to answer each of the following questions. Write your answers in the spaces provided.

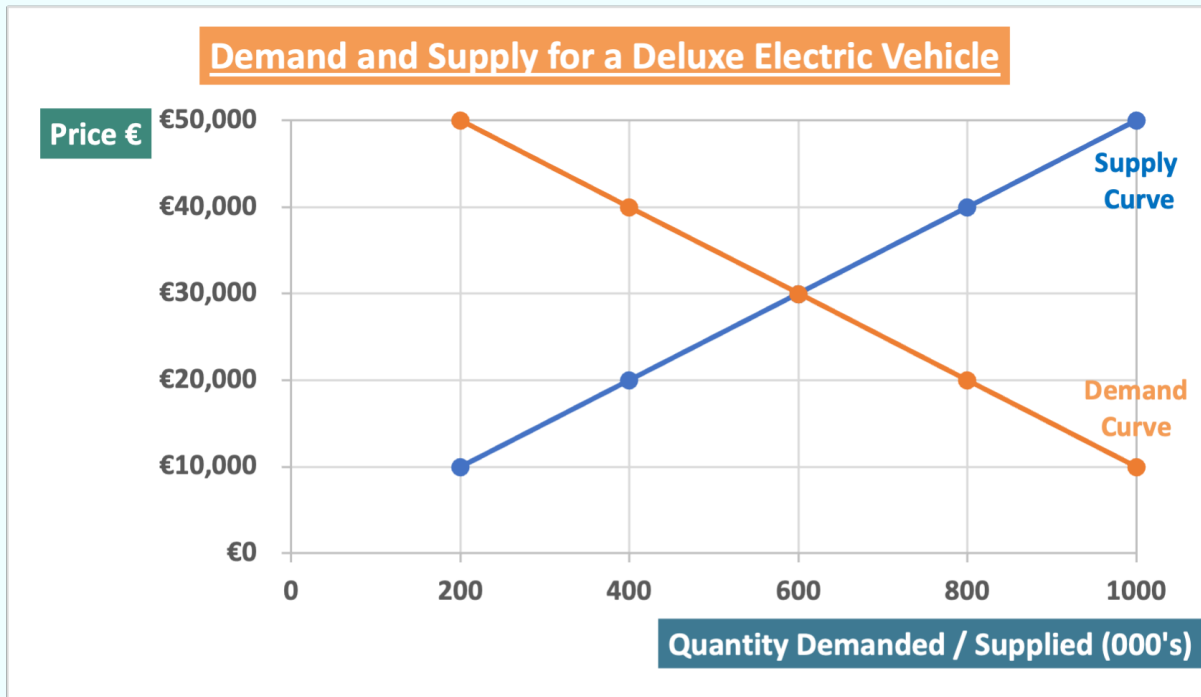
Indicate the equilibrium quantity demanded of the 'Apple iPhone 14'.		80,000,000	Units
Indicate the equilibrium price of the 'Apple iPhone 14'.	€	€1,000	
Indicate the quantity demanded of the 'Apple iPhone 14' at €1,600.		20,000,000	Units

**Top Tip:** In an exam, make sure to always give the unit of measurement for any number you write – so for the price, make sure to give the '€' sign and for the quantity, you should write 'units'. For the question above – the quantity is in millions, so you would need to write "m" or the correct amount of zeroes.



29.7 Student Skill: Identify the equilibrium price and quantity in a market from a graph.

A new deluxe electric vehicle is launching on to the Irish market. The demand and supply curves for it are shown in the diagram below.



Use the above diagram to answer **each** of the following questions. Write your answers in the space provided.

(i) Indicate the equilibrium quantity for Deluxe Electric Vehicles

(ii) Indicate the equilibrium price for Deluxe Electric Vehicles

(iii) Indicate the quantity demanded when the price is €20,000

(iv) Indicate the price level when the quantity supplied for Deluxe Electrical Vehicles is 200,000 cars

**Top Tip:** In an exam, make sure to always give the unit of measurement for any number you write – so for the price, make sure to give the '€' sign and for the quantity, you should write 'units'.



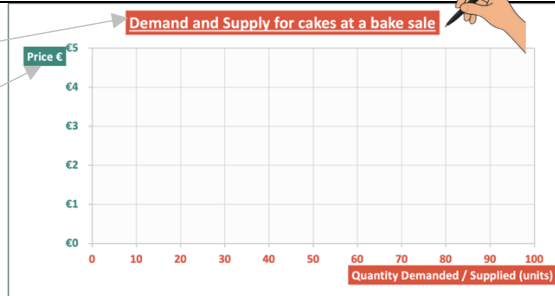
# Drawing the Market Equilibrium diagram from a table

Cakes at a bake sale		
Price (€)	Quantity Demanded (units)	Quantity Supplied (units)
€1	100	20
€2	80	40
€3	60	60
€4	40	80
€5	20	100

## STEP 1

LABEL THE TITLE AND AXES CLEARLY

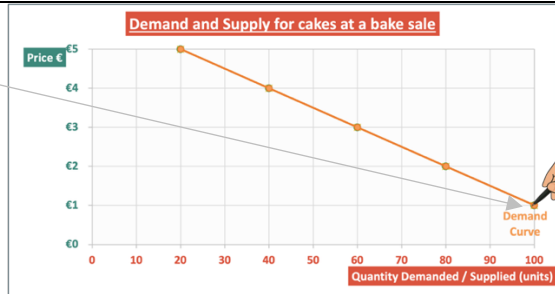
- The title should include what you are measuring e.g. "demand and supply.."
- Y-axis (vertical)** is the price (€)
- X-axis (horizontal)** is always the quantity in units



## STEP 2

PLOT THE DEMAND CURVE, JOIN THE DOTS AND LABEL IT

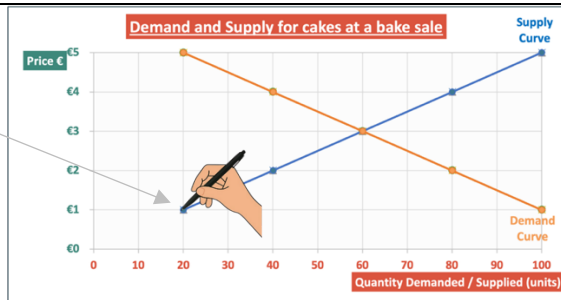
- At €1, quantity demanded is 100 → plot (100, €1)
- At €2, quantity demanded is 80 → plot (80, €2)...
- Draw a line connecting the dots you have plotted and label it.



## STEP 3

PLOT THE SUPPLY CURVE, JOIN THE DOTS AND LABEL IT

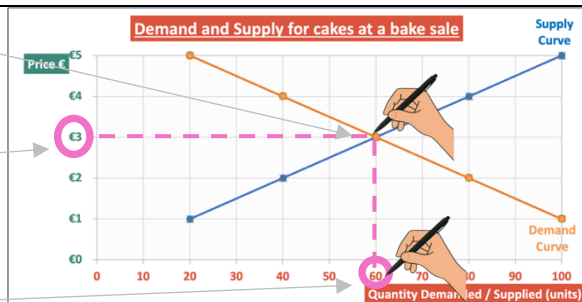
- At €1, quantity supplied is 20 → plot (20, €1)
- At €2, quantity supplied is 40 → plot (40, €2)...
- Draw a line connecting the dots you have plotted and label it.



## STEP 4

IDENTIFY THE EQUILIBRIUM PRICE AND QUANTITY

- Find market equilibrium where demand and supply crossover.
- The equilibrium price will be directly across from the crossover and the equilibrium quantity will be directly below it.



## How do prices change in a market?

A change in the demand or supply of a good or service will put a market out of equilibrium and leave the market in a **shortage** (more demand than supply) or a **surplus** (more supply than demand).

### A Market Surplus (When supply is greater than demand – goods are plentiful)

When the demand is below supply in a market, it creates a surplus of goods or services – there are unsold goods leftover or unused services. This will put a downward pressure on prices in the market as sellers may lower prices to increase the demand for their goods/services.

A **market surplus** will cause **prices to decrease**

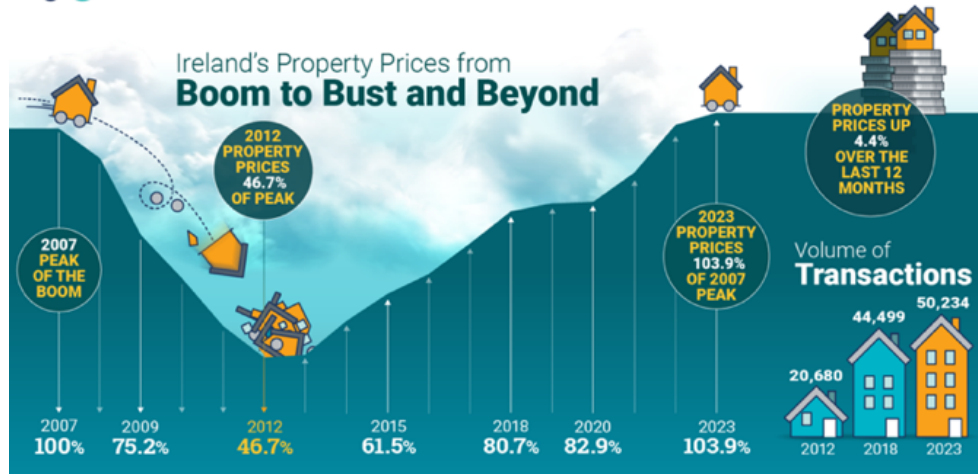
### A Market Shortage (goods are scarce)

When the demand is above the supply in a market, it creates a shortage or scarcity of the goods or services – more people want to buy the goods/services than is available.

This will put upward pressure on prices in the market as buyers are willing to pay more for the limited amount of available goods/services.

A **market shortage** will cause **prices to increase**





Market prices will change when the demand or supply changes in a market. Let's use the example of Ireland's housing market shown in the infographic.

From 2007 to 2012, house prices fell as the demand for houses fell due to increased unemployment and lower income levels during the recession.

From 2012 to 2023, house prices rose as more people returned to work and income levels increased, increasing the demand for housing.

**29.8 Student Skill: Recognise how changes in the supply or demand will affect prices for a good or service**



There is huge demand in Ireland for Taylor Swift concert tickets. She initially announces only **two concert dates**, even though demand is high enough to sell out many more shows.

As a result, tickets begin to appear on resale websites at **very high prices**.

Q1. What would happen to **market prices** on resale sites if Taylor Swift announces **three additional concert dates** in Ireland?  
 Would this create **scarcity** or a **surplus** of tickets? Would market prices **increase** or **decrease**?

Q2. Taylor Swift posts videos of her new concert show on social media, and fans react very positively.  
 Does this increase **demand** or **supply** for tickets? Does this lead to **greater scarcity** or **surplus**? What would likely happen to **market prices** on resale sites?



## Chapter 29 Key Term Summary

A market	A market is a place where <b>buyers demand goods or services</b> and <b>sellers supply goods or services</b> .
Black Market	This is the market where illegal transactions take place that are not recorded by the government, so no taxes are paid on them. No consumer rights/protection; bad for legitimate businesses
Demand	This shows the quantity (units) of a good or service that consumers are willing and able to buy at different price levels.
Substitute Goods	Goods that are <b>replacements / alternatives</b> for another good or service. E.g. Coke & Pepsi
Complementary Goods	Goods that <b>get used together / add value to each other</b> E.g. Phones and phone covers, Kindles and kindle books
Factors that increase demand	<ul style="list-style-type: none"> <li>• A fall in the price of the good</li> <li>• An increase in the price of a substitute good</li> <li>• A fall in the price of a complementary good</li> <li>• Higher household / disposable income</li> <li>• A good comes in to fashion / has good advertising / marketing</li> </ul>
Factors that reduce demand	<ul style="list-style-type: none"> <li>• An increase in the price of the good</li> <li>• A fall in the price of a substitute good</li> <li>• An increase in the price of a complementary good</li> <li>• Lower household / disposable income</li> <li>• A good goes out of fashion / gets poor publicity / doesn't advertise</li> </ul>
Supply	This shows the quantity (units) of a good or service that sellers are willing and able to supply at different price levels.
Factors that increase supply	<ul style="list-style-type: none"> <li>• An increase in the price of the good</li> <li>• An improvement in the technology used to make the good</li> <li>• A positive government action e.g. reducing VAT on the good or service</li> <li>• An unplanned factor increasing supply e.g. a good harvest</li> <li>• A fall in the cost of production e.g. cheaper raw materials to make it</li> </ul>
Factors that reduce supply	<ul style="list-style-type: none"> <li>• A fall in the price of the good</li> <li>• A breakdown in the technology used to make the good</li> <li>• A negative government action e.g.</li> <li>• An unplanned factor decreasing supply e.g. a bad harvest</li> <li>• An increase in the cost of production e.g. more expensive raw materials</li> </ul>
Market Equilibrium	Market equilibrium is the <b>price and quantity</b> where the <b>level of demand is equal to the level of supply in a market.</b>
What causes prices to increase	<b>Price changes when demand or supply changes</b> Prices will <u>increase</u> if <u>supply falls</u> or <u>demand rises</u> as the good is now <b>scarce</b>
What causes market prices to fall	<b>Price changes when demand or supply changes</b> Prices will <u>decrease</u> if <u>supply rises</u> or <u>demand falls</u> as the good is now <b>plentiful</b>

