

Demand Function I: Intro to the Economic Analysis of Demand

Core Component of Market Model
The Behavior of Consumers

What is Demand?

- "Wish to" Hold or Consume
 - Goods Provide Satisfaction/Utility
 - But Wishing Not Enough
- **Effective** Demand
 - Ready
 - Willing
 - Able
- Wishing to Hold:
 - Backed by the Bucks = Demand
 - **Not** Backed by Bucks = **Not** Effective Demand

Demand = Willingness to Buy

- How Much?....Depends
- **Demand Function**
 - Summary of What Demand Depends on
 - List of Factors Affecting
 - What Matters?

Things We Are Interested In:

- **What** Matters?
 - List of Factors Affecting
- **Which Way** does it Matter?
 - Demand Changes Up or Down
 - When Something that Matters Changes
- **How Much** does it Matter?
 - Little Response to a Big Change
 - Big Response to Little Stimulus

Wrap Up:

- Demand = Wish to Hold, Get Satisfaction
- Effective Demand: Ready, Willing & Able
- Demand Functions: What?, Which Way?, How Much?
