

Chapter 1 Basic Economic Concepts

Section 1.2 Business Activities

Section Summary with Key Terms and Academic Vocabulary

Business Activities Businesses supply goods and services with the motivation of making profits. Companies thrive on competition, the contest between businesses to win customers. All businesses undertake these activities: identifying opportunities, evaluating demand, obtaining money, managing production, marketing to consumers and businesses, and keeping records. Consumers affect businesses by deciding what kind of goods and services to buy. Businesses affect consumers by making decisions about what products and services to offer and by providing jobs.

Key Terms

business Any commercial activity that seeks profit by providing goods and services to others in exchange for money

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

competition The contest between businesses to win customers

market research The gathering and analysis of information on the size, location, and makeup of a product market

consumer Person who uses goods and services

Academic Vocabulary

analyze To study or determine the nature and relationship of component parts

respond To react in response

affect To produce an effect upon

modify To make fundamental changes in, often to give a new orientation to or to serve a new end