1.1 The Law of Demand practice activity
Welker

The table below show the quantities of energy drinks demanded at a range of prices. Study the table and answer the questions that follow.

Price ($)	Quantity ('000s)
10	1
9	2.5
8	4
7	5.5
6	7
5	8.5
4	10
3	11.5
2	13
1	14.6
0	16

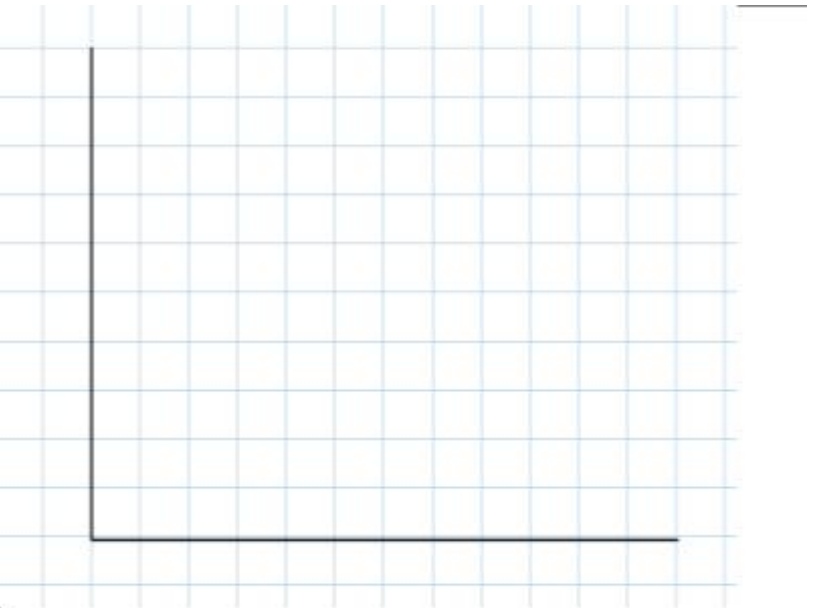
Part 1 - the Law of Demand:

1. Define *demand*.

2. Describe the relationship between the price of energy drinks and the quantity demanded as shown in the table.

3. What explains this relationship?

4. Plot the data in the table on the graph below, with *price* on the vertical axis and *quantity* on the horizontal axis.



5. Plot a point on the graph showing the quantity of energy drinks demanded at $5. Illustrate each of the following and identify the change that could cause it to happen:

    a. A movement upwards and to the left along the curve.

    b. A movement downwards and to the right along the curve.

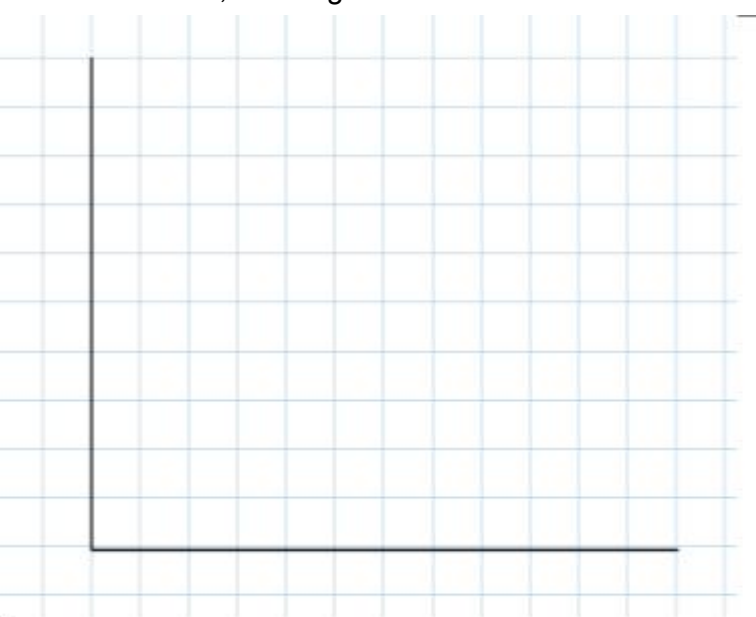
Part 2 - the Determinants of Demand:

6. Assume that soda prices are falling. For most consumers, soda is a close substitute for energy drinks. Explain how this will affect the quantities demanded at each of the prices in the table above?

7. Fill in the table below assuming the decrease in the price of soda caused a decrease decrease in the quantity of energy drinks demanded of two units at each of the prices in the original table:

Price ($)	Quantity ('000s)
10	
9	
8	
7	
6	
5	
4	
3	
2	
1	
0	

8. Draw a new demand curve, showing the effect of the decrease in soda prices.



9. Besides a decrease in the price of a substitute good, identify one example of a change in each of the following determinants of demand for energy drinks that could lead to a

fall in demand for energy drinks:

a. The price of a complementary good:

b. The tastes of consumers:

c. Consumer expectations:

d. Size of the market:

10. Discuss four factors that could cause the demand for energy drinks to *increase*. Illustrate an increase in demand in the graph you drew in number 8.

11. Distinguish between an *increase in demand* and an *increase in the quantity demanded* for energy drinks. Do these concepts mean the same thing? Why or why not?