

# [Introduction to economics](https://assignbuster.com/introduction-to-economics/)

[Economics](https://assignbuster.com/essay-subjects/economics/)

A want Is a desire for a good or a service. The desire may be to satisfy hunger or thirst, avoid heat or cold, be cured of Illness, be amused or entertained, or enjoy that latest product oftechnology. The item involved may not be within the means of the person who wants it. In economics it is assumed that a person's wants are unlimited. People are assumed to desire an unlimited array of goods and services. A need is a desire for a basic good or service.

Needs are essential for survival. A person may not need ice cream, which is a want and a luxury, but they needfood, which provides the essential vitamins and minerals. A person must satisfy their needs before they can satisfy their wants. As our income Increases many of the Items that we regarded as wants may well be regarded as needs. Most people would now regard a telephone as an essential. Characteristics of Wants Wants are unlimited because it is assumed that people have an endless desire for odds and services.

Wants are competitive because to produce one good or service means that other goods and services are not able to be produced. Wants are changeable because a consumers desire for goods and services is constantly changing as a result of changes in income, technology, fashion, advertising etc. Some wants are complementary because the satisfaction of some wants leads to the desire for other wants: a car and trees is a good example. Finally wants can be recurrent cause they constantly have to be satisfied: For example there is a regular need for food.

Goods and Services Goods are tangible objects that give people some utility or satisfaction. A service is non-material or intangible in nature. Services are provided when a business or person provides work of an intangible nature: a consultation with adoctoror lawyer for example. A tradesman that fixes a household defect is another example of a service. Services also create utility or satisfaction. Producers and Consumers A consumer is a person who uses goods and services to satisfy their wants and needs.

When a consumer uses goods and services it is called consumption. Consumption means more than to eat food, It means to use any good or service to satisfy any want or need. When a consumer uses consumer goods they gain satisfaction which Is called utility. Consumers have to make choices regarding their consumption and are assumed to want to maxillae their satisfaction or utility. Consumers also need to decide how much to save. Saving is deferred consumption in