

## Targeted Teaching Topic



# TRENDS DURING TOUGH ECONOMIC TIMES

Turn on any radio or TV news broadcast during the last year and you would think the world was coming to an end. You might leap to the conclusion that this is the worst of times to be an entrepreneur. But you would be **WRONG!**

The Economic Times, in a recent article, detailed some areas where sales of some products are up. And, gaming magazines are noting that the sales of both board games and video games are up and expected to rise.

### Hot Sellers

- ❖ Chocolate
- ❖ Running shoes
- ❖ Wine (cheaper vintages)
- ❖ Gold coins
- ❖ Gardening seeds
- ❖ Tanning products
- ❖ Spam



### A Few Stats

- ❖ Hormel Foods posted a 6% increase in the first quarter of 2009 because of strong sales of Spam, Dinty Moore stew and chili.
- ❖ Hershey's profits (US 2<sup>nd</sup> largest candy maker) were up 20% in the first quarter of 2009.
- ❖ Kraft Foods macaroni and cheese dinners sales were up by double digits.
- ❖ Sales of stomach remedies like Pepto Bismol and Philips are up 8%.
- ❖ Global sales of video games is expected to grow by an annual rate of 10.3% (Source: PricewaterhouseCoopers)

### Significance for Entrepreneurs

What's the significance for entrepreneurs (current or prospective)? First, it's worthwhile to pay attention to trends and to work to stay ahead or at least in line with them. Second, tough economic times cause consumers to think value over "bling". They look for comfort in small things like foods, gardening, small luxuries, and games and activities that allow them to stay at home and still have fun without spending a ton of money. Safety and security is important when economic times are scary, too.

*Entrepreneurs have the rare gifts of optimism and determination, which are, and probably will remain, the new most valuable resource in the world.*

—Jim Clifton, Global Migration Patterns and Job Creation, *Gallup Poll World Poll*, © 2007

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## Teachers Guide

### *Relevant National Content Standards for Entrepreneurship*

<b>Entrepreneurial Skills</b> The Processes and Traits/Behaviors associated with entrepreneurial success.	
<b>A</b>	<b>Entrepreneurial Processes</b> Understands concepts and processes associated with successful entrepreneurial performance
<b>Discovery</b>	
A.04	Determine opportunities for venture creation
A.05	Assess opportunities for venture creation
A.07	Generate venture ideas

### Venture Creation During Tough Economic Times

It might seem like we are living the worst of time for creating a new venture or marketing a new idea, product, or service, but now may just be the best of times if history is any indication. Some of our most successful products and companies started during the Great Depression. And, no one with any real perspective considers today's economy to be approaching those toughest of times. Consider that unemployment exceeded 25% at its highest level during those dark years.

### Great Products from Entrepreneurs of the Great Depression

- 1929 – The Electric Dry Razor  
Invented by Jacob Schick when he was recovering from a sprained ankle. His plans were rejected by various manufacturers so he developed the injector razor (disposable blade razors). Eventually he sold his “Magazine Repeating Razor” to fund the Schick Dry Shaver (electric dry razor) and it reached the market in 1929.



- 1930 – The Car Radio



Two brothers, Paul and Joseph Galvin, needed new revenue after the Market Crash of 1929. Their company, Galvin Manufacturing, was selling electric converters for battery-operated radios. They teamed with William Lear, owner of a radio parts company and Elmer Wavering, an audio engineer Elmer Wavering. The first car radio was installed in a Studebaker in May 1930. Ford began factory-installing radios from their company (renamed Motorola) in 1933.

## Great Products from Entrepreneurs of the Great Depression

### ➤ 1933 – Toll House Cookies

Ruth Wakefield, who ran the Toll House Inn in Whitman, Massachusetts, invented one of the best comfort foods ever in 1933. She had a “butter drop do” cookie recipe that dates back to Colonial times. It called for baker’s chocolate, and when she didn’t have that on hand, she just chopped up a chocolate bar! Nestlé offered her a lifetime of chocolate in return for permission to print the recipe and she accepted. Look on the back of any package of Nestlé chocolate chips and you’ll see that recipe today.



### ➤ 1934 – The Laundromat



Although the electric-powered washing machine was invented in 1908, most could not afford the expensive machines, especially during the Depression. J.F. Cantrell of Fort Worth, realizing this, purchased four washing machines, installed them in a building, and charged people by the hour to wash their clothes in his “washateria.” Now we know them as laundromats.

### ➤ 1935 – Monopoly game

An unemployed engineer, Charles Darrow, designed this game that had players competing against each other for great riches and total domination (monopoly) of a city’s real estate. It is now the best-selling board game of all time. Parker Brothers first rejected the game, so Darrow sold 5,000 handmade sets in a Philadelphia store. Parker Brothers, not surprisingly, changed its mind and the rest is history.



### ➤ 1938 – Xerography (photocopying)

Bell Telephone Laboratories laid off Chester Carlson in 1933. He then earned a law degree and took a job in a patent office of a New York electronics firm. He became frustrated with hand-copying patent drawings and began experimenting in a makeshift laboratory using electrostatic attraction to bind powder to plain paper. He made his first successful copy on 10/22/1938, eventually winning a patent. It was a while though before the photocopying (xerography) was offered to the marketplace when Xerox (formerly the Haloid Corporation) sold the first automatic copier in 1959.



## New Products in Today's Tough Recession

The Los Angeles Times recently ran an article that carried this theme of “accidental entrepreneurs” forward into today’s tough times. Alana Semuels, the story’s author, did a great job of capturing the similarities of the times. She believes that this recession may be remembered for inspiring a whole new wave of invention and creativity.

As she put it, “That’s because some self-starters among the ranks of the unemployed, sick of trudging off to job fairs and sending out resumes, are starting businesses to launch that invention they’ve been mulling for years.”

## Newborn Recessionary-Times Inventions

- ↻ **Bi-Cycle** – a device that allows bicyclists to ride side by side.
- ↻ **Chef’s Knife Rack** – a plastic magnetic knife rack that is more hygienic than wooden racks.
- ↻ **Dream to Destiny Kit** – a DVD, booklet, and pennant kit with instructions on how to achieve one’s dreams.
- ↻ **I-Tie** – A tie that holds I-Pods, credit cards, and cash in the back of the tie.
- ↻ **Fridgerack** – A custom container sliding rack for storing leftovers
- ↻ **LidPunch** – A device to break the vacuum seal so that jars can be opened more easily.
- ↻ **Squishy Toes** – a biodegradable shower mat.
- ↻ **Tape-on Disposable Corset** – the name says just how it works and what it does!

## Suggested Activities

### ❖ Invention History Discovery Quest

Share some or all of the stories of products or services created during the Great Depression. Pose the question, “How is the Great Depression” similar to/unlike today’s tough recessionary times for entrepreneurs?

As an in-class or homework assignment, ask the students to research an innovative product that was either created or brought to market during tough economic times. The length and format of the assignment is up to you. It could be a written one-page overview, a class presentation, or webquest.

### ❖ Creative New Product Ideas Class Competition

Use or modify the New Product Idea Competition Student Activity Sheet and pose the challenge to each student to

- Come up with an idea for a totally new product (or a significant redesign of an existing product) that they think would sell in today’s market or appeal to thrift-minded consumers.
- Name the invention.
- Identify the want or need the invention meets.
- Tell why their invention is the “next hot product” that will take the market by storm.

## General Invention Resources

The Lemelson-MIT Program's Invention Dimension features the "Inventor of the Week", an introduction to invention and patents, video interviews, and updates on the Lemelson-MIT Prize, the largest award ever given for invention. <http://web.mit.edu/invent>

The Innovative Lives section of the Web site of the Jerome and Dorothy Lemelson Center for the Study of Invention and Innovation at the Smithsonian Institution features illuminating essays on several of the inventors featured in *Inventing Modern America*, including Ashok Gadgil, Wilson Greatbatch, and Stephanie Kwolek. <http://www.si.edu/lemelson>

The United States Patent and Trademark Office has an online database with every patent ever issued, as well as information on what a patent means and how to apply for one. <http://www.uspto.gov>

Marshall Brain's "How Stuff Works" is full of useful and detailed explanations of how things work, from computers to cell phones to locks. <http://www.howstuffworks.com>

### Sources:

*Famous Inventions: A to Z* by Mary Bellis, About.com,  
<http://inventors.about.com/od/xyzstartinventions/a/InventionsXYZ.htm>.

*Inventions from the Great Depression* by Steve Cooper, Business Week slide show,  
[http://images.businessweek.com/ss/08/12/1205\\_sb\\_necessity/index.htm](http://images.businessweek.com/ss/08/12/1205_sb_necessity/index.htm).

National Museum of Education, <http://nmoe.org/edison/eifaward.htm>

*Recession is giving inventors time to fine-tune their ideas* by Alana Semuels, Los Angeles Times, May 25, 2009.

# MY GREAT INVENTION IDEA!

## New Product Idea Competition Student Activity Sheet

### Your Task...

- Come up with an idea for a totally new product (or a significant redesign of an existing product) that you think would sell in today's market or appeal to thrift-minded consumers.
- Name the invention.
- Identify the want or need the invention meets.
- Tell why your invention is the "next hot product" that will take the market by storm.



## MY INVENTION

**Inventor's Name**

**Invention Name**

**Brief Description of Invention**

**Target Market(s)**

**Why Would They Purchase Your Product/Service?**

**What need/want does your invention address?**

# MY INVENTION

Why is YOUR product/service better than anything else currently on the market?

Drawing/Diagram of Your Invention

