

# DEMAND

is the desire, willingness, or ability to buy a good or service.

Law of Demand  
Quantity demanded, and price move in opposite directions

## Factors of Demand

### Number of Consumers

An increase in consumers causes an increase in demand

High Birth Rate

Increased migration

### Change in income

Healthy Economy

Raises in wages, or better jobs

Willing to buy more

### Substitutes

More efficient, cheaper or safer products

If the price of one good goes up the demand for the substitute also rises

### Compliments

Two products used together

When demand rises or falls for one, the same happens to the other

# Demand Elasticity

The extent to which a change in price causes a change in the quantity demanded

## Elastic

Each change in price causes a relatively large percentage change in quantity demanded

Attractive substitutes

Expensive

Purchase can be postponed

## Inelastic

Price changes have little effect on the quantity demanded

Low initial price

Few substitutes