

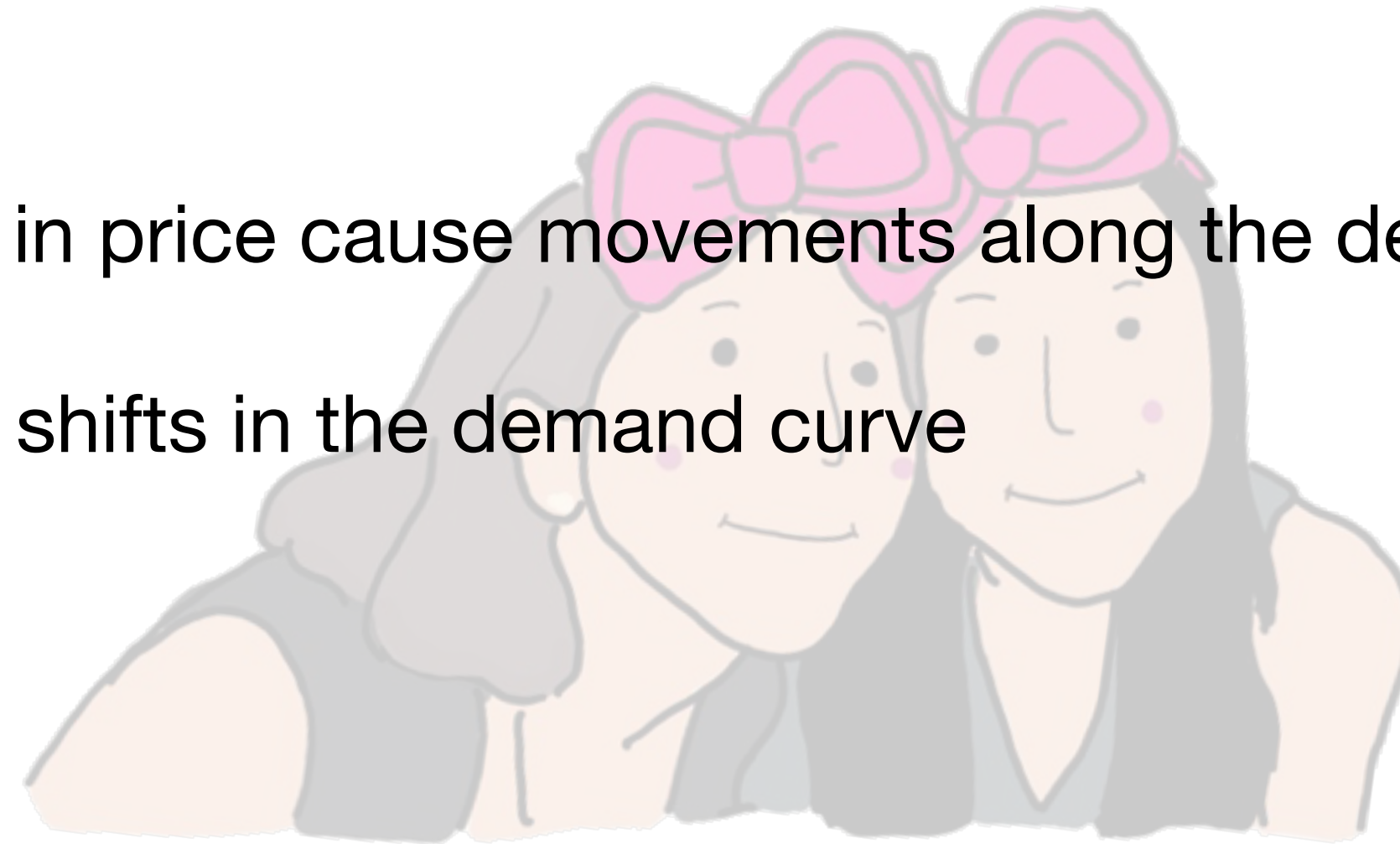


MICROECONOMICS - Demand

By Kru P'Eve and Kru P'Da Knockout.Economics

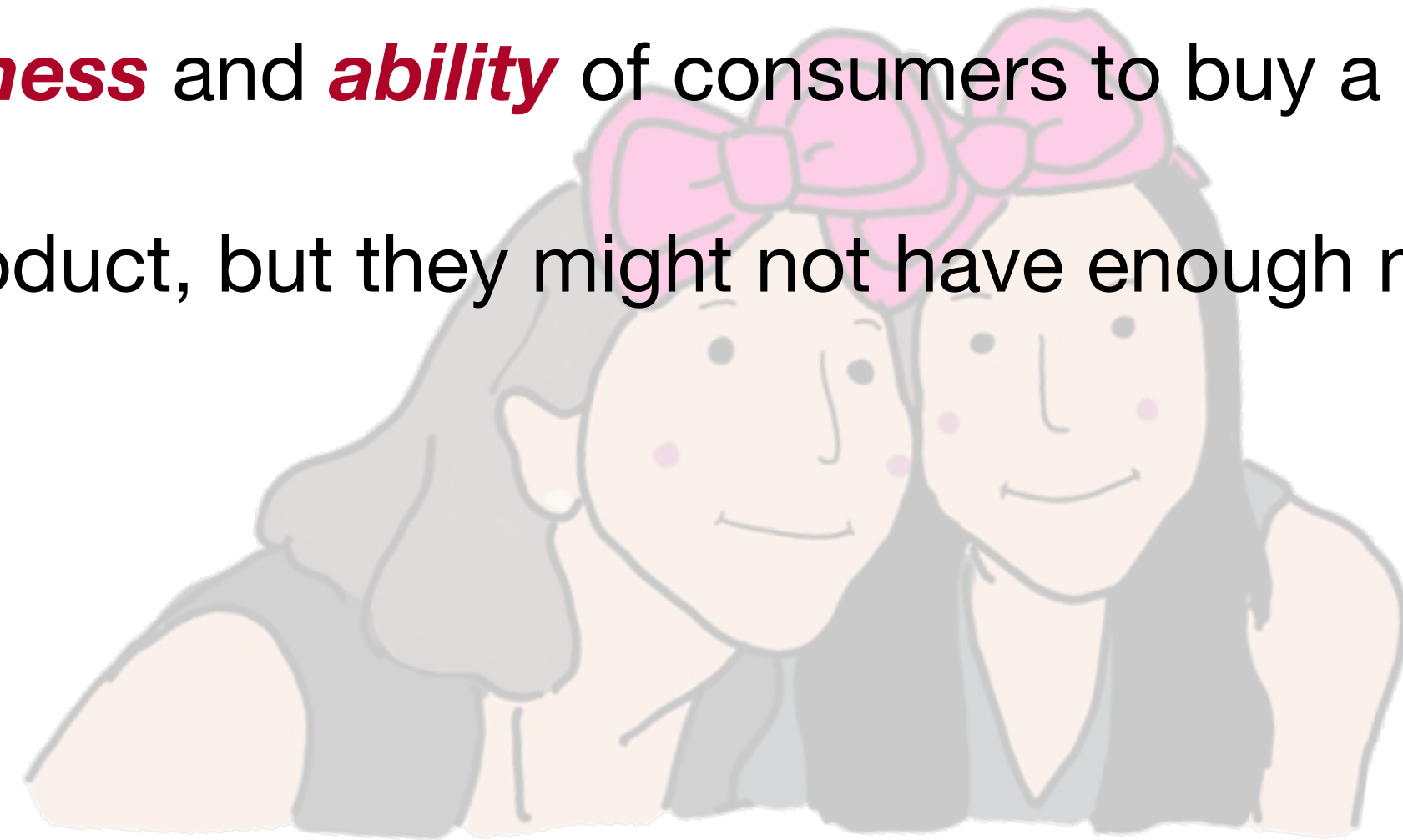
Overview

1. What is demand ?
2. Draw the demand curve
3. Understand how changes in price cause movements along the demand curve
4. Understand the causes of shifts in the demand curve



1. What is demand?

- In economics, **demand** is formally defined as “**effective demand**”
- Demand means the **willingness** and **ability** of consumers to buy a product.
- People may want to buy product, but they might not have enough money, demand is not effective.

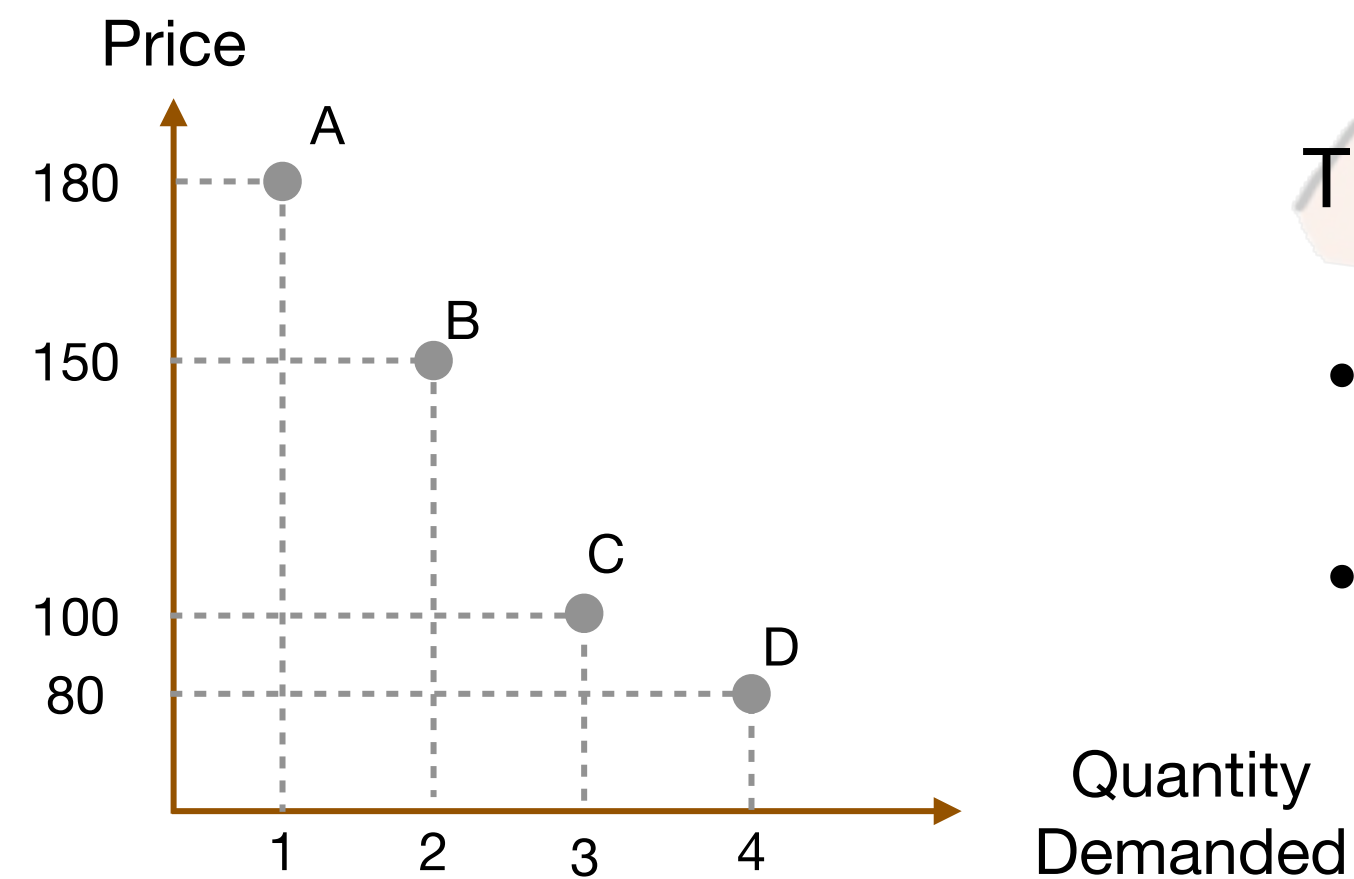


2. Draw the demand curve





- **Demand schedule** : table of the quantity demanded of a product at different price levels

| | | | | |
|-----------------------|-----|-----|-----|----|
| Price (Baht) | 180 | 150 | 100 | 80 |
| Quantity demand (Cup) | 1 | 2 | 3 | 4 |

- **Demand Curve:**

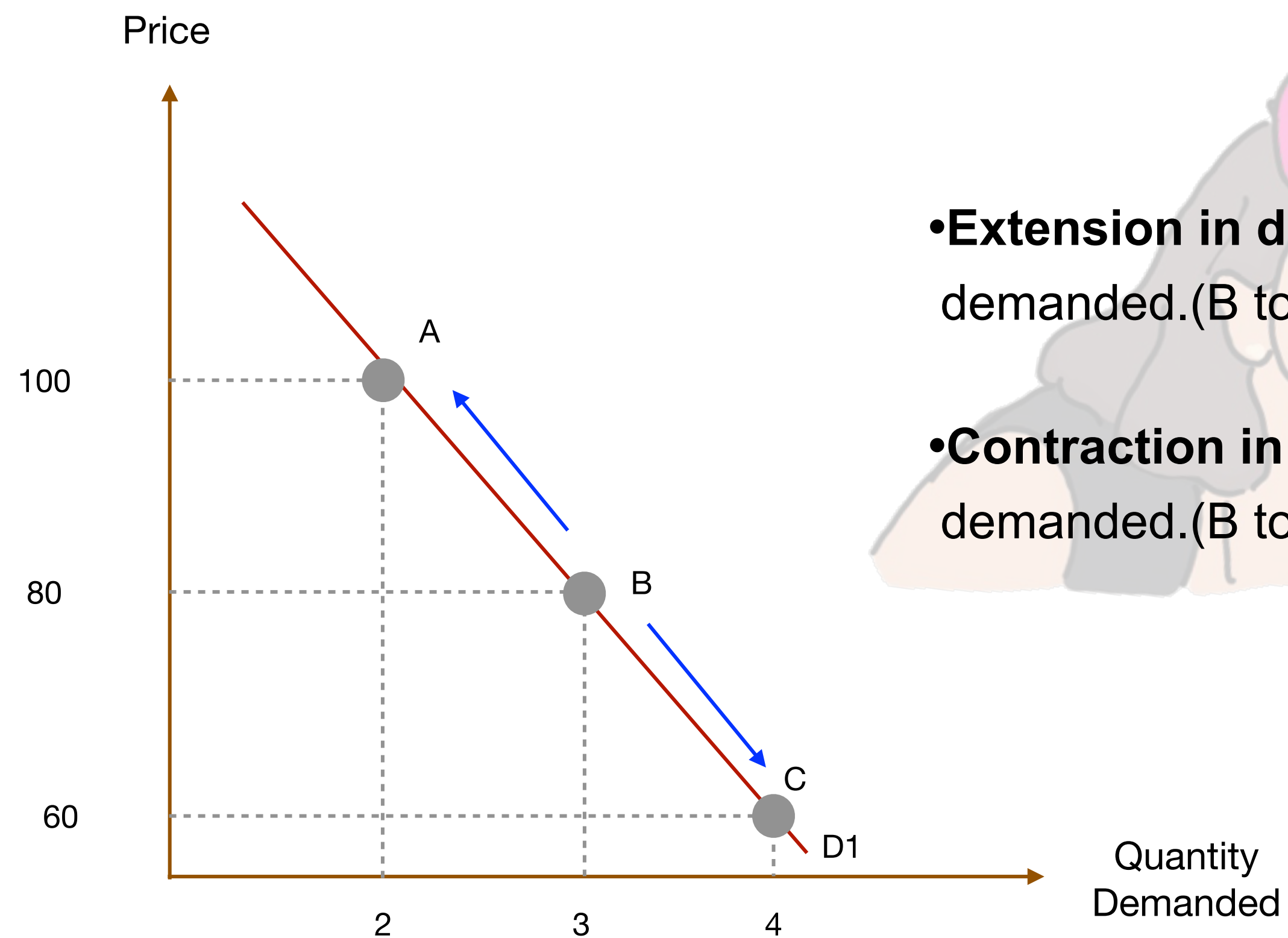


The demand curve : Inverse (Negative) relationship between price and quantity demanded

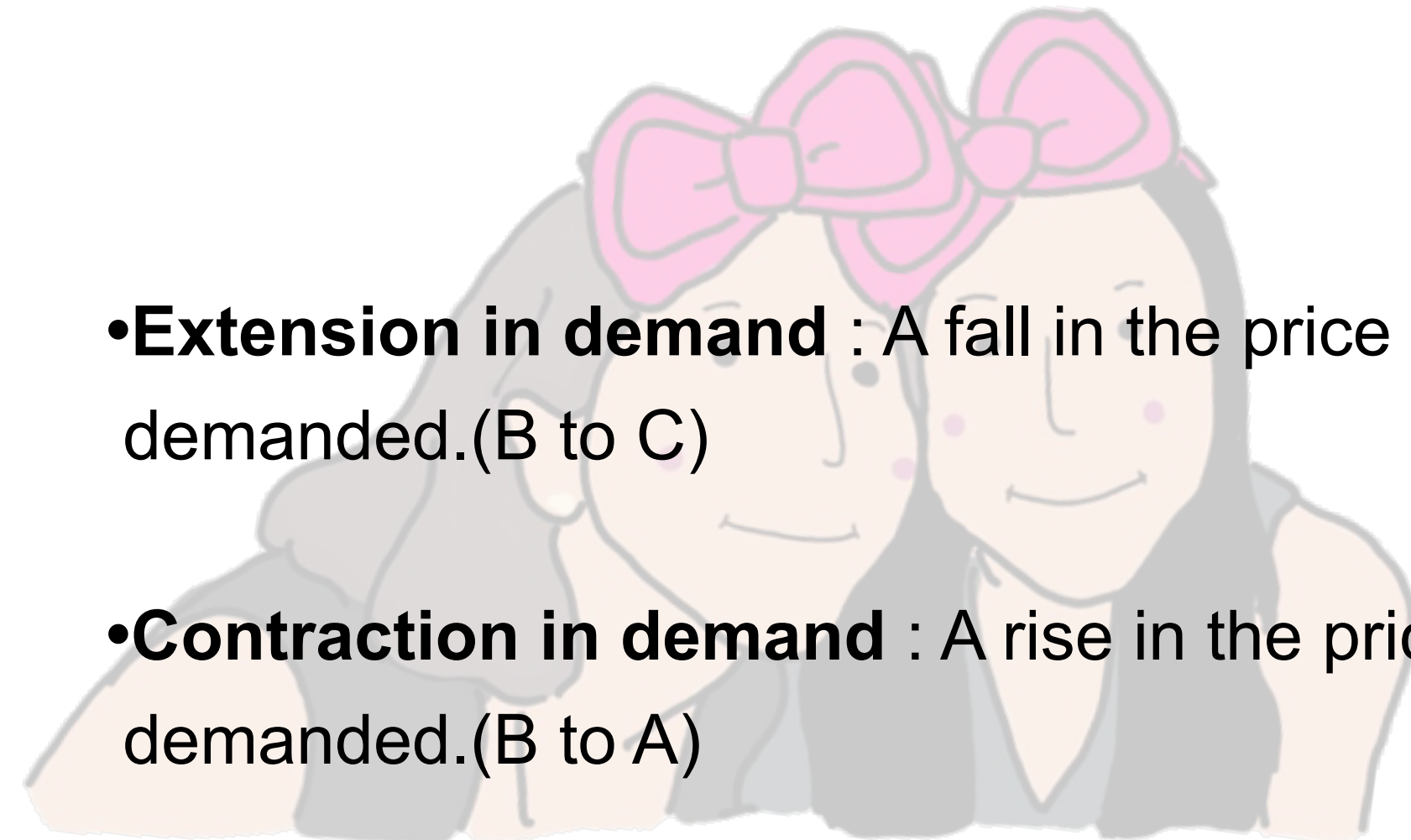
- When the prices , demand will 
- When the prices , demand will 

3. Understand how changes in price cause movements along the demand curve

The effect of a change in price on demand :

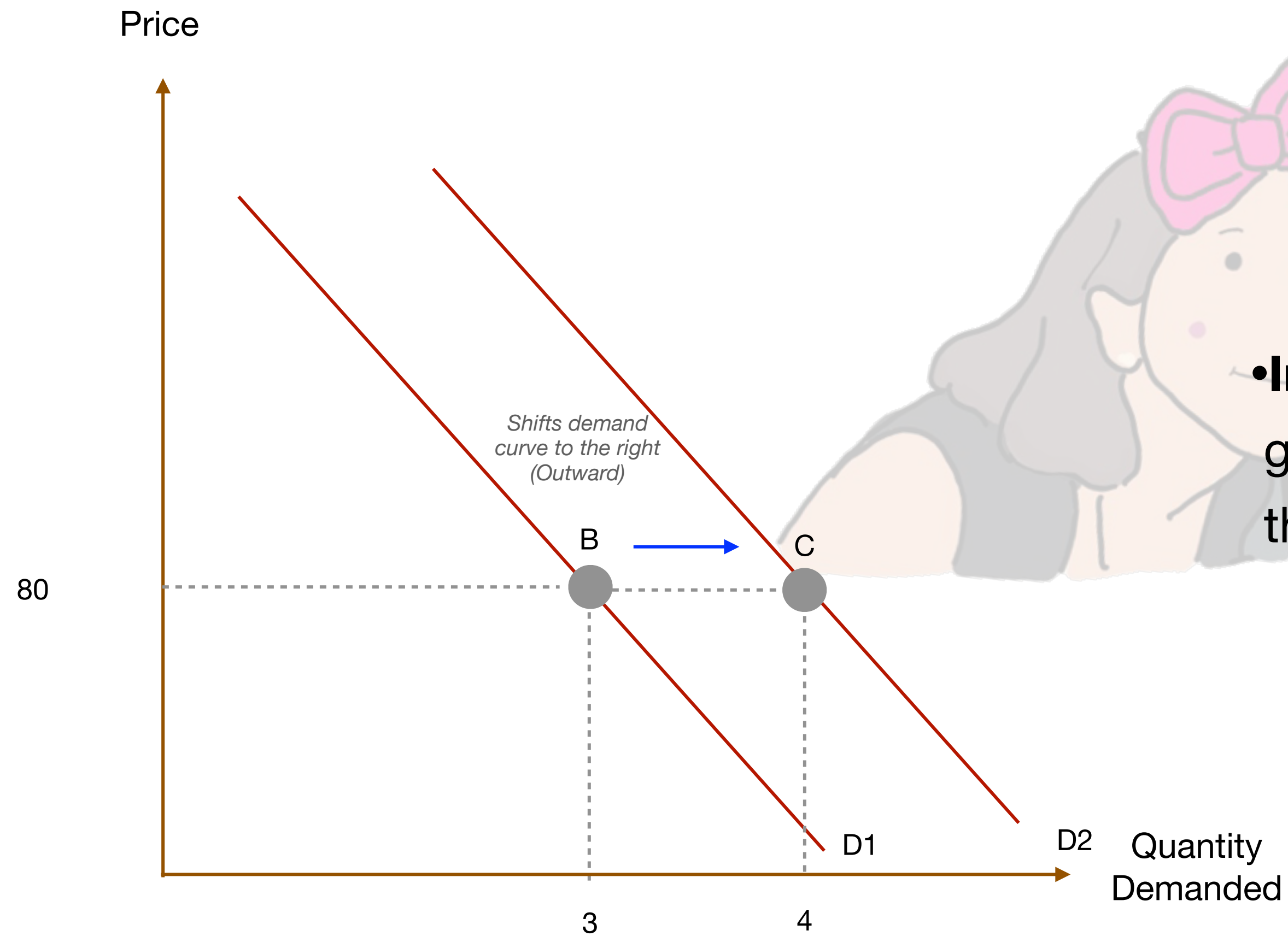


- **Extension in demand** : A fall in the price of product results in a rise in the quantity demanded.(B to C)
- **Contraction in demand** : A rise in the price of product results in a fall in the quantity demanded.(B to A)



4. Understand the causes of shifts in the demand curve

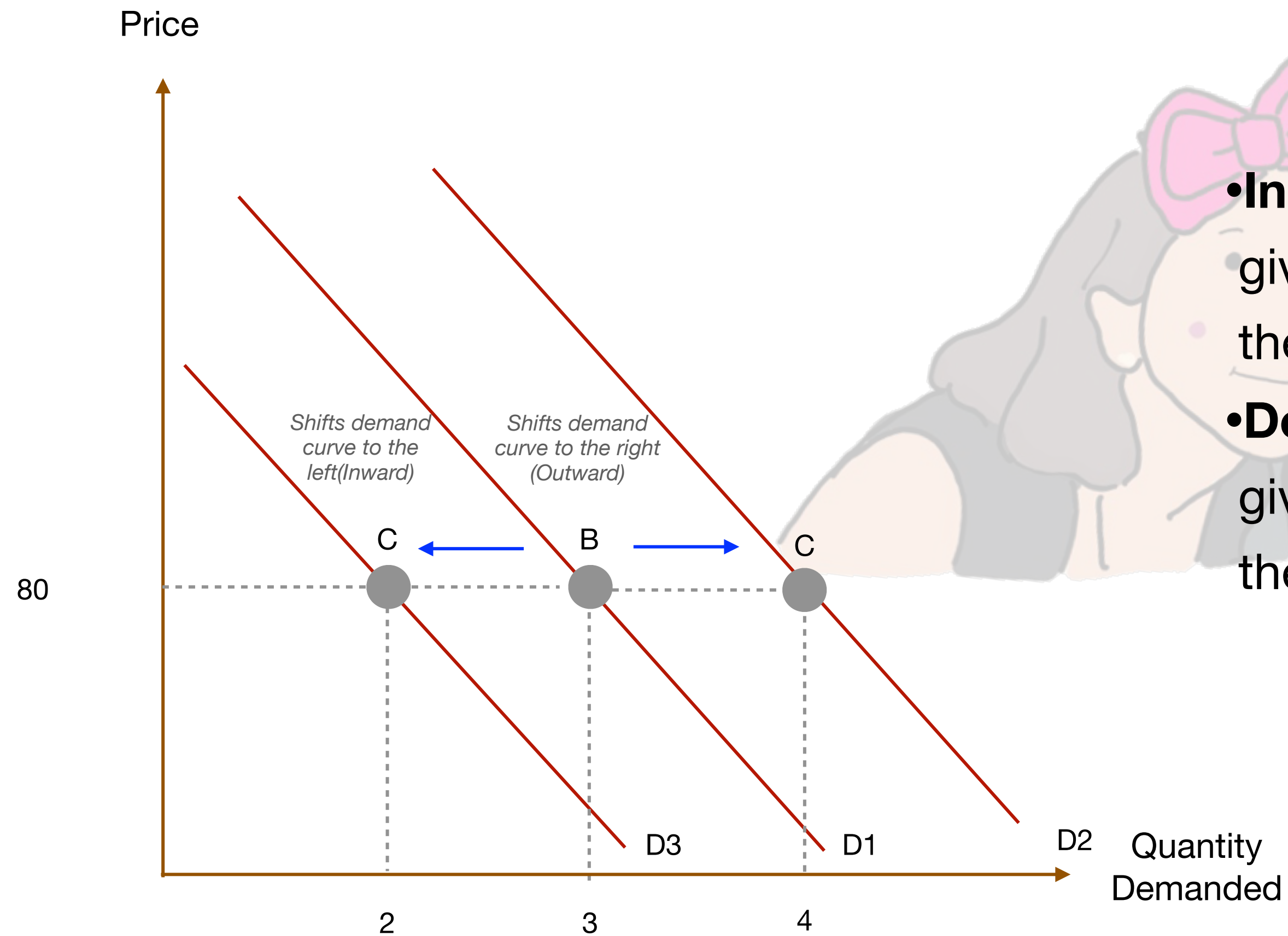
Causes of shifts in the demand curve :



- **Increase in demand** : A rise in demand at any given price. As a result, the demand curve shifts to the right (outward) from D1 to D2.

4. Understand the causes of shifts in the demand curve

Causes of shifts in the demand curve :

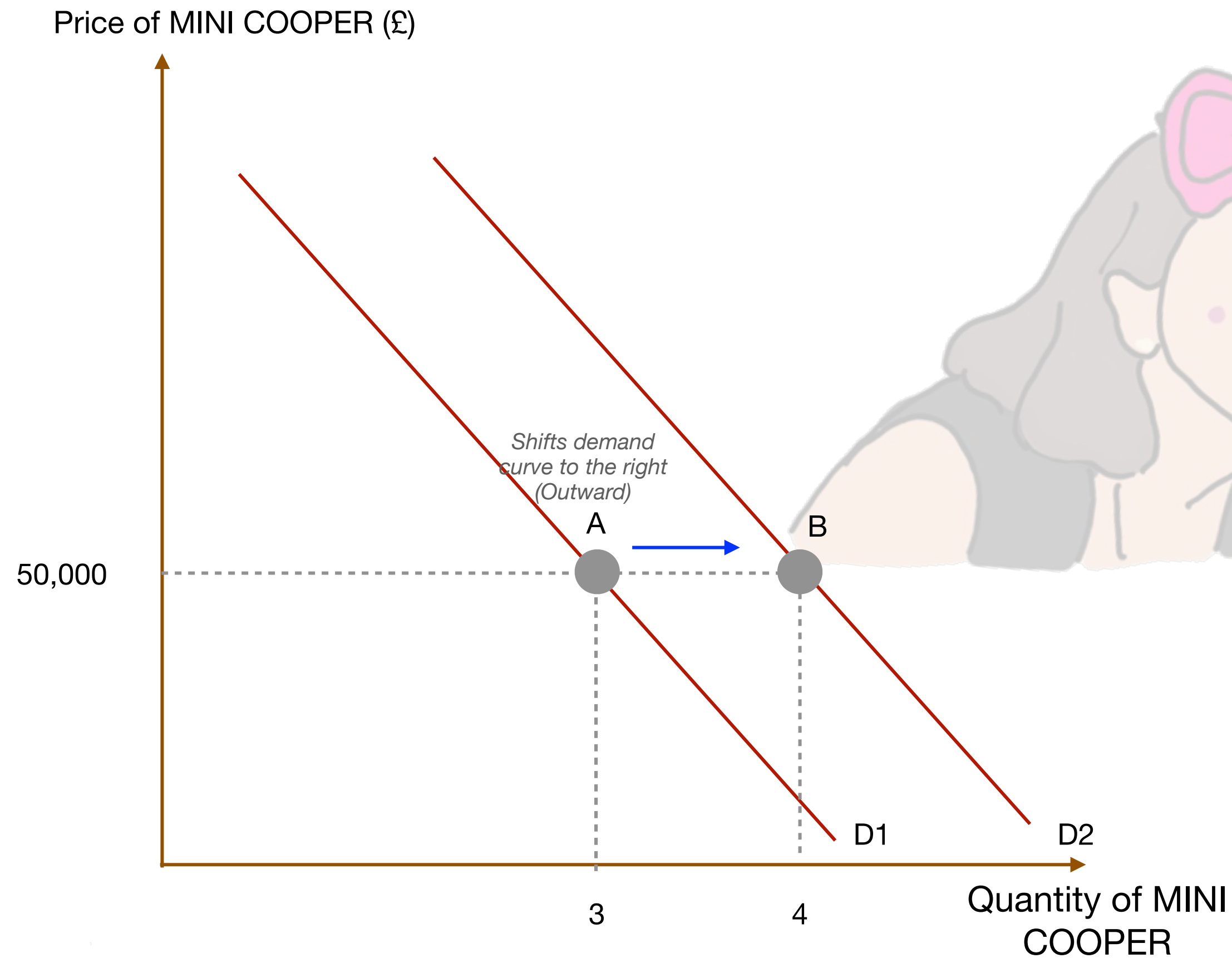


- **Increase in demand** : A rise in demand at any given price. As a result, the demand curve shifts to the right (outward) from D1 to D2.

- **Decrease in demand** : A fall in demand at any given price. As a result, the demand curve shifts to the left (inward) from D1 to D3.

4. Understand the causes of shifts in the demand curve

For example : Factors that shift the demand of MINI COOPER to the right



| "TRIPS" | |
|---|--|
| T : Tastes / Fashion | Eg. Small cars are becoming so popular : demand MINI cooper shifts to the right |
| R : Related Products | Price of substitute goods Eg. Price of Mercedes-Benz increases => consumer switch to buy alternative products eg. MINI cooper => demand MINI cooper shifts to the right |
| | Price of complementary goods Eg. Price of petrol decreases => demand for petrol would be increases (Move along) => Since petrol and cars are complementary goods so demand MINI cooper shifts to the right |
| I : Income | Eg. Consumer has higher income : more ability to purchase product (Normal goods) : demand MINI COOPER shifts to the right |
| P: Population | Eg. Higher population => demand MINI cooper shifts to the right |
| S: Successful Advertising Campaign | Eg. Successful Advertising Campaign => stimulate demand of MINI cooper => demand MINI cooper shifts to the right |

Knockout Economics



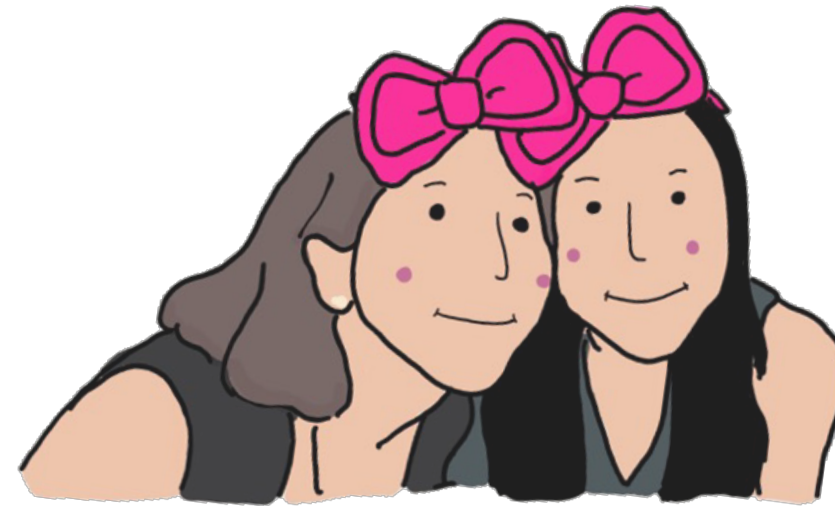
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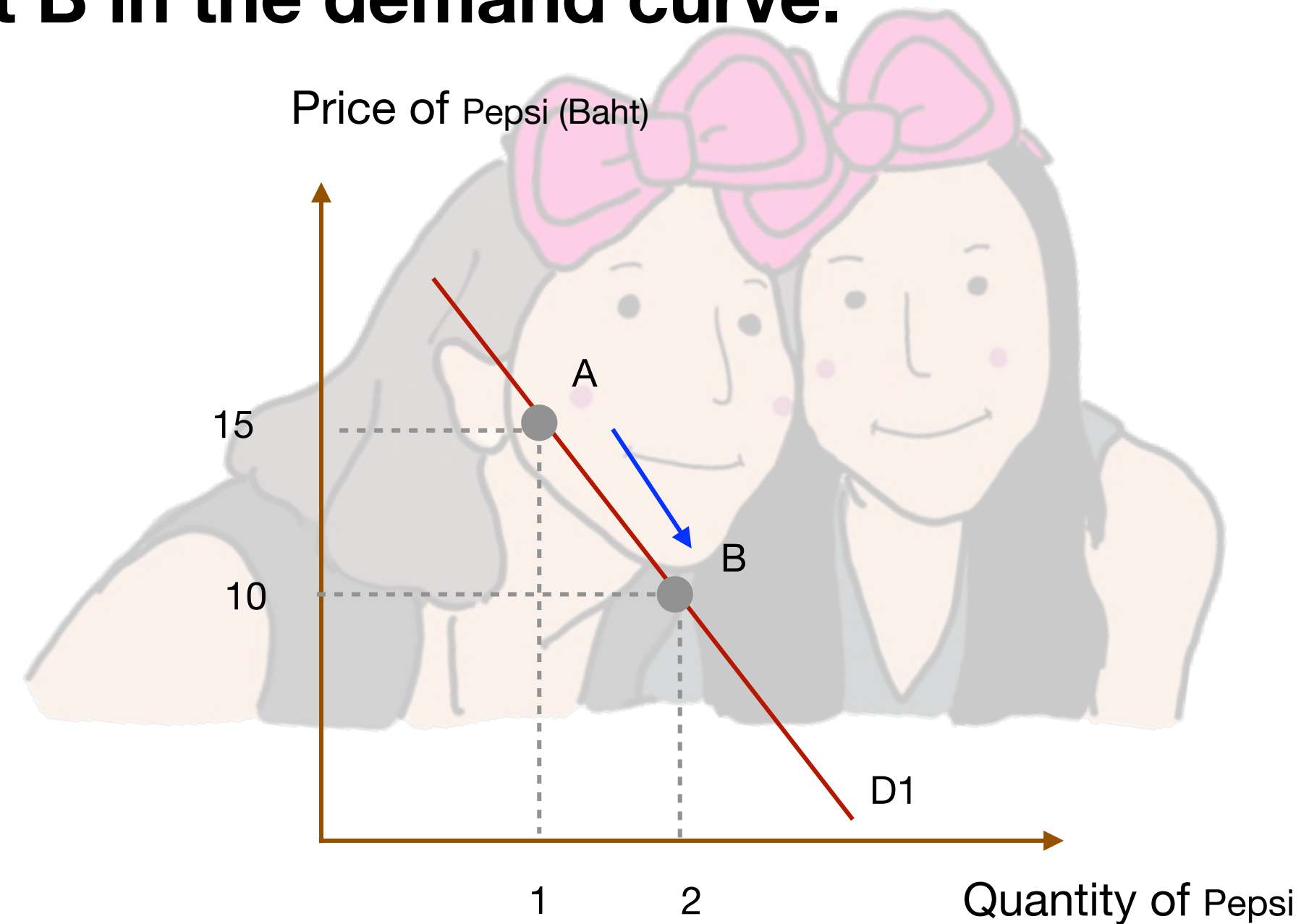


MICROECONOMICS - Exercise : Demand

By Kru P'Eve and Kru P'Da Knockout.Economics

Exercise: MCQ

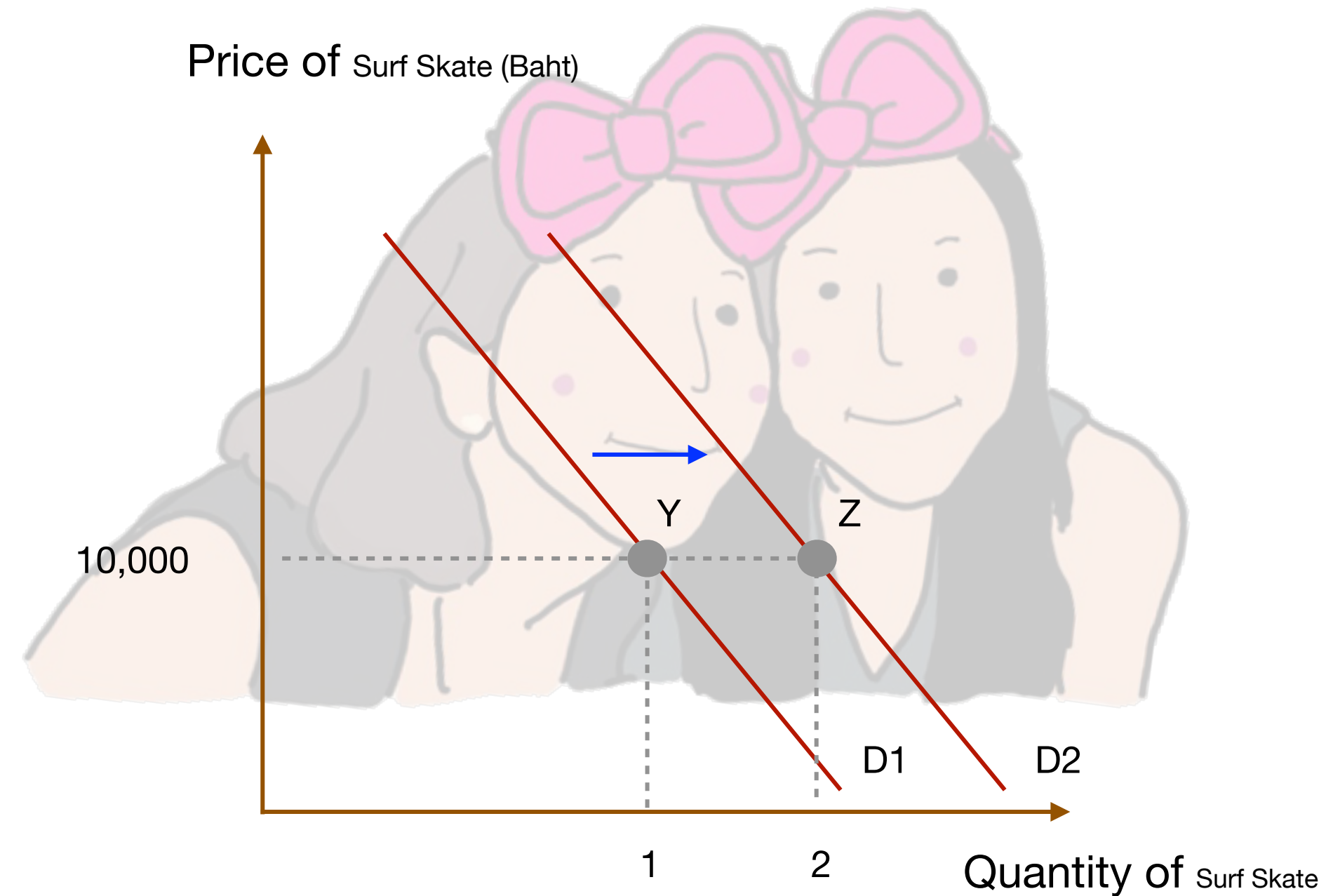
1. The diagram shows the demand for Pepsi. What is the most likely cause for this movement point A to point B in the demand curve.



- A. Growing concern for health
- B. An increase in direct tax
- C. A fall price of Pepsi
- D. A successful advertising campaign for Coca Cola

Exercise: MCQ

2. The diagram shows a shift in the demand curve for Surf Skate. What is the most likely cause for this shift in the demand curve?



- A. The department stores more providing urban wave for surf skate
- B. A rise in the price of the equipment for surf skate
- C. An increase in trend of surf skate
- D. A fall in the price of surf skate

Exercise: Essay

**1. Analyse the difference between an extension in demand and an increase in demand.
[4]**

Command Word:

Analyse: examine in detail to show meaning, and identify components and the relationship between them

Knockout Tips:

- **Up to 2 marks** : Diagrams + **2 marks** : examines the difference
- Or **maximum 2 marks** : extension in demand and **maximum 2 marks** : increase in demand

Exercise: Essay

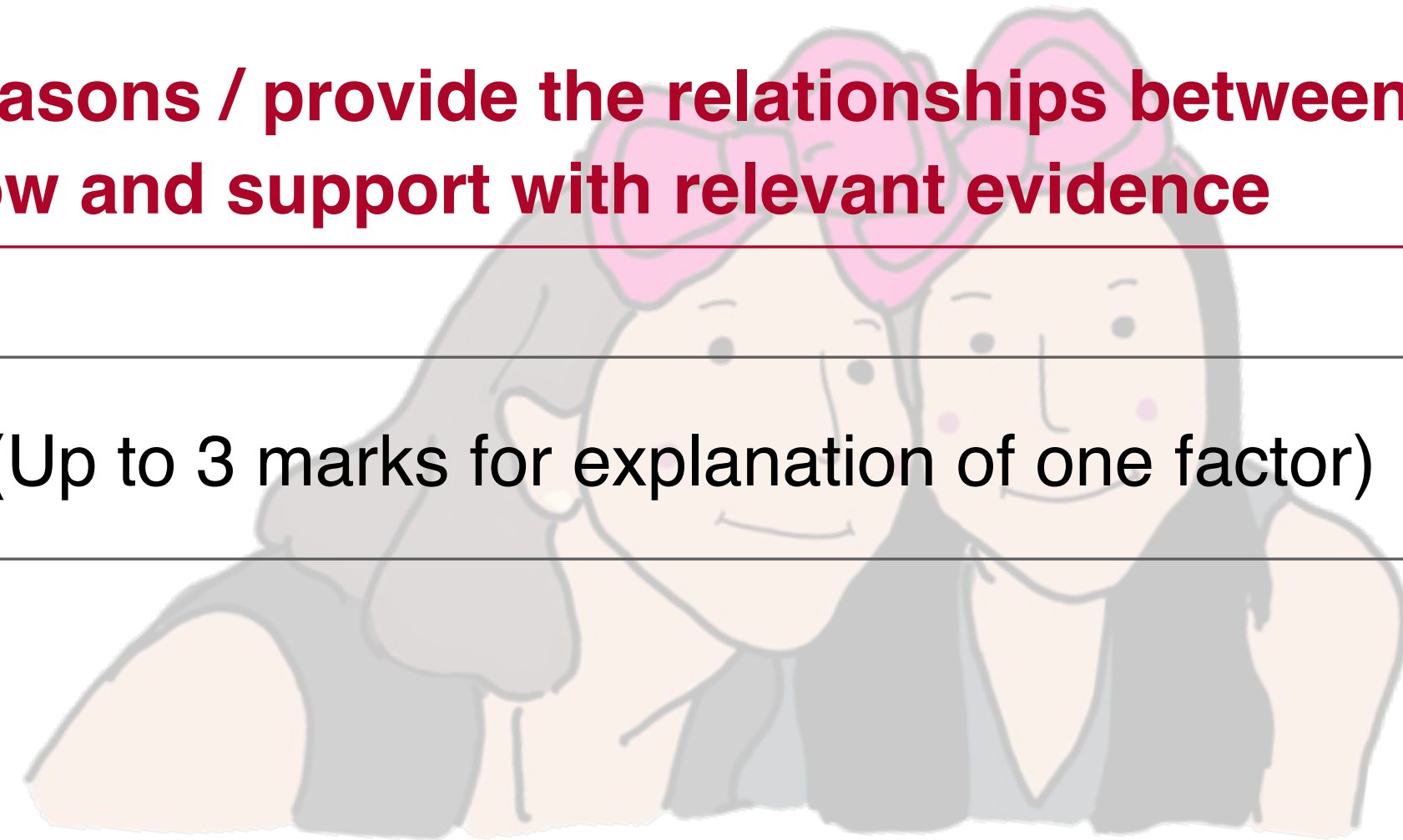
2. Explain what determines the demand for travelling abroad. [6]

Command Word:

Explain: set out purposes or reasons / provide the relationships between things clear / say causes and consequences , why and /or how and support with relevant evidence

Knockout Tips:

- 2 Factors + Supporting details (Up to 3 marks for explanation of one factor)



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