

# **NON-PRICE EFFECT (or CHANGE IN DEMAND CURVE)**

**Definition:** The effect that non-price determinants have on how much consumers will buy.

**Graph:** Curve actually **shifts** to the right or left and reflects a **change in demand**.

## **CHANGE IN INCOME**

If Income rises then consumers can buy more of something—so the demand for it increases even though the price stays the same.

## **COMPLIMENTARY GOODS**

Goods that are used together  
Exp: If cars become more expensive, and fewer people have cars, then we would expect there to be less demand for gas as well.

## **WEATHER/CHANGE IN SEASON**

Demand for swimsuits goes up as summer approaches.

## **SUBSTITUTES**

Change in price of another item affects the demand for a substitute—even if the price of the substitute does not change

## **ADVERTISING**

Demand for a product increases after a good commercial campaign.

## **POPULATION CHANGE**

If more of the population is 65+ now than 10 years ago, the demand for elderly health care is greater now than it was 10 years ago.

## **TASTES AND PREFERENCES**

Demand for last season's clothing style goes down as the demand for this season's style goes up.

## **EXPECTATIONS OF FUTURE**

If I expect CD prices to rise in the near future, I may increase my demand at this current time.