In its initial state, the market is in equilibrium at price, P, and quantity, Q. There is an increase in demand due to a change in tastes and preferences and the demand curve shifts rightwards from D to D1. At the original equilibrium price, P, quantity demanded, Q1, exceeds quantity supplied, Q. This is called a shortage. Due to the shortage, consumers bid up the price.  As price rises, the quantity demanded decreases (law of demand), and the quantity supplied increases (law of supply). This occurs until a new equilibrium price, P1, and new equilibrium quantity, Q2, are reached.