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COURSE: CONSUMER BEHAVIOUR

QUESTION: explain why the role of a consumer is important in an economic system

A consumer is an individual who buys products or services for personal use and not for manufacture or resale. A consumer is someone who can make the decision whether or not to purchase an item at the store, and someone who can be influenced by marketing and advertisements. Any time someone goes to a store and purchases a toy, shirt, beverage, or anything else, they are making that decision as a consumer.

Basically, without consumers there would be no economic system. Without consumers to purchase the goods, there would be no demand for the goods. This has an effect on the entire economic system as well. It includes everything from the product itself to marketing. A **consumer** is a person or organization that uses economic service or commodities. The *consumer* is the one who pays something to consume goods and servicesproduced. As such, *consumers* play a vital role in the economic systemof a nation. Without consumer demand, producers wouldlack one of the key motivations to produce: to sellto consumers. The *consumer* also forms part of the chain of distribution. Individual consumers make decisions on how to use resources. Consumers take their responsibility to make decisions and to buy what is best for them. There is a lot of competition in a market economy because producers want consumers to buy their products rather than another company’s product. The producer values the demand of the consumer and then the consumer decides and makes their choice.

A **Market** can be defined as a public place where buyers and sellers make transactions via intermediaries. Also sometimes means the stock market. A market in which people trade financial securities, and value at low transaction cost and at prices that reflect Securities include stocks and bonds, and commodities include precious metals or agricultural products.

The term "market" is sometimes used for what are more strictly *exchanges*, organizations that facilitate the trade in financial securities, e.g., a stock exchangeThis may be an electronic system (like NSADQ) or a physical location (like the NYSE, ERF, JSE) Much trading of stocks takes place on an exchange; still, cooperate actions (merger, spinoff) are outside an exchange, while any two companies or people, for whatever reason, may agree to sell stock from the one to the other without using an exchange.

Trading of currencies andbonds is largely on a bilateral basis, although some bonds trade on a stock exchange, and people are building electronic systems for these as well, similar to stock exchanges.