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Types of Demand

The demand for various goods can be classified on the basis of the number of consumers of a product, nature of the goods interdependence of demand, nature of the use of the product etc. There are five major types of demand discuss below:-

① Individual Demand and Market demand:

We may consider the demand for a commodity from the individual's point of view or from the Individual demand refers to the demand for a commodity by a single consumer. Thus, the quatity of a commodity that an individual consumers is willing to purchase at a given price during a given period of time is known as the individual demand. An individual consumer is called a household in economics.

The sum total of demand by all the households or individuals is known as the market demand. Thus market demand refers to the total quantity of a commodity that all the households are willing to buy at a given price during a given period of time.

eg. The quatity of milk purchase per day by a mother is a individual demand for milk.

eg. The total quantity of milk which all ~~the~~ buyers are willing to buy at a given price per day (or over any other period of time - week or month) is market demand for milk.

2. Joint Demand / Complementary Goods

Joint Demand refers to the demand for two or more goods which are used jointly or demanded together. Joint demand ie Complementary goods are those goods which complete the demand for each other, and are therefore demanded together eg. Pen and ink or bread and butter, car and petrol.

In case of Joint demand, a fall in the price of one causes increase in the demand for the other and a rise in the price of one causes decrease in the demand for the other.

For example, a raise in the price of cars will leads to not only a fall in the demand for cars, but also a fall in demand for petrol.

3. Ex-ante and Ex-post Demand:

Ex-ante demand refers to the amount of goods that consumers want to or willing to buy during a particular time period. It is the planned or desired amount of demand. Ex-post demand, on the other hand, refers to the amount of the goods that the consumers actually purchase during a specific ~~goo~~ period. It is the amount of the goods actually brough. The amount of the goods actually brought is not the same as the amount that the consumers want (desire) to purchase, If the commodity is not available in adequate quatity, the quantity actually purchased (ex-post demand) will be less than the quantity that the consumers desire to purchase (ex-ante demand). Thus, consumer may end up buying more or lesser quatity of goods than they had planned to buy.

4. Composite Demand : /Different use :

Demand for goods that have multiple use is called composite demand. A goods may have several uses. Milk, for example, is used for making curd, cheese and butter. If price of milk reduces it will be put to different uses. Accordingly demand for milk expands. Thus a commodity is said to have composite demand when it can be put to several alternative uses. In case of composite demand, a change in the price of such a product would lead to a large change in its demand because its demand for all the uses would change. Moreover an increase in the demand for the product in one use decrease its availability for another use.

5 Derived Demand :

The demand for a commodity that arises because of the demand for some other commodity is called derived demand. For example; demand for steel, bricks, cement, stones wood etc; is a derived demand derived from the demand for houses and other building.

Derived demand generally relates to the demand for factors of production. Demand for factors of production such as labour, is derived from the demands for the goods produced with these factors of production.