**1.2.1 Demand**

1. What is meant by the term demand?

Demand shows the amount of goods or services that a consumer is willing and able to buy at a given price over a period of time.

1. Match each factor leading to a change in demand to the correct example.

|  |  |
| --- | --- |
| Factor | Example |
| Demographics | Better living standards lead to an ageing population |
| Incomes | A more educated workforce pushes up wages |
| Market conditions (seasonality) | Poor weather leads to less tourism in the UK |
| External shocks | Civil unrest abroad reduces the availability of stock |
| Consumer preferences | Society becomes more ethically aware by buying fair trade |

1. With the use of a diagram distinguish between a movement along a demand curve and a shift in the demand curve.

If price is the only factor to change this is demonstrated as in diagram 1 by a movement along a demand curve. As price falls from P to P1 the quantity demanded increases from Q to Q1. If any factor other than price leads to a change in demand e.g. consumer trends or a change in incomes this is shown by a shift in the demand curve. In diagram 2 at the price P a factor has made demand increase shown by the shift from D to D1 with quantity demanded increasing from Q to Q1.

Price

Price

P

P

Diagram 2

Diagram 1

P1

Q1

Q

Q

Q1

D

Quantity

Quantity

D1

D