

Companies Passing Higher Costs On To Consumers - Consumer Behavior

Businesses across various industries are experiencing higher input costs such as fuel, freight, labor, and materials including steel and aluminum. In order to maintain margins and profitability, companies need to raise prices on goods and services, passing the increased costs along to consumers.

An expense affecting almost all sectors of the economy is freight, where costs have escalated dramatically due to a shortage of qualified drivers and higher fuel costs.

Consumers have so far resisted the higher prices they're seeing, meaning that paying more has not deterred their buying. Economists see this as a precursor to consumer inflation, when the overall price of goods and services increase. The challenge for consumers is that the bulk of rising prices is affecting essential products and food, which many people just can't do without.

Sources: Labor Department, BLS, Department of Transportation

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