Demand

* Demand refers to the quantity of particular goods and services that consumers are willing to buy at a particular price
* Demand is about you, the consumer, and your needs and wants

# The Law of Demand -As prices increase, consumers buy less (decrease demand).

* When the market demands a high quantity, price of the good or service will be high
	+ Example: new iPhone
	+ New iPhone hits the market, the price will be high because people want the latest tech
	+ As the iPhone is out for a while, the price goes down; already talking about new version, or people do not want it as much as before
* Consumers’ demand for a good or a service depends on a number of factors:
	+ The price of the good or service (should be reasonable and competitive)
	+ The prices of **substitute** or **complementary** goods
	+ Consumers’ income (ex. new tv, eating out, holidays)
	+ Their future expectations about either income or price (ex. Gas, savings)
	+ Their taste or desire for the good or service (styles, fashion)
	+ Changes in population (location, baby boom)

Supply

* Supply refers to the quantity of goods and services that producers and sellers are willing or able to provide within a range of prices that people would be willing to pay.

The Law of Supply

* Increase in quantity supplied as prices increase.
* As prices fall, the quantity supplied by producers tends to decrease

Conditions that affect Supply:

* Number of producers
* Price
* Technology
* Expectations for the Future
* Production Costs

Equilibrium - the point where supply = demand

# Price of Goods

* Usually high in the first period of the product life
* May change depending on demand for the product
* Also depends on store quantity of the product
* People may wait for a sale on a later date
* Usually, consumers buy more as prices decrease and buy less as prices increase.

# Substitute Goods

* A good that can easily be replaced by another good is called a substitue good
* Ex: If the price of coffee increases, people may switch to tea as a substitute

# Complementary Goods

* Two goods that are usually used with one another are called complementary goods
* Demand for these products will affect each other
* Example: devices & apps, ipad and ipad case, hotdogs & buns, bicycles & locks

## Consumer Income

* Affects demand because the more you make, the more you tend to spend
* Ex: Students – during school year, may not have great deal of money, but in summer, because of a summer job, may have more to spend
* This will increase the demand of some products that these consumers use

## Tastes And Preferences

* Trends also affect demand
* They will increase the demand for products at certain periods of time
	+ Healthy Foods, iPhones, 4KTV, designer bags