Intro to Demand: Chapter 4
Objectives:
1- What motivates consumer behavior?
2- Create a model of supply and demand to graphically analyze consumer behavior.
Demand!

- The amount of a good consumers are willing and able to buy at all market prices.
Types of goods

**Competing/ Substitute Goods:**
Similar products that compete for the same consumers

*Ex:* Coke & Pepsi, Nike & Adidas

**Complementary Goods:**
Products that are used together
(as the sales of one good ↑, sales of another good also ↑)

*Ex:* peanut butter and jelly
Cars and gasoline
Demand!

Types of goods

- **Normal Good:**
  - As our income $\uparrow$, we buy more of the product.
  - *Ex: steak*

- **Inferior good:**
  - As our income $\downarrow$, we buy more of the product.
  - *Ex: hamburger*