#  MEANING OF DEMAND

Demand is the amount of goods and services a consumer is willing and able to buy at a given price and at a particular period of time.

It is important to note here that demand is quite different from want. Want is simply one’s desire for goods and services that is not backed up with the ability to pay for these desire goods and services. The desire for goods and services backed up with the ability to pay for these goods and services is referred to as effective demand.

#  LAW OF DEMAND

The law of demand states that the higher the price, the lower the quantity demanded and the lower the price, the higher the quantity demanded.

#  DEMAND SCHEDULE AND DEMAND CURVE

The table that demonstrates the relationship between price and quantity demanded is referred to as demand schedule. It shows the quantity of goods and services demanded at various prices. There exist an inverse relationship between price and quantity demanded.

The graphical demonstration of the relationship that exist between price and quantity demand is referred to as demand curve. Demand curve slopes downward or negatively indicating that consumer will buy more at a lower price than at a higher price.

#  FACTORS INFLUENCING DEMAND

1. PRICE OF THE COMMODITY: The higher the price of a commodity, the lower the quantity demanded and vice versa.

2. PRICE OF OTHER COMMODITY: Price of related commodities can influence the demand for a commodity; the price of milo could influence the demand for bournvita owing to the fact that both commodities are considered as substitutes

3. WEATHER/CLIMATIC CONDITION: Weather or climatic condition can determine the demand for certain commodities i.e. when it is hot, there is usually a high demand for cold drink and low demand for it when it is cold.

4. FESTIVAL: There is usually a high demand for some certain items that are associated with a given festival e.g. there is high demand for chicken and Christmas tree during the Christmas festive period

5. POPULATION: The higher the population size, the higher the demand and the lower the population size, the lower the demand.

6. MARKET SIZE: Market size for a commodity goes a long way to determine demand. Where the market size is low, the demand will be low and where the market size is large, the demand will be high.

7. GOVERNMENT POLICY: A favorable government policy will increase demand while an unfavorable one will reduce demand.

8. ADVERTISEMENT: Advertisement can increase the demand for goods and services where it achieved its desired goal and objective.

#  TYPES OF DEMAND

1. JOINT/COMPLEMENTARY DEMAND: This is the demand for two or more commodities that are combined together to satisfy a particular want or purpose e.g. The combination of gas and gas cooker to generate heat energy for cooking

2. COMPOSITE DEMAND: This is the demand for a commodity that can be put to more than one use e.g. the demand for crude oil for the production of PMS, diesel, aviation fuel etc.

3. COMPETITIVE DEMAND: This is the demand for a commodity that can be used in place of another e.g. the demand for gas as a substitute for kerosene or the demand for beef as a substitute for fish

4. DERIVED DEMAND: This is the demand for a commodity that is not wanted for its own sake but for the satisfaction of another want. E.g. the demand for factors of production

#  CONCEPT OF MARKET DEMAND AND INDIVIDUAL DEMAND

Market demand is the demand for goods and services by two or more individuals while individual demand is the demand for goods and services by an individual.

#  CHANGE IN QUANTITY DEMAND AND CHANGE IN DEMAND

Change in quantity demand is simply an increase or a decrease in quantity demand occasioned by a change in the price of the commodity in question. It is graphically a movement along the same demand curve. An upward movement along the demand curve indicates an increase in price and a decrease in the quantity demanded while a downward movement indicates a decrease in price and an increase in quantity demanded

Change in demand is an increase or a `decrease in demand occasioned by change in other factors influencing demand except the price of the commodity in question. It is graphically a shift of the demand curve either to the left or to the right. A leftward shift of the demand curve indicates a decrease in demand while a rightward shift indicates an increase in demand.

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#  CONCEPT OF ABNORMAL /EXCEPTIONAL DEMAND CURVE

A normal demand curve slopes downward or negatively indicating that consumer will buy more at lower prices than at higher prices. An abnormal demand slopes upward or positively indicating that consumer will buy more at higher prices than at lower prices. The following are factors responsible for abnormal or exceptional demand curve:

i. Ostentation Commodities: Consumers buy more of these commodities at high prices than at low prices in order to show off how wealthy they are e.g. expensive gold and diamonds

ii. Expectation of future rise or fall in price of commodities: When price of commodities is rising at the moment and consumer anticipates a further rise in future, consumer tends to buy more now at a high price notwistanding the present rise in the price.

iii. Giffen or inferior goods: Consumers tend to buy less of these commodities even at low prices owing to the fact that it takes little portion of their income.