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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*.

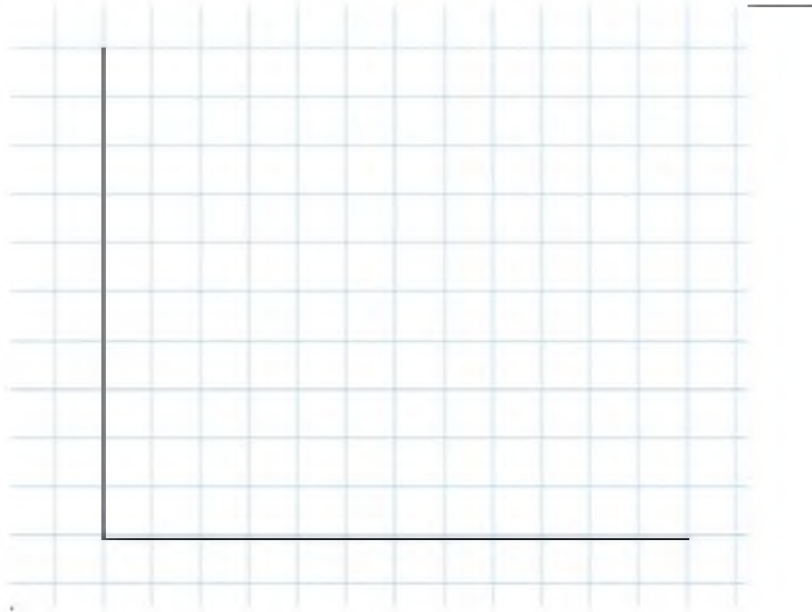
Demand is the quantity of goods and services that consumers are willing, and able to buy at each possible price (over a given period of time).

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

3. What explains this relationship?

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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 movement upwards and to the left along the curve.
 - A movement downwards and to the right along the curve.

Part 2 - the Determinants of Demand:

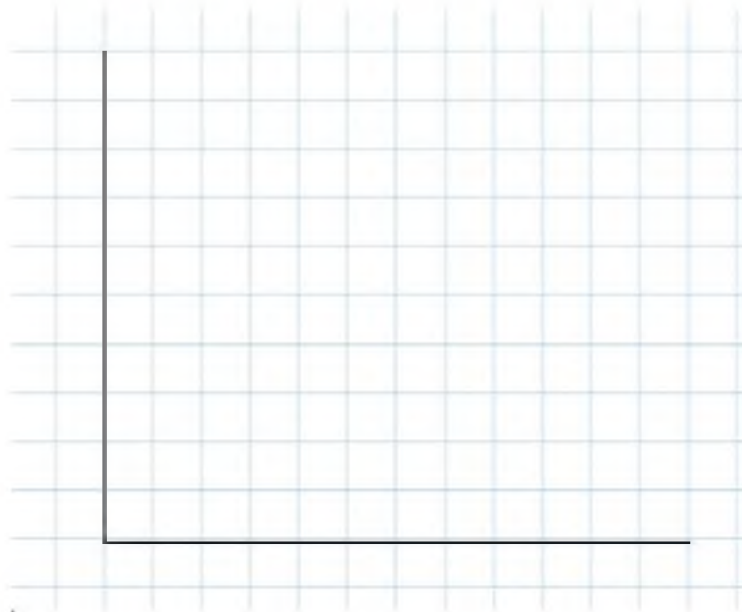
6. Assume that soda prices are falling. For most consumers, soda is a close substitute for energy drinks. Explain how this will affect the quantities demanded at each of the prices in the table above?

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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 (\$)	Quantitv ('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?



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