



# Basic Economic Concepts:

Needs vs. Wants

Business Activities

Chapter 1

Section 1.1 and 1.2

# + What you will learn...

- Difference between needs and wants
- How resources limit the number of wants people and businesses can supply
- The decision-making process
- How profit and competition motivate businesses
- Different business activities
- How business impacts you and how you impact business



# + Needs vs. Wants

Wants and needs determine what products and services businesses provide

- **Need:** Something you must have to survive
  - Examples: food, water, clothing, shelter

vs.

- **Want:** Something you desire or would like to have or do
  - Examples: mountain bike, new iPod, new car

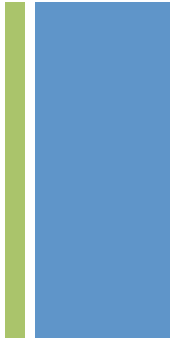
What are yours??  
Make a list!

# + Satisfying Wants & Needs

- The goal of business is to...

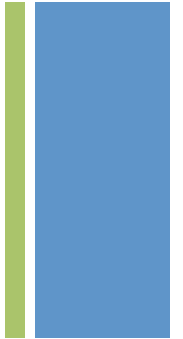
Provide goods and services to satisfy wants and needs

- **Goods:** physical products
- **Services:** tasks that businesses perform for consumers



# + Resources

- **Resources:** items that people can use to make or obtain certain needs and wants
  - Limit the ability to to satisfy all needs and wants
  - Unlimited resources?
  
- Take a look at your list. Why don't you buy all of your wants??



# + Decision-Making Process



# + What is Business?

- **Business:** any commercial activity that seeks profit by providing goods and services to others in exchange for money
- **Profit:** money left over after a business has paid the cost of providing its goods or services
- Goal??? To make a profit!



# + Significance of Competition

- **Competition:** the contest between businesses to WIN customers
- Companies have the freedom to produce what they feel is most profitable

What are some companies that compete against each other?





# + Competition

- American economy is based on freedom and voluntary exchange
  - Buyers find the best products at the lowest price
- To successfully compete globally, companies must offer the following:
  - Quality products
  - Outstanding service
  - Competitive prices





# Business Activities

- 1) Identify opportunities (how?)
- 2) Evaluate the demand (how?)
- 3) Obtain start-up money and operating capital
- 4) Manage the production of goods/services
- 5) Market the goods/services
- 6) Keep records (gov. requirements and improve processes)



# + Market Research

- **Market Research:** Act of gathering and analyzing information about the wants, needs, and preferences of consumers
- Say you wanted to open up a lemonade stand, what would you want to know about your potential customers before spending your start-up money?
  - How would you get this data?



# + Business and You

**Business  
impact on you**

**Provide goods  
& services to  
meet your  
needs & wants**

**Provide jobs  
and wages**

**Your impact  
on business**

**Decide what  
goods and  
services to buy**

**Decide where  
to buy them**



# + Activity 1-Business and You

- Look at your list of needs and wants
- Next to each item, write a business that would provide you with that particular want and/or need
- You will share with the class shortly!

