

So What?



Erica and her friend Jon ran some errands this afternoon. First, they took Jon's guitar into the shop to have new strings put on. Then, Erica needed to stop by the mall to pick up a pair of shoes she had ordered for prom. Afterwards, they were at a restaurant for dinner. Erica had a pizza that was so good that she ate it all. Jon had a pizza that was so good that he ate it all.

You can see how Erica and Jon affected the economy. They purchased economic goods and services. They have also satisfied some of their wants. Can you tell which wants were economic and which were noneconomic? Or, can you name some of the consumer and industrial goods that were a part of the story? Read on to learn more about economic products—their influence on you, and your influence on *them!*

Objectives:

- A** Discuss economic goods and services.
- B** Explain how economic goods and services are classified.

Economic Goods and Services

What do you want?

We all have **wants**—desires for things that we may or may not actually require. A want can be a craving—maybe for a deep-dish pepperoni pizza. A want can be a wish—perhaps to see your best friend who lives in another state. Or, a want can be a need—a warm place to sleep at night, for example.



Think of five things that you want right now. For most people, this is an easy task because they want many things. In fact, people want so many things that their wants are considered unlimited—when one want is satisfied, there is at least one other want waiting to take its place. Consider your want for that pepperoni pizza. After you get the pizza and your want is satisfied, another want will certainly appear in your mind—you might decide you want to play video games with your friends, take a nap, or get some dessert.

While we all have wants, those wants vary from person to person. What you want may be quite different from what your parents want, what your siblings want, or even what your friends want. Wants tend to vary from age group to age group. What a two-year-old wants will be quite different from what is wanted by a 16-year-old, a 30-year-old, or a 60-year-old. What wants are common to your own age group?



wholesale businesses. This forces producers to lay off additional workers. Consumers who lose their jobs are able to satisfy fewer wants because of decreased income. Thus, the decisions of consumers to buy or not to buy play a significant role in determining the health of the economy.

Summary

We all have wants—desires for things that we may or may not actually require. If you need to spend money to satisfy a want, it is an economic want. The “things” that people buy to satisfy their economic wants are called economic goods and services. For something to be an economic good, it must be tangible, useful, scarce, and transferable. Economic services are similar except they are intangible acts rather than physical objects. The economy depends on consumers and producers to buy and produce goods and services.



1. What are wants?
2. What is the difference between an economic want and a noneconomic want?
3. What is an economic good?
4. What is an economic service?
5. How does the relationship between consumers, producers, and economic products affect the economy?

The Gray Zone

Clothing and accessories made with real animal fur are economic products, and many people wear them. Other people, however, feel that wearing fur is unethical and cruel. Some people even go so far as to protest by burning fur or even destroying fur stores. Some people are wearing fur or even making it un-wearable. Hollywood stars since the 1950s. What do you think about fur as an economic product? Is it ethical to sell it? To buy it? To ruin it in protest?

SAMPLE PAGE



Equipment. These products are used in the operation of a business but are not used in the actual production of a good or service. They cost less and have a shorter life span than installations. Examples of equipment include computers, forklifts, and telephones.

Supplies. These products are constantly being purchased and used up in the operation of a business. Supplies are usually the least costly type of industrial product. Examples of supplies include such items as cash register tapes, pencils, stationery, and shipping materials.



Summary

Consumer goods and services are those that are purchased and actually used by the ultimate consumer. Industrial goods and services are those that are purchased by producers for resale, to make other goods and services, and/or to use in operating their businesses. Classifications of consumer products include convenience, shopping, specialty, and unsought products. Classifications of industrial products include materials, parts, installations, equipment, and supplies.



1. What is a consumer product?
2. What is an industrial product?
3. Why is it important for marketers to classify the differences between consumer products and industrial products?
4. Describe the four classifications of consumer products.
5. Describe the five classifications of industrial products.

Make It Pay!

List five economic wants you've fulfilled in the past month. What were they? How did you go about getting them? What were the economic consequences? Were you satisfied with the results? Can you improve your purchasing decisions? Are you involved in any of the consumer products you purchased?

Winter coat
Car repair
Steelers game
New computer
Steak dinner