BAYLOR UNIVERSITY
Hankamer School of Business
Department of Economics

ECO 5115 Demand Analysis
Spring Semester 2004
Lockstep 1 (2/17-3/25)
Section 01: 8:00am - 9:20am TR Room HCB 304
Section 02: 9:30am - 10:50am TR Room HCB 304

Faculty Information

Professor Carl Gwin
Course materials are available on Blackboard at https://my.baylor.edu/
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Office Phone: 254-710-6251
Fax: 254-710-6142
Home Page: http://business.baylor.edu/Carl_Gwin
Office Hours: Tuesday 11:00am - 11:30am and 2:30pm - 5:00pm, Thursday 1:30pm - 5:00pm, and by appointment

Economics Integrated Core Courses Description

The study of Managerial Economics develops a student's ability to apply economic reasoning to a firm's internal decision-making processes. A goal for any entrepreneur or manager should be to make the best possible decision within the constraints that exist in the market. In order for firms to successfully achieve objectives, management must understand the market and economic environment within which the firm operates. The survival and success of a firm depends greatly on whether management recognizes the opportunities/threats existing in and constraints imposed by the market.

The concepts, skills, and analytical tools that you will learn in Managerial Economics rest upon a foundation of economic principles. These include the principles that a business exists to create and capture economic value and that any business must overcome the forces of market competition to have any hope of sustaining superior financial returns over time. The economic competencies that students gain in a Managerial Economics course are transferable across international and cultural boundaries.

Managerial Economics develops many of the basic concepts of firms and markets, applications, and business practices needed for further study in fields such as Marketing, Finance, Management, Strategy, International Trade/Economics and more.
**ECO 5115 Demand Analysis Educational Objectives**

A student of Managerial Economics can comfortably and competently discuss basic theory and empirical evidence about product demand. Examples of common business questions that will be addressed in Demand Analysis are:

- Why do firms exist?
- How do I as an entrepreneur or manager make good business decisions?
- How do my customers make choices?
- What factors affect the demand for my product?
- How will my customers react if I change my product's price?
- How do I estimate demand for my product?
- Can business managers use economic forecasts to make sounder decisions?

This course's emphasis on understanding product demand supports the first core semester focus on planning issues. One of the first questions for any business plan should be: Will anybody buy my product? Knowing and understanding the factors that impact a customer's decision on whether to buy or not to buy your product is critical to business success.

**Prerequisite**

Admission to the MBA program.

**Required Textbook**


**Course Grade**

Course grades will be assigned in accordance with the Grading System detailed in the graduate catalog. Your course grade will be based on:

<table>
<thead>
<tr>
<th>Graded Items</th>
<th>Points</th>
<th>Percentage of Course Grade</th>
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<tbody>
<tr>
<td>Quizzes - Best 3 of 4 @ 5 points each</td>
<td>15 points</td>
<td>15%</td>
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<tr>
<td>Progress Test</td>
<td>15 points</td>
<td>15%</td>
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<tr>
<td>Homework - 2 @ 10 points each</td>
<td>20 points</td>
<td>20%</td>
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<tr>
<td>In-Class Assignment</td>
<td>5 points</td>
<td>5%</td>
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<tr>
<td>Final Exam</td>
<td>45 points</td>
<td>45%</td>
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<tr>
<td>Total Maximum Points</td>
<td>100 points</td>
<td>100%</td>
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- Course grades will be assigned based on the distribution of total points achieved by students in all sections of the course. The standard grading scale is A: 90-100, B+: 87-89, B: 80-86, C+: 77-79, C: 70-76, and D: 60-69. The cutoffs for the grading scale may be lower if warranted by the distribution of total points, however the cutoffs will never be higher (i.e. the curve will never work against you).
- All graded items are to be completed as individual work as required by the Constitution of the Baylor University Honor System. (See pages 90-97 of the Student Handbook.)
- No extra credit projects will be accepted.
Quizzes, Progress Test, In-Class Assignment, and Final Exam

The quizzes and the progress test will be administered at the beginning of class on the dates indicated on the course calendar that follows.

Quizzes are intended to reward students for study and preparation prior to class. The coverage for each quiz will be the reading assignment for the day of the quiz. Quizzes are 5 minutes long and consist of 2 or 3 multiple choice questions and 1 or 2 of the questions from the back of the assigned chapter in the textbook. The three best scores of the four quizzes will count towards the course grade, the lowest quiz score will be dropped.

The progress test is 20 minutes long and consists of problems intended to assess a student's understanding of consumer demand theory. The coverage is the reading assignments and all material covered in class prior to the date of the progress test.

All students must take the quizzes, progress test, in-class assignment, and final exam at the scheduled date and time. A student may be allowed to make up a quiz, the progress test, the in-class assignment, or the final exam if it is "missed because of serious illness or accident or death in the family" as stated in the Student Handbook and the student provides the instructor with reasonable advance notice. Serious illness or accident requires a written excuse from the Baylor Health Center or a personal physician. Death in the family requires an excuse from a staff member in the Chaplain's Office.

A late arrival or unexcused absence for a quiz, the progress test, or the in-class assignment will result in a grade of 0 points for the missed graded item. An unexcused absence from the final exam will result in a grade of 0 points for the missed final exam and the student will receive a failing grade for the course. No excuses will be accepted for a late arrival for any graded item. Students who are late for the final exam will not receive additional time and will be expected to complete the final exam at the regular time.

Homework

Each homework will consist of a problem set and a microtheme. The problems are intended to assess your understanding of and ability to apply consumer demand theory. A microtheme is a very short writing assignment addressing a specific concept. In this course, students will apply the economic concept of demand analysis to an application in the business world. The format of the microtheme for this course is a typed one-page paper, double-spaced, 12 point font.

Homework is due at the beginning of class on the date indicated on the course outline. Late homework may be accepted up to 48 hours late at the discretion of the instructor. 0 to 24 hours late will result in a 20-percent deduction. 24 to 48 hours late will result in a 40-percent deduction. Homework submitted more than 48 hours late will be assigned 0 points.

Graduate Programs Policies

Baylor University Honor System

Ethics are an integral feature of all personal, social, and professional considerations. Competency in thinking ethically and accepting responsibility for one's actions is essential to personal and
professional development. Baylor graduates are committed to their intellectual, ethical, professional, and social development throughout life.

Students are expected to understand and comply with the Constitution of the Baylor University Honor System as detailed on pages 90-97 of the Student Handbook.

**Class Attendance**

Please note the following specified classroom rules for all core classes:

University policy concerning absenteeism is detailed in the Class Attendance section of the Student Handbook. The policy states: "A student who misses more than 25 percent of the class meetings of a course automatically fails." As per university policy: "The student bears the responsibility for the effect absences may have upon class participation, announced and unannounced examinations, written assignments, reports, papers and other means of evaluating performance in a course."

On-time attendance is required for all classes. Students must be in their seats and ready for class at the scheduled start time of the class in which they are officially enrolled. A late arrival to a class will be counted as an absence from the class and, therefore will be subject to the university absenteeism policy.

Note: One-hour core courses meet 10 times (2.5 absences constitutes 25% of classroom attendance)

**Course Calendar, Topics, and Assignments**

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topic(s)</th>
<th>Reading Assignment</th>
<th>Graded Items</th>
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<tbody>
<tr>
<td>1</td>
<td>Feb 17, Tue</td>
<td>Introduction to Managerial Economics</td>
<td>Chapter 1 Optional Reading: Appendix to Chapter 1</td>
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<td></td>
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<td>Industry Study: Discount Retailing</td>
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<td></td>
<td>Feb 19, Thu</td>
<td>Core Classes Cancelled – Focus Firm</td>
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<td>2</td>
<td>Feb 24, Tue</td>
<td>Managerial Decision Making Company Study: GE</td>
<td>Chapter 2, pages 37-47 and 63-74 Optional Reading: Chapter 2, pages 47-63 Additional Reading: Visit GE's Student Portal at <a href="http://www.ge.com/students.html">http://www.ge.com/students.html</a> and surf the website</td>
<td>Quiz 1</td>
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<tr>
<td>3</td>
<td>Feb 26, Thu</td>
<td>Case Study: Michael Dell Turns the PC World Inside Out</td>
<td>Integrating Case Study 1 (pages 79-83)</td>
<td>In-Class Assignment</td>
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<td>4</td>
<td>Mar 2, Tue</td>
<td>Consumer Demand / Price Elasticity of Demand</td>
<td>Chapter 3, pages 86-107 Additional Reading: Visit <a href="http://www.shopko.com">http://www.shopko.com</a> and surf the website</td>
<td>Quiz 2 Hand out Homework 1, Due Mar 9, Tue</td>
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<tr>
<td>5</td>
<td>Mar 4, Thu</td>
<td>Income and Cross-Price Elasticity of Demand</td>
<td>Chapter 3, pages 108-125 Optional Reading: Appendix to Chapter 3</td>
<td>Progress Test Hand out Homework 2, Due Mar 11, Thu</td>
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<tr>
<td>6</td>
<td>Mar 9, Tue</td>
<td>Estimating Demand</td>
<td>Chapter 4</td>
<td>Quiz 3 Homework 1 Due</td>
</tr>
<tr>
<td>7</td>
<td>Mar 11, Thu</td>
<td>Forecasting Demand: Time-Series Analysis</td>
<td>Chapter 5, pages 184-197 Additional Reading: Visit Krispy Kreme at <a href="http://www.krispykreme.com">http://www.krispykreme.com</a> and surf the website</td>
<td>Quiz 4 Homework 2 Due</td>
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<tr>
<td>9</td>
<td>Mar 25, Thu</td>
<td>Final Exam</td>
<td>Section 01: 8:00am - 9:20am Section 02: 9:30am - 10:50am</td>
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