# Business and Entrepreneurship – Trends and Ideas

# 1 of 28 - Welcome

Welcome to this session on trends and ideas.

In this session we will be covering:

* Trends which affect business
* Recognising business trends
* Generating ideas
* Business ideas
* Business influences

# 2 of 28 - Introduction

A trend can be defined as “a general direction in which something is developing or changing”. Many changes have occurred in the world that have had a direct effect on our buying habits. We are now more aware of how our products are manufactured and sourced and this shapes how business is done. The composition of the traditional household has changed, which ultimately affects our buying patterns.

There are four main types of trend:

1. Social trends
2. Technology trends
3. Environmental trends
4. Ethical trends

# 3 of 28 – Social Trends

Social Trends are those which relate to the social and cultural values and practices within a society.

They are concerned with:

* Population changes
* Increasing life expectancy
* Household composition
* Educational achievements
* Labour market
* Working patterns

Think about how the population of your local area has changed over the last 5 years:

Age range

* increasing life expectancy due to medical advances
* improved health care
* more multiple births – fertility treatment

Migration

* movement within the European Union
* more diverse population

Families

* increase in couples living together
* same sex marriages
* changes to family composition

Education

* teenagers staying in education for longer
* improved GCSE results leads to increases in University students

Labour market

* movement within the European Union/Potential Brexit
* flexible working patterns
* changes to employment contracts

Commuting

* people more willing to travel for work
* people forced to travel for work
* new build work places with no parking facilities

# 4 of 28 – Social Trends - example

Think about the aging population and how this may have an impact on the economy.

Some points you may have noted that a growing elderly population will need:

* Better pensions
* Improved healthcare for longer
* Access to National Health Service resources like glasses, walking aids, hip replacements
* Support in their own home
* More nursing homes/supported accommodation

# 5 of 28 – Technology Trends

We are all using technology more and more in our daily lives and we expect businesses to do the same. The amount of technology available allows businesses to keep connected to their customers at the swipe of a screen. More people have access to technology through smart phones and they are more willing to use it.

Have a look at this video which looks at technical trends to expect from 2020-2030: (35secs – 3mins 30)

<https://www.youtube.com/watch?v=4rfWkwCBZEE>

The use of technology allows customers to contact businesses quicker. Businesses who have social media sites, can be complained to by customers quickly and easily, but also allows a business greater and speedier access to it’s customers.

Technology makes the world a smaller place, we can contact almost anywhere in the world through our PC, laptop or mobile phone. Technology allows us to make video calls that helps us to interpret body language that you would not be able to see on a standard phone call.

# 6 of 28 – Environmental Trends – part 1

Businesses are becoming more aware of their environment and are willing to take responsibility for their impact on their surroundings. More businesses are using renewable energy to power their workplaces and this makes them more appealing to customers.

Some companies have introduced:

* smart meters to monitor their energy use
* solar panels to power their buildings and feed into the national grid
* improved recycling techniques to cut down on waste and landfill charges

Businesses can choose to work in a way that profits only the owners or in ways that benefit the community. Large businesses who have a lot of power, can choose to act responsibly or selfishly. Organisations that think ethically also consider the implications of what they are doing and the effect it might have on the community and the environment. If a business is behaving ethically, it must act in a way that stakeholders consider to be both fair and honest.

# 7 of 28 – Ethical trends – part 1

Many owners believe that acting ethically increases costs and so reduces profits. For example, a business can cut costs by hiring child labour at very low wages in developing countries - paying below average wages lowers the firm's total costs

Other businesses such as the Fairtrade Foundation have built an ethical brand image, believing that customers are prepared to pay more for products that consider the environment and pay a reasonable wage - higher sales compensate for higher costs

Profits from acting ethically are higher than firms that only consider their own narrow self-interest

Business activities that meet the requirements of the law, but which are considered unfair by stakeholders can result in bad publicity. For example, a restaurant that pays minimum wage but keeps staff tips to boost profits is not breaking the law - it does, however, run the risk of losing the goodwill of customers

# 8 of 28 – Ethical Trends – part 2

Can you think of any reasons that you would not buy goods from a particular organisation?

* Child labour – are they employing children to work illegally?
* Inadequate pay – are they complying with minimum wage and national living wage legislation?
* Animal welfare – are they testing their products on animals?
* Sources of product – if they are an oak furniture manufacturer, are they planting trees to replace the ones they are felling?

# 9 of 28 – Ethical Trends – A case study

Read the following article on Primark:

<https://www.independent.co.uk/news/business/news/primark-faces-new-claims-that-it-uses-sweatshop-labour-1833843.html>

Then review the Primark website : <https://www.primark.com/en/our-ethics>

What are Primark doing to combat the questionable ethics, they have displayed in the past?

You may have noted:

* Fair wages
* Safe working conditions
* Factories to commit to meet internationally recognised standards
* Minimise the environmental impact
* Reducing environmental footprint
* Experts sourcing countries and monitoring compliance
* Annual statements on the Modern Slavery Act

# 10 of 28 – Recognising business trends

How do some people seem to know about the next big thing way ahead of everyone else?

* Because they know how to recognise the early signs of change. This is not something that just happens, they usually spend lots of time analysing and researching.
* They take time to stop and take in what is around them. Analysing their environment, taking into account what they are doing and also what others are doing.
* Take the time to digest what is going on around them.
* Make the time to read about topics that interest them and that could spark potential business ideas.

# 11 of 28 – Spotting business trends

You could start by looking at what frustrates you. Ideas for startups often begin with a problem that needs to be solved.

You could go back to where you studied and ask the graduates what type of career they want? Find out what organisations appeal to them and the type of industry they would like to work in. We are moving away from traditional industries, more learners would like to work in social media or the media. Many consider technology as being the way forward. This should help you to decide on ideas for your new business.

If you already have a business, ask yourself;

* Are any competing companies that may be able to put you out of business?
* What is it that these rivals are doing that makes them successful?
* Are they offering a new or improved product that your business idea could compete with?

Most companies are moving towards online services with many of the services being free, so you may need to look at offering free services with add on elements that must be paid for.

# 12 of 28 – Identifying a business trend – part 1

Can you do things better?

Make a note every time you encounter a service or a customer experience that frustrates you. Think about what was missing from the service and what could be done to improve that service. Is the product inferior or missing something? Could it be improved? You can then use the list to try to improve the particular product or service that has caused you frustration.

To help stimulate ideas and recognise trends you should look at areas that are unfamiliar to you. You may want to watch obscure documentaries or listen to unusual podcasts, this may help you spot trends. One of these broadcasts may provide the spark you need to generate a new business idea. Look in shops that sell unusual products to try to spot any niches (Definition: a product, service, or interest that appeal to a specialised section of the population). Speak to people that you would not normally converse with, even the most random conversation could ignite a possible business idea.

# 13 of 28 – Identifying a business trend – part 2

There are many ways to identify trends that will assist you with your business idea. The main thing is not to limit yourself. Look up many different avenues to help you spot trends that you could then make into a feasible business.

Check out the following article which suggests ways to keep up with industry trends:

<http://www.verticalresponse.com/blog/10-winning-ways-to-keep-up-with-industry-trends/>

Now, do your research!

Carry out research on your idea to assess its viability. You can do this by:

* Web searches
* Trade magazine searches
* Creating a list of questions you need to answer in your research, and create a plan for answering them.
* Market research – asking those you’re hoping to target for their suggestions

# 14 of 28 – Analysing your research

After doing your research, look to analyse what you’ve found.

**Company -** Think about your idea in terms of the product/service features, the benefits to customers, the personality of your company, what key messages you'll be relaying and the core promises you'll be making to customers.

**Customer -** Think about who your potential customer will be and if your product/service can meet the needs of that customer.

**Competitors -** Who is your direct competition and what effect would they have on your business?

**Collaborators -** Think of organizations and people who may have an interest in your success but aren't directly paid or rewarded for any success your business might have, such as the media.

# 15 of 28 – Generating an idea

Your drive to become an entrepreneur may not come from you having a great business idea and then following that through. You may decide that being your own boss is preferential to working for an organisation and then you must decide what your business is going to be. How do you generate business ideas that will provide you with a successful business and a profitable income?

Check out the following video for some tips and ideas:

<https://www.youtube.com/watch?v=cIsA1s9SwEU>

There are people or areas which you could refer to in your quest to generate a new idea. Click each for more information:

**Family**

Use your family as a source for generating new business ideas. Some entrepreneurs follow in their parents’ footsteps by setting up their own business after seeing their parents do it. Even people like Donald Trump got his real estate business idea from his father.

**Friends**

It can be difficult to generate good new business ideas on your own. It can be helpful to talk to friends to find out what ideas they have. Speak or brainstorm with your friends, it is probable that one or two will have a good new business idea. Look at Steve Jobs and Steve Wozniak, there would be no Apple Computers today if they had not been friends. Steve Jobs knew very little about computers, Wozniak, on the other hand, was a computer genius who developed the first Apple computer. They did rely on each other, as Jobs had an eye for great business ideas and saw the marketing potential for developing a new type of computer.

**Fix things**

If you use a particular product but it isn’t quite right, you could invent something better or more effective. This is how the Holiday Inn started, when owner Kemmons Wilson was in a motel in the US in the 1950’s. The motel owner wanted to charge an additional room fee for each of his 5 children. Kemmons was so annoyed by this, he started the Holiday Inn.

**Hobbies and Interests**

Lots of people have taken their hobbies and turned them into successful businesses. As the hobby is already part of the entrepreneurs’ life, it is often easier to turn that into a business. If you have been carrying out that hobby for a while, it is likely that you will have some or all of the materials to produce your first order. You may also have the workspace set up. Once you start selling your product or service, this should generate cash to allow you to expand.

**Scour the internet**

If you are looking for an ideas boost, it can help to browse the internet to help with your potential business ideas. There are many pages available, looking at latest trends and up to date news. Daily surfing could trigger an idea.

# 16 of 28 – Business experience

If you have experience of working in a particular field or industry, this can help when you want to start a new business. You will have background knowledge that could prove invaluable to your start-up. You will already have an understanding of customer requirements, competitors, pricing and suppliers. With this experience, you can spend less time and money on research. You may also have contacts that you can use to assist your venture.

There are many people who have taken risks before they were successful. Check out the following video we’ll look at 3 of the boldest moves taken by entrepreneurs: (5mins05-8mins30)

<https://www.youtube.com/watch?v=IgFd-LslbDA>

# 17 of 28 – Where do you go now? Product or service?

A **product** is “*an article or substance that is manufactured or refined for sale*”. It can also be defined as “*anything that is capable of satisfying customer needs”.* A product is a tangible item, that is, something that is felt, tasted, heard, smelled or seen. For example, bicycles and mobile phones.

A **service** is obtained through the work or labour of someone else. Services can result in the creation of tangible goods (e.g., a publisher of business magazines hires a freelance writer to write an article) but the main solution being purchased is the service. Unlike products, services are not stored, they are only available at the time of use (e.g., hair cut) and the consistency of the benefit offered can vary from one purchaser to another.

If an organisation is to be successful, they must develop the ability to select and offer the right products or services to customers in a competitive market.

More than any other factor, the ability to make this choice will determine success or failure.

# 18 of 28 – Business influences – part 1

When starting a business, the owner needs to think about who or what can have an influence on that business. Businesses do not work in isolation and many factors can affect their day to day operations. It is important for a business start-up to take competitors, the local community and the location of their business into account to ensure that their business idea does not fail.

Businesses often see competitors as a threat, something that has to be feared. What they don’t realise, is that by looking closely at their competitors, this can help their business. If they are prepared to look at their competitors products and processes in detail, it could help them to make better products and provide better customer service.

There are both positives and negatives of focusing on competition. Click to read more

**Positives of Focusing on Competition**

An entrepreneur will know they have a good idea when other people are coming up with similar products or services. Being the first organisation to get a product to market can be a huge advantage, but it means spending a lot of money to make customers aware of the product. If the organisation is 2nd-to-market, the customer already understands the product but might prefer the new product, less bugs or new approach to customer service. Businesses who are not challenged by competition become stagnant. Customers have few alternatives to choose from, so there is no incentive for the organisation to innovate. Constant competition ensures that businesses continue to evolve along with the product. Competition can help an organisation focus on their core business and core customers by stopping the organisation expanding into areas that don’t serve customers best. Competition forces the business to figure out how to be different from their competition.

**Negatives of Focusing on Competition**

If an organisation spends all of its time tracking the competition, they won’t be able to come up with original ideas. The organisation does not want to be exactly like its competition. It can shift the focus away from customers, as it is looking at how the competition serves its customers. The organisation will just be a copycat of the competitor.

# 19 of 28 – Business influences – part 2

A business that takes an interest in their local community, often finds more success than businesses that don’t. If a business is part of a strong community, this can be very good for profits.

By investing in their local communities, helping them tackle the issues that affect the lives of their workforce and customers, businesses are investing in themselves.

Sometimes an organisation is the main employer in a particular community, so the fortunes of the business can have a huge impact on the lives of those in the surrounding areas.

Think about your local area, is there a large organisation that employs a large number of local people? (If not, think about a large employer that you have heard about).

* What are the positives of working for that employer?
* What are the negatives of working for that employer?
* What are the benefits for the company to employ from the local area?
* What are the drawbacks for the company to employ from the local area?

Some ideas you may have thought about could include:

**What are the positives of working for that employer?**

* It is nearby, so less travelling.
* It brings money into the local community.
* You are making the community more appealing to other employers.
* It generates income for the local area, helping house prices, shops etc.

**What are the negatives of working for that employer?**

* If work diminishes, you may have to look further afield for a job.
* You know all of your work colleagues in and out of work – can feel stifling.
* No opportunity to change employer in the local area.

**What are the benefits for the company to employ from the local area?**

* They have a local pool of staff who can get to work quickly.
* It generates income for the local area.
* It may attract other organisations to open businesses in the local area.

**What are the drawbacks for the company to employ from the local area?**

* Potential staff numbers are limited if they only advertise vacancies locally.
* If works diminishes, it can cause bad feeling and this impacts the organisation and the community.

# 20 of 28 – Business influences - Location

When opening a business, the location of that business is key to its success. The organisation needs to take into account many factors before deciding on a particular location to open their business. Ideally businesses will set up in locations that maximise revenues and minimises cost. If the organisation’s core business is manufacturing, they may choose to be close to sources of raw materials, transport links and markets.

We have moved away from manufacturing in the UK and have moved towards more service based industries; call centres, banking and retailing. Many organisations can operate with the use of the internet, so can be based out with town centres. This also means being located in areas where labour costs are lower such as Northern Ireland, or Scotland for example.

Waste is an important side effect of modern industrial processes. Firms that produce a lot of toxic material, such as chemical plants, will seek to locate where there are facilities available for recycling and safe disposal of their products.

Land is becoming increasingly scarce particularly in urban locations, forcing rental prices up. Property prices are particularly high in major city areas such as Central London and Birmingham.

# 21 of 28 – Question 1

What are the four main types of trend:

1. Social
2. Fashion
3. Art
4. Technology
5. Gardening
6. Environmental
7. Ethical

The correct answer is a, d, f, g: social, technology, environmental and ethical which

# 22 of 28 – Question 2

True or false.

More businesses are using renewable energy to power their workplaces and this makes them more appealing to customers. For example, some companies have introduced solar panels to power their buildings and feed into the national grid.

The correct answer is: True

# 23 of 28 – Question 3

True or False

Social Trends are those which relate to the social and cultural values and practices within a society.

The correct answer is True

# 24 of 28 – Question 4

Pick many.

Which are good examples of businesses trying to combat ethical inequalities?

1. Fair wages
2. Safe working conditions
3. Reducing environmental footprint
4. Child labour
5. Animal testing
6. Cutting down rainforests

The correct answer is a, b, c: fair wages, safe working conditions and reducing environmental footprint.

# 25 of 28 – Question 5

Match the word to it’s definition:

Product - an article or substance that is manufactured or refined for sale

Service - obtained through the work or labour of someone else. It can result in the creation of tangible goods. They are not stored and only available at the time of use and the consistency of the benefit offered can vary from one purchaser to another.

# 26 of 28 – Question 6

Complete the statement:

A trend can be defined as “a general direction in which something is **developing** or changing”. Many changes have occurred in the world that have had a **direct** effect on our buying habits. We are now more **aware** of how our products are **manufactured** and sourced and this shapes how business is done.

Developing

Direct

Aware

Manufactured

Indirect

# 27 of 28 – Question 7

Complete the statement:

When opening a business, the **location** of that business is key to its **success**. The organisation needs to take into account many **factors** before deciding on a particular location to open their business. Ideally businesses will set up in locations that **maximises** revenues and **minimises** cost.

Location

Success

Factors

Maximises

minimises

# 28 of 28 – End

Well done. You have completed this session on trends and ideas.

In this session you have covered:

* Trends which affect business
* Recognising trends
* Generating ideas
* Business ideas
* Business influences

If you have any questions about the topics covered, please make a note and discuss these further with your tutor.