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Editorial

# Consumer Demand and Production Theory

**Maria Hernandez***

*Department of Economics, Harvard University, Cambridge Street, Cambridge, USA*

## DESCRIPTION

Consumer demand theory ally with preferences for the use of both goods and services to the utilize expenditures; ultimately, relation between preferences and consumption spending's used to ally with preferences to customer demand curves. The link between personal preferences, consumption and the demand curve is one of closely worked relations in economics. It is one and only way of analyzing how customers may achieve equilibrium between preferences and expenditures by maximizing utility subject to customer budget constraints.

Production theory is the study of manufacture, or the economic procedure of converting inputs into outputs. Manufacture uses resources to make a good service that are suitable for use, gift-giving in gift economy, or exchange in a market economy. This include manufacturing, storing, shipping, packaging. Some economists define manufacture broadly as all economic activity other than consumption.

The cost-of-production theory of value shapes that rate of an object or condition is determined by the sum of the rate of the resources that went into making it. The rate can comprise any of the factors of production (including labour, capital, land) and taxation. Technology can be viewed either as a form of fixed capital or circulating capital (e.g. intermediate goods). In mathematical model for cost of production, the short-run total cost is equal to fixed cost plus total variable cost. The fixed rate refers to the rate that is incurred regardless of how much the company produces. The variable rate is a function of the quantity of an object being produced.

Opportunity cost is closely related to the idea of time limits. One can do only one thing at a time, which means that, inevitably, one is always giving up other things. The opportunity cost of any pursuit is the value of the next-best alternative thing one may have done instead. Opportunity cost depends only on the value of the next-best alternative. It doesn't matter whether one has five substitutes or 5,000. It can tell when not to do something as well as when to do something. For sample, one may like waffles, but like chocolate even more. If someone offers waffles, one would take it. But if offered waffles or chocolate, one would like to take chocolate. The opportunity cost of eating waffles is sacrificing chance to eat chocolate. Because rate of not eating the chocolate is higher than the benefits of eating the waffles, it makes no sense to choose waffles. Of course, if one chooses chocolate, they still faced with opportunity cost of giving up having waffles.

Price Theory: Price theory is a field of economics that uses the supply and demand framework to explain and predict human behaviour. It is linked with the Chicago School of Economics. Price theory works on competitive equilibrium in markets to yield testable hypotheses that can be delined. It is not the same as microeconomics. Strategic behaviour, such as the interactions among sellers in a market where they are few, is a important of microeconomics but is not emphasized in price theory. Price theorists focus on competition believing it to be feasible description of almost markets leaves room to study additional aspects of tastes, technology. It's focuses on how agents respond to rates, but its framework can be applied to a wide variety of socioeconomic issues that might not seem to involve prices at first glance. Price theorists have shaped several other fields including developing public choice theory and law and economics.

**Correspondence to:** Maria Hernandez, Department of Economics, Harvard University, Cambridge Street, Cambridge, USA, E-mail: maria.hz@ssa.edu

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