

# Lesson Plan – Economics: The Law of Supply and Demand

**Course Title:** Marketing

**Session Title:** Economics: The Law of Supply and Demand

**Performance Objective:**

- Upon completion of this lesson, the student will explain the relationship between supply and demand in a private enterprise system.

**Specific Objectives:**

- Students will explain microeconomics and the concept of consumer demand.
- Students will identify factors that affect supply and its relationship to demand.

## Preparation

**TEKS Correlations:**

This lesson, as published, correlates to the following TEKS. Any changes/alterations to the activities may result in the elimination of any or all of the TEKS listed.

- **124.32(c)(3)(A)**  
...explain the marketing concept.
- **124.32(c)(13)(A)**  
...describe characteristics of economic goods and services.
- **124.32(c)(13)(B)**  
...identify economic needs and wants.
- **124.33(c)(13)(D)**  
...explain the concept of price.
- **124.33(c)(13)(E)**  
...explain how the interaction of supply and demand affects price.

**Interdisciplinary Correlations:**

**English:**

**110.42(b)(6)(A) – Vocabulary Development**

...expand vocabulary through wide reading, listening, and discussing.

**110.42(b)(6)(B) – Vocabulary Development**

... rely on context to determine meanings of words and phrases such as figurative language, idioms, multiple meaning words, and technical vocabulary.

**110.42(b)(7)(F) – Reading/comprehension**

...identify main ideas and their supporting details.

**110.42(b)(7)(G) – Reading/comprehension**

...summarize texts.

**110.42(b)(7)(J) – Reading/comprehension**

...read silently with comprehension for a sustained period of time.

**Economics:**

**118.2(c)(7)(A) – Knowledge and Skills**

... identify the determinants that create changes in supply, demand, and price;

118.2(c)(7)(B)-Knowledge and Skills

... interpret a supply-and-demand graph using supply-and-demand schedules

**Accommodations for Learning Differences:**

For ED, ESL, LD, Special Ed, at Risk, 504, etc. allow the following:

1. Allow students less than best responses to vocabulary and assignment sheets.
2. Allow students more errors on research and PowerPoint presentations.

**Teacher Preparation:**

**References:**

1. Marketing, Third Edition, James L. Burrow, Southwestern Cengage Learning
2. Marketing Essentials, McGraw Hill
3. USA Today and local newspapers

**Instructional Aids:**

1. The Law of Supply and Demand PowerPoint Presentation
2. Independent Practice Activities Student Directions
3. Oral Presentation: Comparing the Prices and Services of Competing Airlines  
Independent Assignment #1 Rubric
4. Multimedia Project: Seasonal Demand for Products in a Changing Climate  
Independent Assignment #2 Rubric
5. Extension Activities Student Directions
6. Research Report: Marketing Strategies for a Bowling Alley  
Extension Assignment #1 Rubric
7. Researching Car Sticker Prices  
Extension Assignment #2 Rubric
8. Internet

**Materials Needed:**

1. Construction paper
2. Scissors and glue
3. Poster Board
4. Current newspapers and magazines

**Equipment Needed:**

1. Computers for students to complete projects
2. Projector for PowerPoint presentation
3. White or chalk board

**Learner Preparation:**

1. Ask students make a "wish list" of items they would like to own. Then ask students to check off which items are needs vs. the items that are wants. Ask students to explain what keeps them from getting the items that they want.
2. Ask students to describe what takes place at an auction. Compare the activities at an auction to some of the basic economic concepts (supply and demand).

## Lesson Plan

### Introduction (LSI Quadrant I):

1. Ask students to explain the difference between micro and macro. Micro looks at the small picture while macro looks at the bigger picture. Ask students to classify each of the following as micro economics or macro economics: a single school, the U.S. car industry, a single grocery store, all major grocery store chains, U.S. department of Commerce, car dealership.
2. Ask students why the economy is a major issue for politicians running for office. Explain how voters' decisions are influenced by their economic well being


### Important Terms for this Lesson:


- macroeconomics-studies the economic behavior and relationships of an entire society
- microeconomics-examines relationships between individual consumers and producers
- demand curve-the relationship between price and the quantity demanded
- law of demand-when the price of a product is increased, less will be demanded
- economic resources-natural resources, capital, equipment, and labor
- supply curve-the relationship between price and quantity supplied
- law of supply-when prices increase, producers will manufacture more
- market price-the point where supply and demand for a product are equal






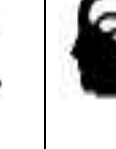
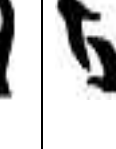


## Outline

### Outline (LSI Quadrant II):

Instructors can use the PowerPoint presentation, slides, handouts, current events, the Internet, and note pages in conjunction with the following outline.

MI	Outline	Notes to Instructor
	<ol style="list-style-type: none"> <li>I. Microeconomics and Consumer Demand               <ol style="list-style-type: none"> <li>A. Macroeconomics-studies the economic behavior and relationship of an entire society</li> <li>B. Microeconomics-examines relationships between individual consumers and producers</li> <li>C. Factors Affecting Demand                   <ol style="list-style-type: none"> <li>1. how strong is the need or want</li> <li>2. available supply</li> <li>3. availability of alternative products that consumers believe satisfy their needs</li> </ol> </li> <li>D. Demand Curves-to determine how much consumers are willing and able to pay for various quantities of products or services                   <ol style="list-style-type: none"> <li>1. demand curve-relationship between price and the quantity demanded</li> <li>2. Law of Demand-when prices increase,</li> </ol> </li> </ol> </li> </ol>	<p>Explain how politicians and the federal government are concerned about macroeconomics; however, when politicians run for political office, their concern for individuals is related to microeconomics. The big economic picture can be quite different than the smaller personal economic picture.</p>

	less will be demanded	
	<p>II. Supplying the Product</p> <ul style="list-style-type: none"> <li>A. Consider the competition</li> <li>B. Goal-to make a profit</li> <li>C. Available economic resources-natural resources, capital, equipment, labor</li> <li>D. Supply Curve-relationship between price and quantity supplied</li> <li>E. Law of Supply-when the price of the product is increased, more will be produced</li> </ul>	<p>E. Explain how supply and demand affects prices. For example, gas prices have risen dramatically due to demand and supply. Consumers are cutting back on fuel use, looking for fuel-efficient cars, and finding other alternative for transportation. These actions will eventually have an influence on gas prices.</p>
	<p>III. Market Price-point where supply and demand equal</p>	<p>Ask students if they would be willing to pay the sticker price for a new car. Then discuss how the auto dealership has higher sticker prices to allow room for negotiation. The perfect price would be market price (where supply and demand are equal). At the end of the year, the auto dealership must lower prices to move inventory before the new models start arriving.</p>
<p><b>Copy and paste Multiple Intelligences Graphic in appropriate place in left column.</b></p>		

								
Verbal Linguistic	Logical Mathematical	Visual Spatial	Musical Rhythmic	Bodily Kinesthetic	Intra- personal	Inter- personal	Naturalist	Existentialist

### Application

#### Guided Practice (LSI Quadrant III):

Explain that suppliers are more willing to supply a greater number of products or services as the price increases. Ask students the following questions: Besides the obvious profit motive, why are suppliers willing to increase supply as price increases? Then ask students what happens to prices when competitors enter the same market. Ask students to give examples of three stores where they can purchase their favorite jeans. How is the market economy beneficial to individuals in this scenario?

#### Independent Practice (LSI Quadrant III):

1. Using Independent Practice Activity #1, ask students to compare the price of a flight from Los Angeles to New York on three different airlines. Then ask students to rate the airlines based upon their on-time flights, customer service, and other perks. Ask students to explain how competition has influenced the prices of the airline ticket and to explain why it is important to shop around in the market economy. Students will present their findings in a PowerPoint presentation.
2. Using Independent Activity #2, ask students to develop a list of seasonal demand products for a location that has changing seasons. The list should include goods and services demanded in the winter that are not demanded other times of the year and goods demanded in the spring that are not demanded other times of the year. Why is it important to carefully consider the amount of inventory needed for seasonal items? When is the best time to get a bargain on winter and spring seasonal items?
3. Using Independent Activity #3, ask students to conduct a student survey in the cafeteria to determine the most highly demanded food items. Students will report the results of their study to the class, explain how prices of the most highly demanded items would be affected in the market economy, and make recommendations to the school cafeteria.

### Summary

#### Review (LSI Quadrants I and IV):

**Q:** What is the difference between macroeconomics and microeconomics?

**A:** Macroeconomics studies the economic behavior and relationships of an entire society and microeconomics examines the relationships between individual consumers and producers.

**Q:** What are the main factors that businesses consider when deciding what and how

much to produce?

**A:** Businesses consider how much profit they can expect, the competition, and the capability of developing and marketing the products or services.

**Q:** How is price affected by consumer demand?

**A:** Prices will rise with higher consumer demand.

**Informal Assessment (LSI Quadrant III):**

1. Instructor will observe students during Independent Practice assignments, class discussion, class participation, and PowerPoint discussions.
2. Instructor will assist individual students as needed.

**Formal Assessment (LSI Quadrant III, IV):**

1. Use Oral Presentation Rubric: Comparing Prices and Services of Competing Airlines to evaluate Independent Assignment #1 as students compare the price of a flight from Los Angeles to New York as well as rate the airline on its services.
2. Use Multimedia Project: Seasonal Demand for Products in a Changing Climate to evaluate Independent Assignment #2 as students create lists of seasonal demand products.
3. Independent Practice Activity #3 will be evaluated by the teacher for class participation.
4. Use Research Report: Marketing Strategies for a Bowling Alley to evaluate Extension Assignment #1 as students consider the factors that affect the demand for bowling and develop plans to improve business.
5. Use Researching Car Sticker Prices to evaluate Extension Activity #2 as students visit car dealerships to look at inventory and compare prices for different categories of inventory for different target markets.

**Extension/Enrichment (LSI Quadrant IV):**

1. Tell students that they work for a large bowling alley that has declining sales and profits. Students must consider the factors that affect the demand for bowling and develop a plan to improve business. The central themes of the marketing plan should be increased gas prices and clean entertainment for teenagers and families. Write a paper to explain the strategy to improve business by meeting the needs of different target markets during tight economic times. Use Extension Assignment #1 Rubric to evaluate the paper.
2. Ask students to visit a car dealership and make note of the inventory on the lot. Then students must list the prices for the different categories of inventory and describe the characteristics of the different target markets that would demand each type of vehicle. Present the research in the media of their choice. Students must have at least 3 reliable information sources.

# Independent Practice Activity #1—Independent Assignment

Student Name \_\_\_\_\_

**Directions:** Compare the price of a flight from Los Angeles to New York on three different airlines. Then rate the airlines based upon their on-time flights, customer service, and other perks. Explain how competition has influenced the prices of the airline ticket and explain why it is important to shop around in the market economy. Present your findings to the class in the form of a PowerPoint presentation.

Round-Trip Flight from Los Angeles to New York

Airline	Price	Time for One-Way Flight	Airline Rating, News, and On-Time Customer Satisfaction

## Independent Practice Activity #2—Independent Assignment

Student Name \_\_\_\_\_

**Directions:** Develop a list of seasonal demand products for a location that has changing seasons. Your list should include goods and services demanded in the winter that are not demanded other times of the year and goods demanded in the spring that are not demanded other times of the year. Why is it important to carefully consider the amount of inventory needed for seasonal items? When is the best time to get a bargain on winter and spring seasonal items?

### Seasonal Demand for Products in a Changing Climate

Season	Product	Explain the importance of inventory for the season	Best time for a bargain price on this product
Winter			
Winter			
Winter			
Winter			
Winter			
Spring			
Spring			
Spring			
Spring			
Spring			





## Oral Presentation Rubric : Comparing the Prices and Services of Competing Airlines

### Independent Assignment #1 Rubric

Student Name: \_\_\_\_\_

CATEGORY	20	15	10	5
<b>Comprehension</b>	Student is able to accurately answer almost all questions posed by classmates about the topic.	Student is able to accurately answer most questions posed by classmates about the topic.	Student is able to accurately answer a few questions posed by classmates about the topic.	Student is unable to accurately answer questions posed by classmates about the topic.
<b>Enthusiasm</b>	Facial expressions and body language generate a strong interest and enthusiasm about the topic in others.	Facial expressions and body language sometimes generate a strong interest and enthusiasm about the topic in others.	Facial expressions and body language are used to try to generate enthusiasm, but seem somewhat faked.	Very little use of facial expressions or body language. Did not generate much interest in topic being presented.
<b>Preparedness</b>	Student is completely prepared and has obviously rehearsed.	Student seems pretty prepared but might have needed a couple more rehearsals.	The student is somewhat prepared, but it is clear that rehearsal was lacking.	Student does not seem at all prepared to present.
<b>Stays on Topic</b>	Stays on topic all (100%) of the time.	Stays on topic most (99-90%) of the time.	Stays on topic some (89%-75%) of the time.	It was hard to tell what the topic was.
<b>Content</b>	Shows a full understanding of the topic.	Shows a good understanding of the topic.	Shows a good understanding of parts of the topic.	Does not seem to understand the topic very well.

Total Points \_\_\_\_\_  
Maximum 100 Points

## Multimedia Project : Seasonal Demand for Products in a Changing Climate

### Independent Assignment #2 Rubric

Student Name: \_\_\_\_\_

CATEGORY	20	15	10	5
<b>Rough Draft Table</b>	Rough draft table completed on time. Group extensively edits based on peer feedback.	Rough draft table completed on time. Group makes some edits based on peer feedback.	Incomplete rough draft table. Group makes changes with inadequate information.	Rough draft table not ready for editing and edits were not made by the group.
<b>Content</b>	Covers topic in-depth with details and examples. Subject knowledge is excellent.	Includes essential knowledge about the topic. Subject knowledge appears to be good.	Includes essential information about the topic but there are 1-2 factual errors.	Content is minimal OR there are several factual errors.
<b>Organization</b>	Content is well organized using headings or bulleted lists to group related material.	Uses headings or bulleted lists to organize, but the overall organization of topics appears flawed.	Content is logically organized for the most part.	There was no clear or logical organizational structure, just lots of facts.
<b>Oral Presentation</b>	Interesting, well-rehearsed with smooth delivery that holds audience attention.	Relatively interesting, rehearsed with a fairly smooth delivery that usually holds audience attention.	Delivery not smooth, but able to hold audience attention most of the time.	Delivery not smooth and audience attention lost.
<b>Originality</b>	Product shows a large amount of original thought. Ideas are creative and inventive.	Product shows some original thought. Work shows new ideas and insights.	Uses other people's ideas (giving them credit), but there is little evidence of original thinking.	Uses other people's ideas, but does not give them credit

Total Points \_\_\_\_\_  
Maximum 100 Points

## Extension Activity #1—Team of Two Students

**Directions:** You work for a large bowling alley that has declining sales and profits. Your team must consider the factors that affect the demand for bowling and develop a plan to improve business. The central themes of the marketing plan should be increased gas prices and clean entertainment for teenagers and families. Write a paper to explain the strategy to improve business by meeting the needs of different target markets during tight economic times.

## Extension Activity #2—Team of Two Students

**Directions:** Visit a car dealership and make note of the inventory on the lot. List the prices for the different categories of inventory and describe the characteristics of the different target markets that would demand each type of vehicle.

### Car Dealership Inventory

Car Model and Number in Inventory	Price	Characteristics of the Target Market for this Product

# Research Report : Marketing Strategies for a Bowling Alley

## Extension Assignment #1 Rubric

Student Name: \_\_\_\_\_

CATEGORY	25	20	15	10
<b>Organization</b>	Information is very organized with well-constructed paragraphs and subheadings.	Information is organized with well-constructed paragraphs.	Information is organized, but paragraphs are not well-constructed.	The information appears to be disorganized. 8)
<b>Amount of Information</b>	All topics are addressed and all questions answered with at least 2 sentences about each.	All topics are addressed and most questions answered with at least 2 sentences about each.	All topics are addressed, and most questions answered with 1 sentence about each.	One or more topics were not addressed.
<b>Quality of Information</b>	Information clearly relates to the main topic. It includes several supporting details and/or examples.	Information clearly relates to the main topic. It provides 1-2 supporting details and/or examples.	Information clearly relates to the main topic. No details and/or examples are given.	Information has little or nothing to do with the main topic.
<b>Originality</b>	Creative original marketing strategy.	Solid marketing strategy with good possibilities.	Some good marketing ideas.	Vague marketing ideas that require more thought.

Total Points \_\_\_\_\_  
Maximum 100 Points

## Researching Car Sticker Prices (Gathering Information)

### Extension Activity #2 Rubric

Student Name: \_\_\_\_\_

CATEGORY	25	20	15	10
<b>Ideas/Research Questions</b>	Researchers independently identify at least 4 reasonable, insightful, creative ideas/questions to pursue when doing the research.	Researchers independently identify at least 4 reasonable ideas/questions to pursue when doing the research.	Researchers identify, with some adult help, at least 4 reasonable ideas/questions to pursue when doing the research.	Researchers identify, with considerable adult help, 4 reasonable ideas/questions to pursue when doing the research.
<b>Group Timeline</b>	Develops a reasonable, complete timeline describing when different parts of the work (e.g., planning, research, first draft, final draft) will be done. Can describe the high points of the timeline.	Develops a timeline describing when most parts of the work will be done. Can describe most of the high points of the timeline.	Develops a timeline describing when most parts of the work will be done. Can describe some of the high points of the timeline.	Needs adult help to develop a timeline AND/OR cannot describe the high points of the timeline.
<b>Plan for Organizing Information</b>	Student has developed a clear plan for organizing the information as it is gathered and in the final research product. Can explain the planned organization of the research findings.	Student has developed a clear plan for organizing the information in the final research product. Can explain plan.	Student has developed a plan for organizing the information as it is gathered. can explain most of this plan.	Student has no clear plan for organizing the information AND/OR cannot explain their organizational plan.
<b>Quality of Sources</b>	Researcher independently located at least 3 reliable, interesting information sources.	Researcher independently located at least 2 reliable information sources.	Researcher, with some adult help, located at least 2 reliable information sources.	Researcher, with extensive adult help, located at least 2 reliable information sources.
<b>Summarizing Information for Appropriate Target Markets</b>	Strong rationale for selected target markets based upon research.	Solid rationale for selected target markets based upon several concepts.	Good rationale for selected target markets based upon intuition from the research.	Rationale for selected target markets lacked research findings.

Total Points \_\_\_\_\_

Maximum 100 Points