

Economics: Scarce Resources Meets Emotion

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We live in a world of constantly narrowing economies. There is more international trade and globalized economic ventures today than there ever has been. One single supply chain can cover the entire globe. With these realities comes an increased need for the understanding of emerging markets, changing buying cultures and the future of scarcity. Common resources slowly dwindle while the global marketplace is more accessible than it ever has been. Consumers purchase using emotional behavior more than rational thought. It will take careful consideration by all economies to ensure that we are able to understand the world's wants for the foreseeable future.

I. Economic Want

There is a delicate balance between ensuring that as many wants are met to help an economy survive while protecting the resources within that economy. If one economy uses up one of its most valuable resources to maximize its immediate gain, inevitably when that resources runs out that particular economy will negatively shift. This is also damaging to the global economy. Because modern economics is a tapestry of international resources meeting the demands of an international market, one shifted economy creates a shockwave that is felt by others.

As resources limit there must be an availability to enter into emerging markets to help meet steady demand. Thanks to globalization there are more accessible resources for globalized consumption every day. Governments are making it easier for companies to invest in emerging markets to help spread out the limited resources but to also help better meet the needs of the consumer. It is also because of globalization consumers are more aware of the supply chain. Consumerism has shifted where the consumer uses more emotion in their purchase power and is more educated about the resources supplied for the product.

II. Consumer Behavior

Consumer behavior has always been the driver of economic success. When consumers feel safe about spending they have less regard for cost. When consumer safety is tested, they are more reserved in their spending. This is seen on national and international economic level as consumer behavior shifts are consistent even among various economies. Multiple factors influence this behavior shift. Global economics, war, the media, cultural changes, and various other factors modify the ways consumers purchase.

Quick reaction to changes in consumer behavior is paramount to ensuring stability and success. It is necessary for the supply chain to be aware of consumer behavior and adapt accordingly. We live in a buying world of less rational behavior and that factor must be considered as a mechanism to understanding developing consumerism. When emotion overcomes rationale the consumer is driven to purchase based less on fact and more on desire.

There is a balance between meeting the demands of a changing consumer market and ensuring that the products brought to market are not from dwindling resources. Consumers are more aware of faults in the supply chain and the fact that many of the most commonly used resources are becoming less available. This is a shift in consumerism that has continued to develop over the past few decades. Thanks to outlets like the internet and social media, consumers understand the supply chain and many of the risks associated with it. This can ultimately be burdensome on the market as producers constantly have to explain their process of bringing a product to market. This does not reduce the want that consumers have, however. In many cases the consumer understanding the supply chain and asking questions reveals a stronger purchase power for that particular product. For example, organic foods have become more than the trend they started out as and are a necessary component in the food market. In the United

States, the organic food market grew 20% from 1990 to 2010¹. Consumers became educated about organic foods and the benefits to purchasing organic foods during that time period thanks to multiple factors. Because the consumer became more aware, sales increased. Now, organic foods are an extremely limited resource which causes prices to be high. This translates to a much greater want than a willingness to pay for the product. Organic food sales make up less than 4% of the U.S. food sales market though the interest in the organic market has substantially increased².

III. The Free Allure

Consumers live in a world full of choice. There is always an alternative to the purchase they are making and it is not solely based on cost. Going back to the organic foods example, if a person wants quality food, they may purchase organic whereas if they need to be cost conscience they may not purchase organic. There is a certain anomaly that comes in even a safe market and that is the “free allure”.

In a consumer behavior driven market *free* may be better than any alternative. The odds are if a product is offered for free consumers will take it without regard for any factors that may be associated with a purchased product. This is contradictory to the idea that consumers are concerned with the supply chain and where the product originated. The issue with most things that are free is that because consumers don't care about the supply chain, the supply chain is often riddled with unbalanced use of resources, unlawful labor and tainted products.

Consumers drive the safety and protection of many supply chains. Without consumer behavior driving the economics, there tends to be industries that negatively impact the want vs.

¹ Farmland LP (2010) *Organic Market Growth*

² Time (2014) *Organic Food Sales On The Rise*

resource relationship. There must be ways to develop a balance in the behavior surrounding “free” and the markets that drive consumerism.

IV. Making Sense of Economics

Economics are constantly changing thanks to many uncontrollable factors. The one assurance is that economies live off of one another’s success. This is true when looking at global economics but also as small as individual supply chains. In order to be successful, the next best supply chain must be successful. Consumers help to balance economics. Behavior drives purchasing power now more than it ever has. Producers must understand the consumer and help to balance their wants while giving them the tools to understand the products while being mindful of limited resources and cost. It is a constant struggle that will only become more challenging with time.

Bibliography

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