

# Opening an ice cream stand

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Imagine that you have decided to open a small ice cream stand on campus called " Ice-Campuses. " You are very excited because you love ice cream (delicious! ) and this is a fun way for you to apply your business and economics skills! Here is the first month's scenario--you order the same number (and the same variety) of ice creams each day from the ice cream suppliers, and your ice creams are always marked at \$1. 50 each. However, you notice that there are days when ice creams remain unsold but other days when there are not enough ice creams for the number of customers.

Use your knowledge of the factors that cause shifts in demand, and in a multi- paragraph essay, provide at least three reasons why ice cream sales fluctuate in this manner. (Apply only the factors you think are applicable to explaining this scenario. ) Now assume that a month later, the school allows a competing student the right to sell ice creams on school property. (The number of students on campus remains largely unchanged. ) What do you think will happen to the price of ice cream at your campus? Explain in detail.

Develop a response that includes examples and evidence to support your ideas, and which clearly communicates the required message to your audience. Organize your response in a clear and logical manner as appropriate for the genre of writing. Use well-structured sentences, audience-appropriate language, and correct conventions of standard American English. Ice cream sales fluctuate for several reasons. Firstly, the market demand curve holds other things constant; it does need be stable over time. If something happens to alter the quantity demanded at NY given price, the demand curve shifts.

Any change that increases the quantity demanded at every price shifts the demand curve to the right and is called an increase in demand. Any change that reduces the quantity demanded at every price shifts the demand curve to the left and is called a decrease in demand. Similarly, any change that raises the quantity that buyers wish to purchase at any given price shifts the demand curve to the right. Any change that lowers the quantity that buyers wish to purchase at any given price shifts the demand curve to the left.

One reason that could have led the ice cream sale to fluctuate could have been due to Price of Related goods. For example, frozen yogurt is a substitute for ice cream, so when the price increases, more ice cream is demanded. However, hot fudge is a compliment for ice cream, therefore when its price goes up, less ice cream is demanded. Second reason leading for the ice cream sale to fluctuate could be due to income. For normal goods, the higher your income, the more you buy. For inferior goods, the higher your income, the less you buy.

Taste is another factor. When taste changes, the quantity demands change. For example, our taste for ice cream might depend on the weather.

Expectations are also an important factor. Expectations about future income or prices affect the quantity demanded today. However, if the school allows a competing student the right to sell ice cream on school property, it could change the price of ice cream. The price of ice cream is lowered due to technology. The invention of better ice cream machines or an idea to make better

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