

CHAPTER 7 : DEMAND

Key terms

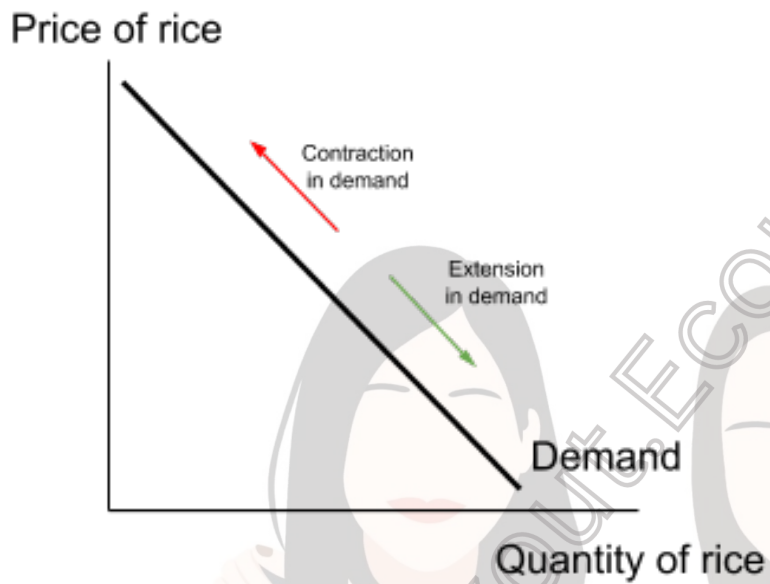
1. Demand : the willingness and ability to buy a product
2. Market Demand : the total demand for a product
3. Extension in demand : a rise in the quantity demanded caused by a fall in the price of the product itself
4. Contraction in demand : a fall in the quantity demanded caused by a rise in the price of the product itself.
5. Changes in demand : Shift in the demand curve.
6. Increase in demand : a rise in demand at any given price, causing the demand curve to shift to the right.
7. Decrease in demand : a fall in demand at any given price, causing the demand curve to shift to the left.
8. Normal goods : a product whose demand increases when income increases, and decreases when income falls.
9. Inferior goods : a product whose demand decreases when income increases and increases when income falls.
10. Substitute : a product that can be used in place of another.
11. Complement : a product that is used together with another product.
12. Aging population : an increase in the average age of the population.

1. What is Demand ?

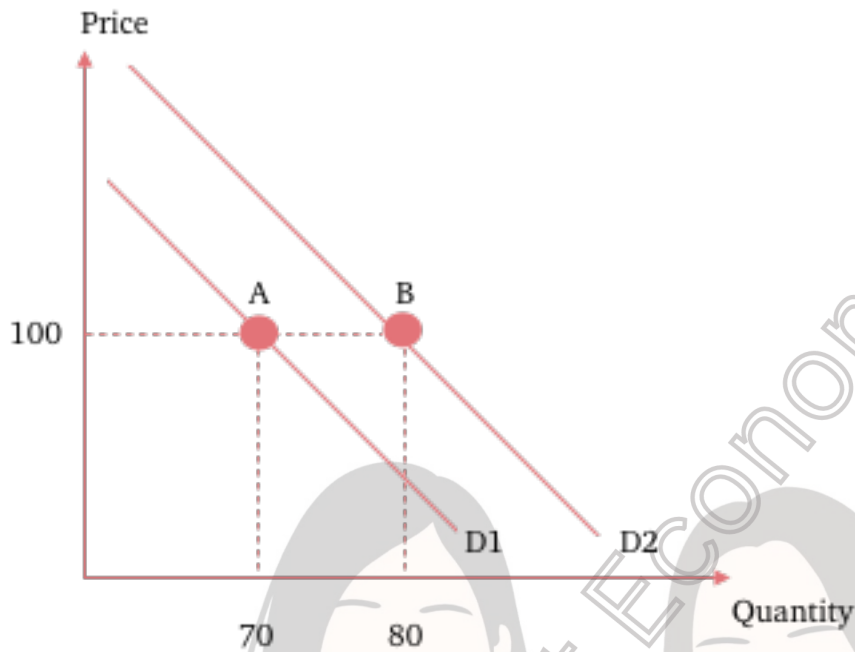
Demand : the willingness and ability to buy a product at any price level.

2. Demand curve

Demand curve : shows the inverse relationship between price and quantity demand.



3. Causes a shift in demand curve



3.1 Change in income

3.2 Change in price substitute good

3.3 Change in price complement goods

3.4 Advertising campaigns

3.5 Change in population

3.6 Change in taste and Fashion

3.7 Other factors eg. weather condition