TYPES OF DEMAND

Introduction

Demands can be grouped in to at least 90 different types depending upon time, geographic and product orientation. This chapter explains some of the important types of demand classification.

Types of Demand

1. Demand for buyers goods: Goods and services sought by buyers for their direct consumption are called consumer goods. e.g. demand for items of basic necessity like food, clothing, services of electrician, plumber etc.

2. Demand for manufactured goods: Goods required in industries for manufacturing other goods. e.g. milk required in dairy industry for manufacturing milk products is a manufactures demand while demand for milk products by consumers is a buyers demand.

Buyer demand is direct or autonomous and manufacturers demand is derived based upon demand of final output.

3. Perishable goods demand: Perishable goods have less shelf-life. This is generally consumed quickly in one shot service. The demand for perishable goods is immediate and more elastic. e.g. demand for milk and milk products, fruits, vegetables etc constitute demand for perishable goods by manufacturers.

4. Non perishable goods demand: Non perishable goods are repeatedly used for longer time. In short run, demand for non perishable goods is less elastic which tends to be more elastic in long run. Due to dynamic business circumstances, demand for non perishable capital goods like different types of machinery tends to be fluctuating. Thus due to this dynamism ascertaining such demand is a complex phenomena. Non perishable goods can be stored, their purchase can be postponed, such goods also need replacement etc are the associated problems encountered in ascertaining the demand for non perishable goods.

5. Autonomous demand: Human wants are unlimited. This creates an urge to satisfy some wants directly and is a final direct demand. It is called autonomous demand. e.g. Demand for consumer goods.

6. Derived demand: When demand for a good is dependent on demand for some other goods, such a demand is called derived demand. For e.g. demand for floor tiles is dependent on number of new buildings and demand for battery charger is dependent on number of mobile handsets. In general most of the demands are

derived demand. Some as a part of final product/ component and some being a complimentary product e.g. demand for tyres is related with vehicles.

7. Joint demand: If to satisfy a single want, two goods are required than they form a joint demand e.g. vehicles and fuels. Change in demand for such products occurs in the same direction and more or less in the same proportion.

8. Composite demand: when a good is required for more than one purpose, it creates a composite demand. For such a demand, change of demand for one use pattern creates changes in demand for other use patterns also, e.g. demand for uranium, which is required in molecular reactors for generating electricity or for making atomic bombs.

9. Time dependent demand *viz* short run or long run demand : There is no clear cut demarcation for demand to be classified as short run or long run. Short run demand is present demand dependent upon price, income and other variables. Long run demand is final ultimate demand resulting due to changes in various variables.

10. Company demand and Industry demand : Demand of a particular company's product is called company's demand whereas aggregate of company's demand producing a same good is called industry demand.

Thus it can be seen that demand of a commodity can be explained in more than one classification criteria. This classification criteria helps marketing organization to satisfy consumers in more effective way.