

Topic 1.1.1 Dynamic Nature of Business

Key Vocabulary

Business – an organisation that seeks to satisfy the needs and wants and wants of consumers through the production of goods and services

Dynamic – continual change

Consumer – the end user of the product or service

Obsolete – outdated; a product that has declining sales or come to an end

Entrepreneur – an individual who comes up with a business idea and is willing to take a risk to develop it

Core Knowledge

The world changes constantly, and therefore so do consumer needs, and so businesses must therefore be dynamic to respond to these changes, or they risk failure.

Business ideas come about because of:

1. Changes in technology
2. Changes in what consumers want
3. Products and services becoming obsolete

Business ideas come about because

1. An entrepreneur has a completely original idea – this is invention
2. Adapting an existing idea – this is innovation

Adaptions to products can be:

- New flavours
- Different colours / pack sizes
- Online access to a product or service
- Offering personalisation

Don't be a "man on the street"

- Innovation and inventions are not the same thing
- Avoid statements like "ALL customer have...."; "NOBODY uses...."
- Don't assume that all products that have declining sales will become totally obsolete – some see revivals, e.g. vinyl records
- Don't assume that all ideas will be successful – unfortunately a lot do not succeed



Wider Business World

Apple – great example of business that continually adapts products

Iceland – changed from frozen only foods to non-frozen and non-food goods because this is what consumers want when they shop



Synoptic Links

Marketing – the product life cycle states that all products eventually need to be removed from sale

Technology – changes in technology have led to obsolete products and changes in consumer tastes

Role of enterprise – entrepreneurs are the individuals who develop new ideas