

## 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.



◀ *Everyone has wants. For example, you might want to have pizza for dinner.*

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.

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 it. Then, Erica needed to stop by the mall to pick up a pair of shoes she had ordered for prom. Afterward, they were starving, so they ate dinner together at Burger King. "Thanks so much for hanging out with me today," Erica said. "I hate going to school."

You may have noticed that Erica's wants, but Erica's wants are different from economy today. Erica's wants are economic goods and services. Erica's wants 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*!

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What happens if consumers decide not to purchase anything but necessities? When consumers fail to buy, the influence is ultimately felt throughout the economy. Jobs are lost in retail and 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 that may not actually require. If you need a want, it is an economic want. The things 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 buying and producing goods and services.

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▲ *Consumers have the power to determine the health of the economy with every buying decision.*

## What's the difference?

Do you think you can tell the difference between a consumer good or service and an industrial good or service? What about a regular old ink pen? Would that be considered a consumer good or an industrial good? Don't be confused! If you bought the pen for your own personal use, it is a consumer good. If a producer bought the pen for use in the office, it is an industrial good. As you can see, it is simply a matter of who buys the item and for what purpose.

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## Why classify?

Why does it matter to marketers whether a good or service is a consumer or an industrial product? The classification system helps them to select appropriate marketing activities for a particular good or service. The types of promotion, distribution, and selling a marketer uses are affected by a product's classification. Therefore, marketers use the classifications as a guide for marketing planning. They have found it useful to divide even further the categories of consumer and industrial goods.



▲ *Is a pen a consumer good or an industrial good? It depends on who buys it!*