



1.1.1 The dynamic nature of business

From Edexcel

Why new business ideas come about:

- Changes in technology
- Changes in what consumers want
- Products and services becoming obsolete

How new business ideas come about:

- Original ideas
- Adapting existing products/services/ideas

Starter

- What products have you bought recently?
- Why did you want to buy these products?

What is a product?

- **A product is anything that is capable of satisfying customer needs**
- **Physical products include:**

A

B

C

D

E

My three products:

1

2

3

What is a service?

A service is an act that a business person carries out for you in exchange for money, for example:

A

B

C

D

E

You cannot “touch” a service it is “intangible”.

My three services:

1

2

3

2

Changes in technology: Amazon

- The Internet was invented in _____ and since then it has meant that there is a new market and ways to sell to customers online
- This is called e-commerce, the 'e' means _____
- Amazon has grown into a billion-dollar business due to the Internet
- What do you think m-commerce is?

Watch the clip on Amazon – what technology did you see in the video?

Changes in technology: Online platforms

- Micro businesses are now able to set up quickly and sell virtually anything online due to websites and _____ such as eBay
- These are called _____
- This means it's easier than ever for people to become _____ and run their own businesses

What alternative online platforms are there for selling products?

Changes in technology: New innovation



shopify

- **New business ideas start when fresh technology emerges**
- **Innovation in software, hardware, and online services gives people tools to solve problems**
- **Faster data, smart devices, mobile apps, artificial intelligence, and cloud computing open new markets**
- **Entrepreneurs combine new tech with customer needs to sell creative products, services, and digital products (e-books etc.)**

Watch the video about Spotify – what are digital products? Can you now give some examples?

Changes in technology: robot

- **New business _____ start with the advancement of robotics technology**
- **Improved sensors, and AI, allow business start-ups automate tasks, reduce _____, and explore new services**
- **Entrepreneurs use better robots to solve _____ and launch fresh, innovative companies**

Video to watch here about B-Loony - how do they use robots?



Definition: Needs

Definition: Wants

Wants and needs: Social media

- **Businesses can use social media to find out what consumers want and need so that they can produce products and services to meet those wants and needs**
- **How many social media sites and apps can you name?**

- **Which social media site do you use the most to communicate?**

- **Which social media site does your teacher or parent(s) use?**

- **Are they the same? How would a business use this to communicate with you?**



Changes (OVER TIME) in what consumers want



Explain what is happening in these three images, remember to think like a business person!

Wants and needs: ready meals

Customers are working more and have less free time, so the ready meal market is catering to these consumer needs

Name 3 other products that help customers to manage their time, or that use convenience as their Unique Selling Point (USP)

1

2

3





Wants and needs: “Free from” foods

- Consumers are also demanding organic, free-range, sustainable, and eco-friendly products as they become more aware of their impact on the environment
- There are also many new products catering to alternative diets and allergies
- Name 3 ‘free from’ foods

1

2

3

Change in tastes and trends



Consumer _____ change over time, which means that
businesses need to be creating _____ products all the
time. This is
called _____

Definition: Obsolete

Obsolete products – can you name a product (or service) that has replaced these obsolete products?



Obsolete services

- Some services are no longer required because of changes in technology or new inventions
- For example:

A

B

C

Name 3 other examples of obsolete services

1

2

3



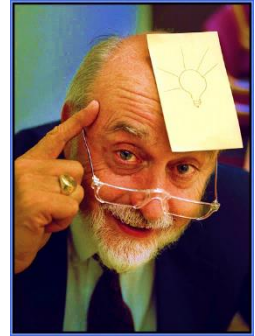
Write a definition of original ideas here:

How do original ideas for products come about?

- The product may have been invented to _____ problems
- It may be because an entrepreneur has a _____ or interest
- A _____ in the market may have been spotted
- A business may have carried out some research into the _____ and needs of shoppers and be creating products to meet those needs

Original ideas – solve problems

- This is Art Fry – he invented the _____ note by accident
- Originally it was called the press and peel
- It was yellow as he had _____ paper to hand
- He invented it to keep the page open in his hymn book



Original ideas – gap in the market

- A successful business will be one that spots an opportunity to make a _____
- This could be an idea that no one has thought of before – for example, Trunki luggage
- The opportunity could be where there are lots of businesses already making a healthy _____
- The entrepreneur may also spot an opportunity to trade and also make a difference in society – this is called a _____



Original ideas – carried out research

- **Nespresso® Single-Serve Coffee System (Nestlé)**
In the mid-1970s, Nestlé surveyed Italian espresso drinkers and learned they wanted café quality espresso but disliked the mess and inconsistency of home brewing
- That feedback drove Nestlé to develop their coffee capsule system, launching Nespresso commercially in 1986



Adapting existing ideas

- A business could create a new product by:

- 1
- 2
- 3



Adapting existing ideas – a current product or service with new features

- **Updating an existing product or service means taking something that already works and adding new, clever features**
- **It lowers risk, gets the product to market quicker and keeps customers interested**
- **By using modern tech, improving ease of use and giving it a fresh look, small businesses can**



New version of an old product

Delete the incorrect words

- **New / old business ideas often start/ end by tweaking existing products. Entrepreneurs spot ways to change features, delivery, or pricing to meet new needs/ wants**
- **By adjusting what's old / proven, they reduce risk and launch faster**
- **These tweaks save money / resources and match customer feedback**
- **This approach leads to creative / odd solutions that sell really badly / well**



Cheaper version of an old product



Which pair is priced at £145 and which pair is £12.50?

Plenary Quiz

- 1. What is a product, can you define it and give an example?**
- 2. What is a service, can you define it and give an example?**
- 3. What does obsolete mean, can you define it and give an example?**

Which **two** of the following are examples of services?

Select **two** answers:

(2)

- ☐ **A** Train journey
- ☐ **B** Magazine
- ☐ **C** Headphones
- ☐ **D** Haircut
- ☐ **E** Mobile phone

Which **two** of the following are examples of services?

Select **two** answers.

(2)

- ☐ **A** Chocolate bars
- ☐ **B** Education
- ☐ **C** Financial advice
- ☐ **D** Magazines
- ☐ **E** Washing machines

Explain **one** way an entrepreneur might identify a new business idea.

(3)

Explain **one** reason why new business ideas come about.

(3)

Explain **one** reason why an entrepreneur may adapt an existing product to come up with a new business idea.

(3)

Discuss the impact on a small business from adapting existing products to develop new business ideas.

(6)

Which **two** of the following are examples of customer needs?

(2)

Select **two** answers.

- ☐ **A** Choice
- ☐ **B** Profit
- ☐ **C** Quality
- ☐ **D** Risk
- ☐ **E** Taxation