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Bitesize GCSE BUSINESS STUDIES

ECONOMICS

HUGH PYM - BBC CHIEF ECONOMICS CORRESPONDENT

An economic down turn normally means a fall in sales for the business sales of their product or service. And an example might be at the beginning of the latest recession in the UK. Among the first people to feel the problems were estate agents because people didn't want to buy houses because they were worried. So estate agents saw the number of deals that they processed falling. And that meant that the people who built houses, their order book fell back. And if there's less money coming in, then the next thing you have to do is look at your costs. And that often means lay-offs, people losing their jobs. And that feeds through to the wider economy. As businesses that supply those who got into trouble get into trouble themselves and there's like a ripple effect.

LORD ALAN SUGAR – ENTREPRENEUR

The implications of the word 'recession' certainly has some negative impact on small businesses. More psychologically than actually physically, the mere fact that the world talks about recession or the outside world talks about recession, makes people feel that there's something wrong. Actually, if you are a small business what you need to do is focus on what actually is affecting you at the time. And is it's not you just keep your head down and do what you're best at doing. And not sit back panicking. Thinking that you have to do something. You should just get on with what you're best at doing.

BEN WALLACE- MARKETING, GOOGLE UK

Most of the revenue we generate comes from kind of the people who advertise with us. And an important part of dealing with them in a recession is managing their expectations. And making sure that they don't cut off important parts of what they do as businesses. So we ran this initiative called speeding up in a slowdown. Which broadly encompasses our approach to the recession. Which is that although times might be hard, one of the worst thing you can do is maybe cut your advertising budget so that you have less visibility. And we tried to work on initiative ways that people could kind of optimise their budget spend, and initiative ways that they could advertise. So they could, maybe if not completely avoid the effect of a recession, certainly not cut important parts of their business.

HUGH PYM- BBC CHIEF ECONOMICS CORRESPONDENT

The best thing a business can do is try to look ahead. Try to prepare for the worst. That if things are going very well, try and work out what might happen if those orders suddenly fell away and what they might do. And maybe not taking on too much cost when things are going well. Because the chances are they would have to be cutback in a down turn.

DEBORAH MEADEN - ENTREPRENEUR

At all times we should be checking the relevance of our business. Are we running in the most efficient manner? Are we, are we doing things unnecessary systems and processes? So I think that's something we should always do. However that's Utopia and I can't claim to do that myself, at all times. But a recession forces us to do that.

NICOLA VANE- PHONE SOCK ENTREPRENEUR

You can minimise the impact of recession on your business by spreading the risk. You could diversify into different products. You could also compromise on price um accepting a lesser amount for an order is preferable to not getting the order at all.

SAIRA KHAN- SKINCARE ENTREPRENEUR

What you will find customers do in a recession is they hold on to their money. And they will only part with it on a product or service, if they feel that they are getting value for money. What a business has to do is work harder to win the same customer but also they need to communicate their value to them. So that they've got a better chance over their competitor um of being, of being recognised and being picked up.

DEBORAH MEADEN - ENTREPRENEUR

One of the things I do see is people don't check the relevance of their product or the way their talking to their customer in recession. So often they will be using the same language and trying to present the same reasons for a customer to use their service or product. When actually the customer mind-sets changed. The customer is worried about their cash. So they might want to buy the same product but they will want to be given different reasons to do so. So before I wanted to buy it because it was, it was the best and I was feeling flush. Now I might want to still buy that product but I want to hear that it's not actually the best, it's the best value because. So or I want to know that it, it will last longer. Or I want I want to be given my reasons. So I think that it often people just need to look at what they are doing and make sure that they're telling their customers it in the right way. To actually match the customers mind-set. Because in a recession a customer does get a different mind-set.

**WITH THANKS TO OUR CONTRIBUTORS
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