



Demand

Demand is the amount of a good or service that consumers are *willing* and *able* to buy at a certain price.

Demand Schedule for a candy bar

Price Quantity Demanded

.40

.60

.80

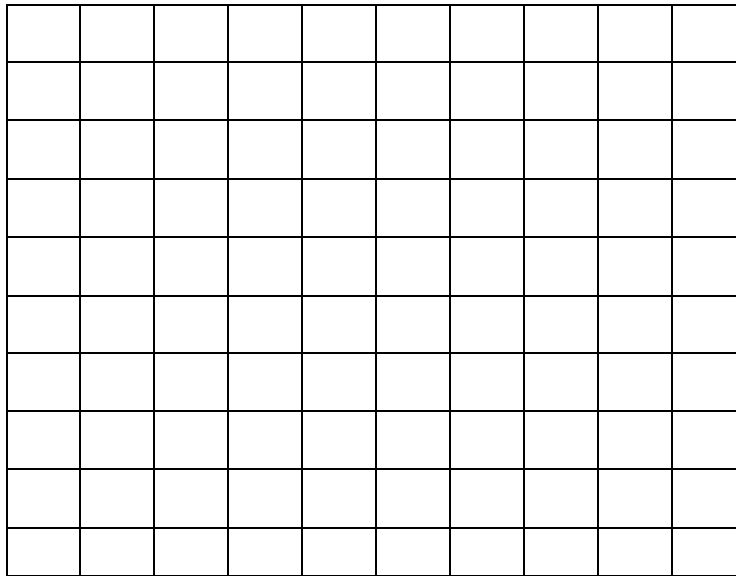
1.20

1.40

1.60

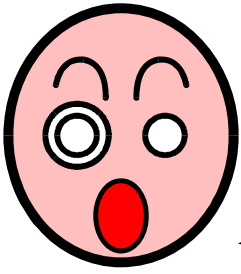
1.80

Demand Graph for a candy bar:



The law of demand states

Hint! Think about price!



There are also **non-price determinants** that cause a change in the quantity demanded. These non-price determinants are as follows:

1. Change in the number of consumers in the market for a product

Example: If a new high school is built in the same block as a fast food restaurant, the demand for the fast food restaurant's products will increase. Likewise, when the school closes for break, demand for the fast food restaurant's products will decrease.

2. Change in consumer's tastes and preferences for a product

Example: If a fashion magazine is showing skirts, the demand for skirts will increase. If fashion magazines show only a few pictures of skirts, the demand for skirts will decrease.

3. Change in consumer income

Example: If workers get a raise, these workers will have more income and their demand for goods and services will increase. If taxes go up, then workers will have less take-home pay, and as a result, their demand for goods and services will decrease.

4. Change in the price of related goods-compliments

Example: A decrease in the price of strawberries will cause an increase in the demand for whipped cream. An increase in the price of hamburger will cause a decrease in the demand for hamburger buns.

5. Change in the price of related goods- substitutes

Example: If the price of movie tickets increases, the demand for video rentals may increase. If the price of a McDonald's hamburger increases, the demand for Burger King hamburgers may increase.