

## Economic Goods and Services

Principles of Business

### Definitions

- Want – something you do not need for survival.
- Economic want – desires that can be satisfied by consuming goods, receiving services or participating in a leisure activity.
- Non-economic want – desires that cannot be satisfied by buying anything – they make you feel good.
- Goods – this generically means physical, tangible products used to satisfy people's wants and needs.
- Services – Activities that provide direct satisfaction of wants and needs without the production of tangible products or goods.

### Definitions

- Consumer goods – goods and services bought for personal use.
- Industrial goods – goods or components produced for use primarily in the production of other goods.

### Characteristics of Goods & Services

- Goods
  - Tangible
- Services
  - Intangible

### Classify Consumer Goods

- Durable consumer goods
  - Washing machines, cars, refrigerator
  - Have a life of over 3 years
- Non-durable consumer goods
  - Towels, food, clothing
  - Have a life of less than 3 years

### Classify Industrial Goods

- Machinery
- Manufacturing parts
- Raw materials
- Equipment

### Why Can't I Have That???

- Scarcity – the basic economic problem faced by individuals, families, businesses, and the government.
  - Less goods are available than the demand for them.
  - Too little money available for potential buyers.
  - Present in all market types.

### The Dollar Vote

- Each dollar spent casts a 'vote' for the good or service purchased.
- The more 'votes' a good or service receives, the more likely it will continue to be produced.
- If a good or service gets little or no 'votes,' then the company must re-think its plan to produce it.