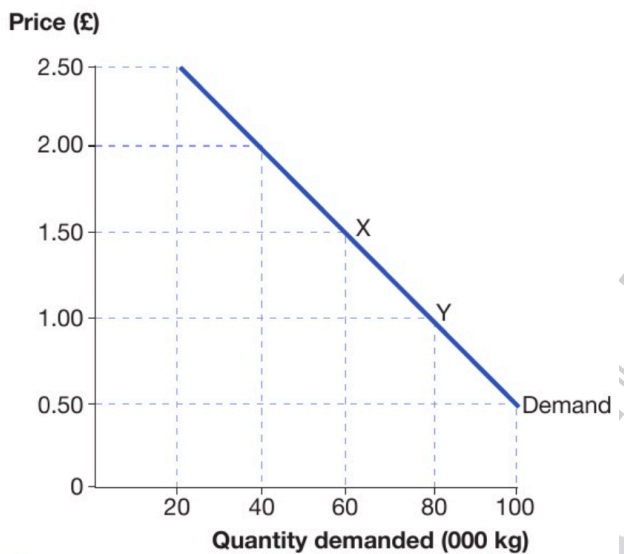


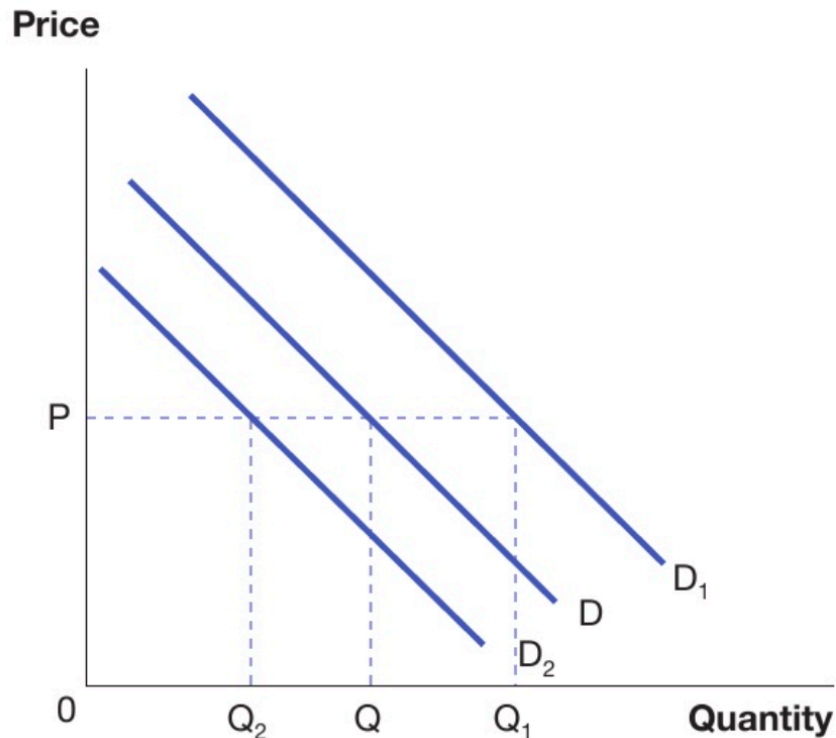
CHAPTER 4: Demand

1. **Demand** : is the amount of product that customers are willing and able to purchase at any given price.
- **Demand Curve** is the downward sloping (Price and quantity have the opposite direction)

Diagram



Factors shift demand curve



Example - Demand shifts to the right

- Price of substitute goods : goods that can be replaced for each others.
Eg. If price of coke increases, demand for Pepsi would shift to the right
- Price of complementary goods : goods that need to use together.
Eg. If price of shoes decreases, demand for sock would shift to the right.
- Change of customer incomes : Higher income means higher ability to pay goods and services, demand will shift to the right
- Fashions, tastes and preferences
- Marketing, advertising and branding : eg. Some promotion can encourage customers to buy product and hence demand will shift to the right.
- Demographic : Ageing population can lead to higher demand of healthcare
- External shock eg. Government may reduce income tax which can increase disposable income. Demand of goods is likely to increase.