**Goods and Services**

There is a major difference between goods and services goods and services based on both tangible as well as intangible factors. Goods are basically objects or products which have to be manufactured, stored, transported, market and sold. Lays chips, BMW, Adidas are some companies manufacturing goods.

Services on the other hand are output of individuals and they can be collective or individualistic action or performance by an individual. For example a barber or a chartered accountant is giving individual services. Airlines on the other hand have airplanes which are a produced but travelling by airplanes is a service (airlines are one of the most competitive service sectors today).

Thus the different between gods and services is based on tangibility. Where goods are tangible in nature, services are mostly intangible. The classic rules which defined services were intangibility, heterogeneity, perishability and variability. However, although the old rules are applicable even today, several new rules have been added to define the difference between goods and services.

The below mentioned 8 points help you in noticing how goods and services differ.

**Ownership is not transferred:-W**hen buying a service, the service ownership is not transferred to the end customer. If you buy a car then the car is yours. But if you buy a ticket for an airline, then the airline is definitely not yours.

**Intangibility: -** How do you measure service? In a restaurant, the dish can be measured, but the efforts gone in making the same dish by two different chefs cannot be measured from the customer end. Same goes for large service corporates like Accenture and Infosys. The time and effort gone for giving service to the customer is intangible. Both ownership and intangibility are old school difference between goods and services.

**Involvement of customer:-**When comparing the difference between goods and services we have to look at the involvement of customer as well. In services involvement of customers is much more than in products. For example – ATM’s are services customer has to use the machine. The same goes for vending machine as well as for self service restaurant. Today ice-cream chains like. Hokey pokey and food chain like subway have more than 50% involvement of customer where the customer gets to decide the ingredients they want in their ice cream / sub.

**Quality –** In case of products, mass manufacturing in common. And mass manufacturing means uniformity. However, services involve a lot of manual labor due to which the quality may vary each time. Uniformity in services is a factor which each service owner tries for. For example – The major challenge of food chains like subway, Pizza hut and dominos is to give the same quality over and over again, where as in local restaurant the quality of food may vey time to time from the same restaurant.

**Evaluation of services is tougher: -**As quality varies from time to time and the involvement of customer is maximum, evaluation of different services become together. For example – HDFC service is better because they have more reach to the end customer. But how do we evaluate how a barber cuts your hair.

**Inventories are absent: -** Production and consumption of service happens at the same time. This does not mean that the raw material is not present to provide the service. For example in a restaurant, a dish is made only after your order it. The raw material and the chef might be present. But the production does not begin unless and until there is a customer to consume the service.

**Time is very important in services –** Because inventories are absent is services, and because production and consumption is at same time, time is very important difference between goods and services. The keyword here is “delay”. There should no delay in providing the service. Thus the cab should arrive on time, the food should be prepared by time and the trains should run on time. Because time is important.

Thus the difference between goods and services is based on many different factors. These factors are become more and more acute as the services sector rises in demand.

**Consumer Goods & Producer Goods**

**CONSUMER GOODS** are tangible goods that are purchased for direct consumption to satisfy a human need or want. This is in contrast to producer goods, where are purchased as an input to produce another good.

Producer goods/capital goods, also called intermediate gods, in economics, goods manufactured and used in further manufacturing processing or resale. Producer goods either become part of the final product or lose their distinct identity in the manufacturing stream.

Consumer goods are those that are purchased for direct consumption. ‘Consumption’ in this context does not necessity mean consume, as in eat. There are plenty of consumer goods that no one would consider eating, such as clothes. Clothing is a good purchase to satisfy a human need – the need to be clothed.

Another way to identify a consumer good is to think of a production line. The goods used as inputs at the beginning of the production line are not consumer goods; these would be considered capital or producer goods, and might include cloth, plastic, or other materials. The good that is produced at the end of production line (the clothing line) is a consumer good. It’s a final end product made for a buyer to consume.

Sugar- sugar is used as a final good (when it is sold as sugar in the supermarket) or as an input (when it is used to make candy). Steel- a raw material used in the production of many other goods, such as bicycles. Car engines – Some firms make and use their own, other buy them from other producers as an intermediate good, then use them in their own car.

**Types of Consumer Goods**

Consumers buy an enormous variety of products. Some are goods that will last for many years. Other items are consumed on the spot when we purchase them. To business people and economists, these are known as durable and non-durable goods. The production of durable and non – durable goods is the basis for important measures of economic trends.

Durable goods tend to have a long useful life. For statistical purposes, a durable good is expected to last three years, according to the Economics and Statistics Administration. Goods consumed in a short time or that have useful lives of less than three years are classified as non- durable. The dividing line isn’t always rigid. For example, people sometimes use a piece of clothing for more than three years.

Consumer durable goods include items like furniture, jewelry and cars. Large appliance such as stoves and washing machines are durable goods. The category also includes defense and commercial procurement of heavy equipment and assets like aircrafts, trucks and ships. Non-durable good include food, medicines and other consumable, as well as products that last a limited lifetime such as clothing, shoes and small electronic devices.