Your notes

GCSE Economics: revision notes

Demand

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Demand and the demand curve

- **Demand** is the quantity of a good consumers are willing and able to buy at each price, over a period of time.
- The law of **demand**: as price falls, quantity demanded rises (and vice versa), so the **demand curve** slopes downwards from left to right.
- A change in the good's own price causes a movement along the **demand curve**: an extension (more demanded) or a contraction (less demanded).

Shifts in demand

- A change in anything else shifts the whole **demand curve**: right for an increase in **demand**, left for a decrease.
- Factors: income (for **normal goods**, more income means more **demand**), tastes and fashion, advertising, the price of **substitutes** (such as a rise in the price of tea increasing demand for coffee), the price of complements (such as a rise in the price of printers reducing demand for ink), and population.

Types of goods

- **Substitutes** are goods that can be used instead of each other, such as butter and margarine.
- **Complements** are goods used together, such as cars and petrol.
- **Normal goods** see **demand** rise as income rises; inferior goods see **demand** fall as income rises (such as value-brand products).

Key terms

Demand	The quantity consumers are willing and able to buy at each price.
Demand curve	A graph showing quantity demanded at each price.
Extension of demand	More being demanded because the price falls.

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Contraction of demand	Less being demanded because the price rises.
Substitutes	Goods that can be used instead of each other.
Complements	Goods used together.
Normal good	A good whose demand rises as income rises.

Quick questions

Cover the answers and test yourself: remembering is what makes it stick.

1. Which way does a demand curve slope?
2. What causes a movement along the demand curve?
3. What happens to the demand curve if a good becomes more fashionable?
4. What are complements?
5. What are substitutes?
6. If the price of tea rises, what happens to demand for coffee?
7. If the price of printers rises, what happens to demand for ink?
8. What is a normal good?

Answers

1. Downwards from left to right
2. A change in the good's own price
3. It shifts to the right
4. Goods used together
5. Goods that can be used instead of each other
6. It increases
7. It decreases
8. A good whose demand rises as income rises

What to do next

Practise 10 questions on this topic

Try 3 exam questions, with mark schemes

Read the lesson, one step at a time

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