

The Economy and You Unit Outline

Economics is the study of how people satisfy unlimited wants and needs through the careful use of limited resources.

Wants are things that you would like to have, but can survive without

Needs are things that you must have in order to survive

Businesses provide consumers with **necessities**, such as food, clothing, housing, medical care, and transportation.

Businesses also provide **goods** and **services** that make life easier and better.

Goods are physical products that can be bought and sold for a fee.

We must **choose** what we **need** and **want** the most by **prioritizing**.

Example: If you have a limited amount of money in your bank account (\$20), you *cannot* afford to go to Cedar Point, but you *can* afford to go to Chipotle with your friends.

Businesses earn money (revenue) by providing goods and services which satisfy the needs and wants of consumers.

Needs and wants drive the U.S. economy

Public needs and wants are those widely shared by many people.

Private needs and wants are those sought by individuals or a group of people.

Services are tasks that business perform for consumers

Resources are items that people can use to make or obtain what they need or want

No one has enough **resources** to satisfy all of their wants.

What makes a business succeed?

- Satisfy the needs and wants of consumers
 - Must determine who their customers are by doing research to attract them
- Compete with other businesses
- Pay wages to their employees
- Provide to their communities

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Business is any commercial activity that seeks profit by providing goods and services in exchange for money

Businesses seek **profit** by providing goods and services in exchange for money.

Profit is the money left over after a business has paid the cost of providing its goods and services

Companies thrive on **competition**, the contest between businesses to win customers.

Competition is the contest between businesses to win customers

Competition happens when businesses continually try to improve their products and services to do better than one another.

Competition and **profit** motivate businesses to continually strive to **find new ways** to satisfy consumers.

A **consumer** is a person who uses goods or services

Without a **profit**, a company cannot survive.

The wealth created by businesses benefits the entire community because businesses pay taxes and provide jobs.

Some business activities should be supported by **market research**.

Market research is the act of gathering and analyzing information about the **wants, needs, and preferences** of consumers in a certain market

A **target market** is a group of people identified as those most likely to become customers of a business.