IGCSE ECONOMICS · 1.1 THE MARKET SYSTEM · CHAPTER 4 · PAPER 1

Factors That May Shift the Demand Curve

Topic question sheet L04 | **Total: 33 marks** | **Time: 35 minutes** | **Student Book pp. 23–28**

Instructions: answer **all** questions. Write your answers on lined paper. The marks for each question are shown in brackets: use them as a guide to how much to write.

Calculators may be used. Show your working. Draw diagrams in pencil and label them fully. The mark scheme starts on a new page: do not look at it until you have finished.

Section A: Multiple choice

One mark each. Choose **one** answer: A, B, C or D.

1 Cars and petrol are examples of: **(1)**

A inferior goods
B complementary goods
C substitute goods
D capital goods

2 A rise in the price of car insurance is most likely to: **(1)**

A increase the quantity demanded of cars
B increase demand for car insurance
C shift the demand curve for cars to the left
D shift the demand curve for cars to the right

3 Which of the following would shift the demand curve for an inferior good to the right? **(1)**

A A rise in incomes
B A fall in incomes
C A rise in its own price
D A fall in its own price

4 The price of tea falls. What happens to the demand for coffee? **(1)**

A It shifts to the left
B It shifts to the right
C There is a movement along the curve
D It does not change

Section B: Short answers

Define, state, calculate, draw and explain. Show your working for calculations.

5 What is meant by **substitute goods**? **(2)**

6 Define the term **inferior good**. **(1)**

7 A country's population grew from 2.9 million to 8.3 million. Calculate the percentage increase. You are advised to show your working. **(2)**

8 Draw a diagram to show the effect of an increase in advertising on the demand for bubble tea. **(3)**

9 Explain how a rise in incomes affects the demand for a normal good. **(3)**

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Section C: Data response

Read the extract, then answer the questions. Use evidence from the extract in every answer.

Extract: Bubble tea in Malaysia

Bubble tea, a sweet tea drink with tapioca pearls, has become hugely popular with young people in Malaysia. A large chain spent RM5 million on social media advertising in 2024. Average incomes in Malaysia rose by 4% in the same year.

Coffee shops, which sell a substitute drink, have cut their prices to win customers back. Meanwhile, the price of tapioca pearls, a key ingredient, has risen sharply. Around 26% of Malaysia's population is under 15.

Fictional case based on a real trend, written for this sheet.

10 With reference to the extract, analyse **two** factors that have increased the demand for bubble tea in Malaysia. **(6)**

11 With reference to the extract, evaluate whether the demand for bubble tea is likely to keep rising. **(12)**

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Mark scheme: Factors That May Shift the Demand Curve

How to mark: Multiple choice, Define, State: 1 mark. **What is meant by** (2): two separate parts to the definition. **Calculate**: working and answer (with units). **Draw** (3): one mark per correct labelled feature. **Explain** (3): 1 for a point, 2 for developing it in context. **Analyse** (6): knowledge 2, application 2, analysis 2. **Assess** (9) and **Evaluate** (12) are marked by levels: choose the level that best fits the whole answer. Indicative content is a guide: credit other valid points.

Section A

1 *Cars and petrol are examples of: (1 mark)*

Answer: B (complementary goods). They are used together.

2 *A rise in the price of car insurance is most likely to: (1 mark)*

Answer: C (shift the demand curve for cars to the left). Car insurance is a complement to cars.

3 *Which of the following would shift the demand curve for an inferior good to the right? (1 mark)*

Answer: B (A fall in incomes). Demand for inferior goods rises when incomes fall.

4 *The price of tea falls. What happens to the demand for coffee? (1 mark)*

Answer: A (It shifts to the left). Tea is a substitute, so people switch away from coffee.

Section B

5 *What is meant by substitute goods? (2 marks)*

Goods bought as an alternative to another (1) that perform the same function (1).

6 *Define the term inferior good. (1 mark)*

A good for which demand falls when income rises (1).

7 *A country's population grew from 2.9 million to 8.3 million. Calculate the percentage increase. You are advised to show your working. (2 marks)*

Working: (8.3 − 2.9) ÷ 2.9 × 100 (1).

Answer: 186% (accept 186.2%) (1).

8 *Draw a diagram to show the effect of an increase in advertising on the demand for bubble tea. (3 marks)*

Diagram: axes labelled price and quantity (1); original demand curve D1 (1); new curve D2 to the right with an arrow (1).

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9 *Explain how a rise in incomes affects the demand for a normal good. (3 marks)*

Point: demand for a normal good rises when incomes rise (1).

Development: consumers can afford more at every price (1), so the demand curve shifts right, e.g. more meals out and holidays (1).

Section C

10 *With reference to the extract, analyse two factors that have increased the demand for bubble tea in Malaysia. (6 marks · K2 · Ap2 · An2)*

Knowledge (2): advertising and fashion/tastes (or income) shift demand right.

Application (2): RM5 million social media advertising; incomes rose 4%; popular with young people; 26% of the population under 15.

Analysis (2): more advertising and changing tastes make more young people want bubble tea at every price; higher incomes let them afford it: demand shifts right.

Knowledge 2 · Application 2 · Analysis 2.

11 *With reference to the extract, evaluate whether the demand for bubble tea is likely to keep rising. (12 marks · levels)*

For: young population (26% under 15); continued advertising; rising incomes; fashion is strong.

Against: coffee shops cutting prices (substitute) shifts demand left; fashions change and fade; higher tapioca costs may push bubble tea prices up (a movement along, not a shift); health concerns about sugar.

Judgement: likely to keep rising in the short run given the young population and advertising, but long-run demand depends on whether the fashion lasts and on substitute prices.

Levels: L1 1–3 · L2 4–6 · L3 7–9 · L4 10–12 (balanced, well-developed arguments using the data throughout, and a justified conclusion that answers the question).

Original practice questions written in the style of the Pearson Edexcel International GCSE Economics (4EC1) papers. This is not an official paper. Unless a source is given, the firms, countries and figures are fictional and made up for practice.

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