

Business Life in Diagon Alley



Abstract: This is a study of the business life described in the Harry Potter books 1-6. The business life is found to be rather old-fashioned and to agree with Adam Smith's descriptions. In the books Fred and George Weasley start a shop selling magical jokes. The description is found to agree with Joseph Schumpeter's theories on entrepreneurs. In general, J.K Rowling's description of business life in the magical world is found to be interesting and suitable for her readers.

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1. Problem, Hypotheses, etc.

1.a Problem

J.K. Rowling is the author of the very successful series of Harry Potter books. The books have achieved a profile unparalleled by any other series of books, with worldwide sales exceeding 300 million copies.¹ Most of the action takes place at the "Hogwarts School of Witchcraft and Wizardry"

In the books there are also descriptions of business life in the magical world. Most of the business life takes place in Diagon Alley, a street hidden in the centre of London.

- The books describe business life as a world of family-owned small-scale business with a few signs of modern marketing. This is in agreement with Adam Smith's descriptions of the economic life as he saw it – but not necessarily with what he wanted.
- The figures Fred and George Weasley establish a new joke shop. They are described as entrepreneurs, very innovative in both their products and their marketing methods.

Originally the publishers targeted the books for young readers aged 8 to 15. Now there are also many adult readers. The language and the content of the books have matured as the characters grow older.²

- How will the readers understand the connection between business life in the fiction and in their everyday life?

1.b Hypotheses

1. The business life in Diagon Alley and elsewhere in the magical world agrees with Adam Smith's descriptions
2. Fred and George Weasley's new business agree with Schumpeter's theories on entrepreneurs
3. J.K. Rowling's way of describing business life in the magical world is interesting and suitable for her readers

1.c Delimitations

This paper is dealing with all kinds of business life described in the Harry Potter series, books 1-6. Other parts of the books' content are only included to illustrate the business life. The Harry Potter films are not included.

1.d Definitions

Business life: All kinds of exchange of goods and payment described in the books.

1.e Design of the Examination

This is a theoretical study of a fiction text with a certain amount of business description. The study is an attempt to create a new frame for understanding and interpreting of a series of children's books read by adults as well. The business life is a subplot compared to the magical world described in general in the books.

No explanation of the actions: The fiction text is invented and cannot be explained in the same way as you can explain natural phenomena. For example: The landlord of The Three Broomsticks, Madam Rosmerta, is complaining to the Minister for Magic:

'You know that the Dementors have searched my pub twice?' said Madam Rosmerta, a slight edge to her voice. 'Scared all my customers away ... it's very bad for business, minister.' (3-10-220)

Nobody can *explain* why Madam Rosmerta is complaining, because she is not a subject that can be explained. Both Madam Rosmerta, the Dementors, and the minister are products of the author's mind.

Understand or interpret the intentions: Instead of explaining the characters' actions we must try to *understand* the author's intention with the fiction text. The author is acting as an object that one should try to understand through the content of the fiction text. Why does she choose to describe a certain situation, and why not another?

The author's intention may be open, hidden, or unconscious. Examples:

- Open intention: The fictional text reveals the intention directly, or the author explains the intention, hopefully in an honest and correct way.
- Hidden intention: The author is consciously hiding the intention, or we have no access to ask, or we don't like to ask.
- Unconscious intention: The author neither can nor will explain the intention, because it is unconscious.

Most fictional authors are reluctant to reveal their innermost intentions, but say: "Buy the book and read it and you will understand". As J.K. Rowling is not accessible for interviews, the researcher must try to interpret the fiction and compare with various, possible intentions.³

Sources: There are three main kinds of written sources for this paper:

1. The Harry Potter books 1-6, see section 8.a
2. Literature on economics and organization, see section 8.b
3. Various Internet sources on theories, J.K. Rowlings, etc., see section 8.c

2. Applied Theories

2.a Adam Smith's Theory

Adam Smith published in 1776 "*The Wealth of Nations*", or "*An Inquiry into the Nature and Causes of the Wealth of Nations*". It is regarded as the starting point of analysis for the classical economics. Smith's main idea is to let anyone pursue his aim, and it will benefit the whole society. If you are doing the best for yourself (microeconomics) then the whole society will prosper (macroeconomics):

*What is prudence in the conduct of every private family can scarce be folly in that of a great kingdom. (IV-ii)*⁴

It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages. (I-ii)

*Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens. (I-ii)*⁵

Adam Smith describes the division of income from labour, stock, and land:

Whoever derives his revenue from a fund which is his own, must draw it either from his labour, from his stock, or from his land. The revenue derived from labour is called wages. That derived from stock, by the person who manages or employs it, is called profit. That derived from it by the person who does not employ it himself, but lends it to another, is called the interest or the use of money. (I-iv)

As soon as stock has accumulated in the hands of particular persons, some of them will naturally employ it in setting to work industrious people, whom they will supply with materials and subsistence, in order to make a profit by the sale of their work, or by what their labour adds to the value of the materials. (I-iv)

Most of the business of Adam Smith's time was small and medium-sized enterprises where business ownership, management and capital were combined. Under these circumstances the strict division between labour, stock, and land is blurred as Adam Smith acknowledges here:

*The revenue of the farmer is derived partly from his labour, and partly from his stock. To him, land is only the instrument which enables him to earn the wages of this labour, and to make the profits of this stock. (I-iv)*⁶

Adam Smith's and other classical English theories on economics were based on the idea of an economy in equilibrium. The theories did not make way for the influence of individual entrepreneurs.⁷

Adam Smith is rather normative in his way of writing. The normative view can be seen when he condemns businessmen's deals to raise prices. It is good if they deal **in** the market, not if they deal **with** the market:

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be

consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary. (I-x-II) ⁸

Pity the innkeepers:

Honour makes a great part of the reward of all honourable professions. ... Disagreeableness and disgrace affect the profits of stock in the same manner as the wages of labour. The keeper of an inn or tavern, who is never master of his own house, and who is exposed to the brutality of every drunkard, exercises neither a very agreeable nor a very creditable business. (I-x-I) ⁹

2.b Joseph Schumpeter's Theory

Joseph A. Schumpeter was an Austrian economist born 1883. He was analyzing and writing in the style of Karl Marx – but from a rather bourgeois point of view. From 1932 till his death in 1950 he was working at the Harvard University in the United States. Schumpeter explains growth in the economy as great waves of innovation where increasing economic returns attract entrepreneurs who cause a storm of "creative destruction".

The Walrasian entrepreneur: Schumpeter's theory has its starting point in the French economist Walras' very formal model, where the cast consists of a landowner, a worker, a capitalist and an entrepreneur. It is the task of the entrepreneur to combine the resources of the three other participants to produce goods or services. The Walrasian entrepreneur is not using any kind of new inventions – he is solely adapting to obtain equilibrium within the existing framework.¹⁰

The Schumpeterian entrepreneur: There is an avant-garde of economic actors who is unsatisfied with the routines. They introduce innovations and try to persuade the customers to use the new goods or services.¹¹ If the innovation prove a success the entrepreneur will earn a "Schumpeterian rent", that derive from the new and innovative product or service.¹²

For Schumpeter, innovation has six distinct criteria:¹³

1. The innovation is a discontinuous, irreversible change: *"It is spontaneous and discontinuous change in the channels of the flow, disturbance of equilibrium, which forever alters and displaces the equilibrium state previously existing. ... Add successively as many mail coaches as you please, you will never get a railway thereby."*¹⁴
2. The innovation is the introduction to the market, not the preceding invention of the product or service: *"As long as they are not carried into practice, inventions are economically irrelevant."*¹⁵
3. It is carried through by a newly established entrepreneur: *"it is not essential ... that the new combinations should be carried out by the same people who control the productive or commercial process which is to be displaced by the new."*¹⁶
4. It is carried through in a newly established firm *"which generally do not arise out of the old ones but start producing beside them, ... it is not the owner of stage-coaches who builds railways."*¹⁷
5. It is carried through with borrowed money: *"The possessor of wealth, ... must resort to credit if he wishes to carry out a new combination."*¹⁸

6. It is carried through with resources that so far has been used elsewhere – *"we must never assume that the carrying out of new combinations takes place by employing means of production which happen to be unused."*¹⁹

These six criteria is Schumpeter's successful attempt to enhance Walras' formal model so that it can contain the innovative entrepreneurs. Comments:

- *Criteria no. 3* is a bit weak, but must be seen in connection with criteria no. 4
- *Criteria no. 5*: Schumpeter's argument is that a newly established business cannot be financed by returns from a previous production. Further, it may be his intention to equalize the cost of capital so that the cost per unit will be identical for all competitors in the market place, no matter how much the individual entrepreneur can provide of his own capital.
- *Criteria no. 6*: Schumpeter acknowledges that unemployed resources may be a favourable condition and an incentive for new combinations. The reason for the rule must be that the cost of resources is equalized for all competitors if all resources have an alternative cost.

There are five types of innovation:

1. *The introduction of a new good – that is one with which consumers are not yet familiar – or of a new quality of a good.*
2. *The introduction of a new method of production, that is one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially.*
3. *The opening of a new market, that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before.*
4. *The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created.*
5. *The carrying out of the new organization of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position.*²⁰

Adam Smith claimed that if anybody does the best for himself then the whole society will prosper. In the same train of thought Schumpeter claims that the single entrepreneur's actions may result in economic growth in the society as a whole:

*It is the entrepreneur's innovative actions at micro level, originating from the single individual's own situation and creativity as the result of an inner process, which in special situations gives rise to a vast throng of followers who may in turn influence cyclical fluctuations.*²¹

Schumpeter criticized Adam Smith for flattening the theory of economic growth into a single, oversimplified cause: The division of labour. Schumpeter insisted that the entrepreneurship is a unique factor of production and at the same time the scarce social input that makes economic history unfold.²² One might propose that Schumpeter propagates entrepreneurship in the same way as Adam Smith propagated division of labour.

2.c Knowledge Economy Theory, etc.

The theories of Smith and Schumpeter are based on creation of value through investment in material assets and manufacturing of raw materials. At present this is

still the point of departure, but the creation of value tends to be more and more dependent of immaterial assets – employees, technology, and processes.

Many enterprises are not producing physical goods at all – they produce value to their customers through knowledge, service, image and relations, and they use information technology to create close links to contractors, partners, and customers. On the other hand the customers have changed to be more demanding; especially they want products adapted to their wishes, but at bulk production prices.²³

Other tendencies in the global competition:

1. Outsourcing of production, etc. to other firms or other parts of the world
2. Distributors wanting the producer not only to provide goods, but also to provide a strong brand image
3. Knowledge management in respect to markets, brands, customers, subcontractors, distributors, etc.
4. Large corporations employing strategic planning bureaucracy
5. Large corporations with a gap in power between senior managers and widespread, powerless shareholders²⁴

3.The Story of the Harry Potter Series

The main theme of the Harry Potter books is Harry Potter's fight against the evil wizard Voldemort, who killed Harry's parents and failed to kill Harry when he was one year old.

The books describe a world of wizardry quite apart from our ordinary "Muggle" world. Many of the characteristics of the wizard world are described as a quite old-fashioned, simple, and easily understood world of yesterday. For example, the wizards do not use electricity – they use magic instead.

Joanne K. Rowling wrote the first book and made a plan for seven books simultaneously. In a recent interview she promised that the ending of book 7 will be in accordance with the original plan:

Question: "Has your original plan for the seven books changed along the way?" Answer: "It has changed, but only in details. In all important respects, it has stayed the same, and the ending will be exactly what I planned before 1997. The story has taken little twists and turns that I maybe didn't expect, but we are still on track. Each book has broadly done what it was supposed to do in taking you towards the final conclusion."²⁵

This is the author telling openly about her intentions – but nobody except the author herself will know whether this is true, because the content of her plan is not published, it is a hidden intention. Rowling has created a world of quite her own invention, and she is very good at inventing, planning and describing, because there is a lot of fantasy, but apparently no mistakes and no loose ends yet.²⁶

Every book describes a year at the "Hogwarts School of Witchcraft and Wizardry", meaning that most of the action takes place at a boarding school where you are not supposed to use money every day, meaning that the school is outside the market sphere. However, there is a business life elsewhere in the magical world. Right beside the busy high streets of London is hidden a diagonally world, literally called 'Diagon Alley'. The Hogwarts pupils meet each other here in the end of August to buy new books, quills, and clothes before leaving for Hogwarts.

3.a What is not described?

As readers of the Harry Potter books we see the story as J.K. Rowling wants us to see it. We may try to understand the author's intentions. We may even try to extrapolate what is not explicitly written – but we cannot learn about what is absolutely not described.

No author can describe everything, not even J.K. Rowling, and for example there is no description of any parents providing their children with new clothes during the school season or of anybody buying food for households²⁷. Apart from the mentioning of "Christmas" and "Easter" there are no reference to religion. See section 9.d in the appendix for a note on tobacco and alcohol.

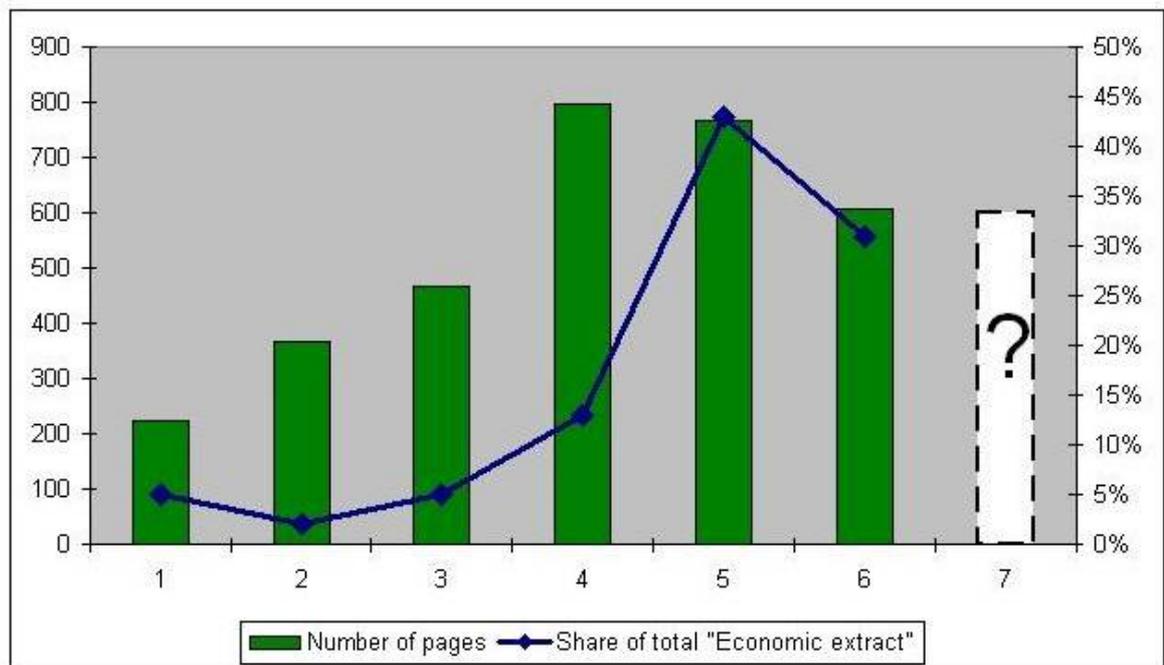
One such thing not described is how the magical devices are produced. We do not know how to produce a flying carpet and the books are not telling us how one could do it. Which materials and spells do you have to use? According to Rowling's descriptions it is likely that the wizards' production takes place in small workshops, but we do not

know, because she does not tell us. And maybe we would not like to know, if there by any means was a way to explain magical production.

This way of not knowing could be quite similar to what is happening in our Muggle, western world where we have no idea of how computer chips are made – they just arrive ready-made from Taiwan and surrounding countries.

3.b *Economic Extract, etc.*

As described in section 1.e the economic story is a subplot compared to the magical world described in the books. In the following chapters I present some citations on economic matters. My extracts amount to approximately 15 printed pages, or half a percent of the total of 3,200 pages. The figure below shows the number of pages in the six books and the books' relative share of the total extract:



References, page numbers, and characters:

1. References are to book, chapter, and page number: (Book-Chapter-Page).
2. In section 9.a "Books, Chapters, and Page Numbers" there is a list which may help you find the relevant page in other editions.
3. See also section 9.b, "List of Characters"

3.c *Business Life around the Harry Potter Series*

The first book was published in the United Kingdom by Bloomsbury, a fairly small independent publisher, in July 1997. The book's initial success was based on some positive reviews and word of mouth. Apparently J.K. Rowling did not have any particular age group in mind when she started to write the Harry Potter books. Her publishers initially targeted them at young readers aged 8 to 15. Rowling's writing has become more sophisticated and the content of the books has matured as the lead character, Harry Potter, has grown older. The reading age for the books, both in terms of content and style, is rising as the series goes on.

The reasons for the success of the series could be J.K. Rowling's unique mix of the genres fantasy and boarding school novel, and her ability to drive elaborate and largely seamless plots over a very wide canvas.²⁸

The Danish editions are published on Gyldendal, the leading Danish publishing firm. Gyldendal chose to translate *Harry Potter and the Philosopher's Stone* without knowing that the original English version would be a bestseller. It was chosen because it was judged to be a good and entertaining book. The translator Hanna Lützen adds that even if the author announced the book to be the first one in a series, one could not be sure that the following volumes would ever be written.²⁹

But the following volumes **were** written, and the series became an outstanding success, selling more than 300 million copies worldwide.³⁰

In the year 2000 J.K. Rowling signed a contract that allowed Warner Brothers to create films based on the series. As a part of this deal she has sold her general copyright to Warner Brothers as is shown in the colophon of every book:

"Harry Potter, names, characters and related indicia are copyright and trademark Warner Bros., 2000™"

The first three films ranked first, second, and second in worldwide box office grosses for their years of release, a turnover of more than \$2.6 billion. That resulted in – and is the result of – a series of major marketing campaigns. Wikipedia tells the story this way:

*By the time the fourth book, Harry Potter and the Goblet of Fire, was published in 2000 the series had become very high-profile, and the launch received much wider publicity in the general media than was usual for a new book. At around the same time Warner Brothers began work on the series of films based on the books. The involvement of a global media conglomerate led to more concerted efforts to maximise the value of the Harry Potter franchise. The first film, based on the first book, was released in 2001, and was accompanied by video games and other branded merchandise.*³¹

The books themselves carry only a few traces of the kind of branding that Warner Brothers and Bloomsbury use for the launching of Harry Potter films and books. It is thought-provoking, that the untrustworthy character of Gilderoy Lockhart is the books' foremost spokesman for these methods of branding (2-4-69 f., 2-6-100 f.).

See an example of public relations and storytelling in section 9.e.

'He'll be famous – a legend – I wouldn't be surprised if today was known as Harry Potter Day in future – there will be books written about Harry – every child in our world will know his name!' Minerva McGonagall, 1-1-15³²

4. Business Life in Diagon Alley

The wizards' monetary system puts one in mind of the old British system of twenty shillings to a pound and twelve pence to a shilling which were changed to one hundred pence to a pound in 1971³³. Hagrid, the keeper of the keys, explains to Harry:

'Seventeen silver Sickles to a Galleon and twenty-nine Knuts to a Sickle, it's easy enough.' (1-5-58)

Harry Potter's first introduction to the market economy of the magical world happens when he is wakened by an owl delivering the daily newspaper to Hagrid. The owl wants something, and Hagrid explains that it wants payment for the newspaper (1-5-49). In the Hogwarts Express Harry can buy Chocolate Frogs from the trolley.

Harry's new friend Ron Weasley explains:

'Chocolate Frogs have cards inside, you know, to collect – Famous witches and Wizards. I've got about five hundred, but I haven't got Agrippa or Ptolemy' (1-6-77)

Children grow, and they need new clothes when on a boarding school. Mrs. Weasley is planning to buy new clothes for her son Ron:

'I'll have to get you more pyjamas, these are at least six inches too short, I can't believe how fast you're growing ... what colour would you like?' (5-9-148)

Payment for education, books, and robes are mentioned sparingly. Example:

APPARITION LESSONS

If you are seventeen years of age, or will turn seventeen on or before 31st August, you are eligible for a twelve-week course of Apparition Lessons from a Ministry of Magic Apparition Instructor. Please sign below if you would like to participate. Cost: 12 Galleons. (6-17-331)

Professor Dumbledore is telling the orphan Tom Riddle how to attend school without having money:

'There is a fund at Hogwarts for those who require assistance to buy books and robes. You might have to buy some of your spellbooks and so second-hand.' (6-13-256)

Not all products stem from the market, as Harry regularly receives home-made gifts:

- A Weasley jumper and a roughly cut wooden flute from Hagrid (1-12-147),
- A large tin of Treacle Fudge and a new, hand-knitted jumper from Mrs. Weasley (2-12-231)
- *'Ginny Weasley, blushing furiously, turned up with a 'get well' card she had made herself, which sang shrilly unless Harry kept it shut under his bowl of fruit.'* (3-10-199)
- Socks from Dobby: *'The left sock was bright red, and had a pattern of broomsticks upon it; the right sock was green, with a pattern of Snitches'.* (4-23-447)

4.a Small-scale Business as a General Rule

The books mention a lot of shops in Diagon Alley and elsewhere. The first mention is when Harry reads the list of required uniform, books, and other equipment for Hogwarts.

*'Can we buy all this in London?' Harry wondered aloud.
'If yeh know where to go,' said Hagrid. (1-5-53)*

The entrance is through the Leaky Cauldron, an inn connecting the ordinary London streets to Diagon Alley.

Diagon Alley Shops mentioned by name	
The Leaky Cauldron	1-5-54 , 3-4-57 ff., 6-6-107, 6-13-257
Gringotts Bank	1-5-57 f. , 2-4-65 f.
Madam Malkin's Robes for All Occasions	1-5-57 , 3-4-60, 6-6-109 ff.
Flourish and Blotts' bookshop	1-5-62 , 2-4-67 ff. 3-4-60 f.
The Apothecary's	1-5-62 , 6-6-112
Eeylops Owl Emporium – Tawny, Screech, Barn, Brown and Snowy	1-5-56, 1-5-63 , 6-6-112
Ollivanders: Makers of Fine Wands since 382 BC	1-5-63 ff. , 6-6-104
Quality Quidditch Supplies	1-5-56, 2-4-66, 3-4-58 f.
Gambol and Japes Wizarding Joke Shop	2-4-67
The Magical Menagerie	3-4-66 f.
Floean Fortescue, Ice-cream place in Diagon Alley	6-6-104
Twilfitt and Tatting's clothes	6-6-112
Weasleys' Wizard Wheezes	6-6-112 ff.

Some of the descriptions sound like ordinary business marketese:

'No two Ollivander wands are the same, just as no two unicorns, dragons or phoenixes are quite the same. And of course, you will never get such good results with another wizard's wand.' (1-5-64)

Other Diagon Alley Shops	
Cauldron shop – All Sizes – Copper, Brass, Pewter, Silver – Self-Stirring – Collapsible	1-5-56
Telescopes and strange silver instruments	1-5-56
A second-hand robe shop	2-4-66
Junk shop full of broken wands, wonky brass scales and old cloaks	2-4-67
Shabby-looking stalls selling amulets	6-6-108

Quite near to Diagon Alley are some other, more sombre streets:

Knockturn Alley Shops	
Borgin and Burkes	2-4-57 ff. , 6-6-120 ff., 6-20-405
Shop with shrunken heads and gigantic black spiders	2-4-62

Not far from Hogwarts is Hogsmeade, the only entirely non-Muggle settlement in Britain:

Hogsmeade Shops	
Dervish and Banges, magical instruments and stuff	3-5-87, 3-8-172
Honeydukes	3-5-87, 3-8-172, 3-10-213 f.
Zonko's Wizarding Joke Shop	3-8-172, 3-10-217, 3-14-302 f., 3-14-312 f., 5-16-299, 6-12-228
The Three Broomsticks	3-8-172, 3-10-217, 5-16-299, 5-25-497 ff., 6-12-230
The Post Office	3-8-172, 3-10-217
Gladrags Wizardwear – London, Paris, Hogsmeade	4-27-565
The Hog's Head	5-16-299 f.
Derwish and Banges	5-25-492
Madam Puddifoot's	5-25-492 , 6-21-437
Scrivenshaft	5-25-492, 6-21-437
Honeydukes	6-12-228

There are a few other goods and services mentioned, among which

- **The Daily Prophet**, newspaper (1-5-49, 5-6-97 f.)
- **The Knight Bus**, Emergency transport for the stranded witch or wizard, (3-3-41, 5-24-463 ff.), and
- **KWIKSPELL**, A Correspondence course in Beginners' Magic (2-8-139)

All of these firms give the impression of being small-scale businesses in traditional trades. A typical example of this is how the Three Broomsticks' landlord Madam Rosmerta sounds quite like a chairman of the local Chamber of Commerce when she complains to the Minister for Magic:

'You know that the Dementors have searched my pub twice?' said Madam Rosmerta, a slight edge to her voice. 'Scared all my customers away ... it's very bad for business, minister.' (3-10-220)

4.b Traces of Large-scale Business

There are a few traces of use of business chains, nation-wide marketing, etc.:

Professor Slughorn is a snob, who enjoys the company of the children of the rich and powerful. For this reason we hear that there is a large chain of apothecaries:

'We're having a little party, just a few rising stars. I've got McLaggen coming, and Zabini, the charming Melinda Bobbin – I don't know whether you know her? Her family owns a large chain of apothecaries ...' (6-11-219 f.)

The very publicity-minded professor Gilderoy Lockhart is the author of a row of self-heroic books. He praises Hermione and informs us of his marketing plans this way:

'... but Miss Hermione Granger know my secret ambition is to rid the world of evil and market my own range of hair-care potions – good girl!' (2-6-111)

In book 4, a hundred thousand wizards from all over the world attend the Quidditch World Cup at a deserted moor in England. A gigantic blackboard flashes advertisements across the pitch:

- *The Bluebottle: A Broom for All the Family – safe, reliable and with In-built Anti-Burglar Buzzer ...*

- *Mrs. Skower's All-Purpose Magical Mess-Remover: No Pain, No Stain! ...*
- *Gladrags Wizardwear – London, Paris, Hogsmeade*
- *Bertie Botts' Every Flavour Beans – a Risk with Every Mouthful (4-8-109 f., 4-8-116)*

These advertisements are giving a rather old-fashioned impression. It is not the marketing of international brands – the advertisements are only meant for British customers. It reminds me of the last page of the book *Murder Must Advertise* published by Dorothy L. Sayers in 1933.³⁴

Tell England. Tell the world. Eat more Oats. Take Care of your Complexion. No More War. Shine your Shoes with Shino. Ask your Grocer. Children Love Laxamalt. Prepare to meet thy God. Bung's Beer is Better. Try Dogsboddy's Sausages. Whoosh the Dust Away. Give them Crunchlets. Snagsbury's Soups are Best for the Troops. Morning Star, best Paper by Far. Vote for Punkin and Protect your Profits. Stop that Sneeze with Snuffo. Flush your Kidneys with Fizzlets. Flush your Drains with Sanfect. Wear Woolfleece next the Skin. Popp's Pills Pep you up. Whiffle your Way to Fortune. Advertise, or go under.

According to what I have found in the Harry Potter books, there are only a few attempts to make use of advertisements. Branding, Human Resource Management or other, newer kinds of management are not touched on.

4.c Traces of Political Intervention into the Market

The books contain delicious parodies of our own world. Here is an example of Common Market regulations where Harry Potter is asking Percy Weasley, newly appointed secretary at the Ministry:

*'What are you working on?' said Harry.
'A report for the Department of International Magical Co-operation,' said Percy smugly. 'We're trying to standardise cauldron thickness. Some of these foreign imports are just a shade too thin – leakages have been increasing at a rate of almost three per cent a year -' (4-5-65)*

What is advantageous large-scale transport, and what is prohibited Muggle Artefacts? Here is a discussion between three colleagues at the Ministry of Magic Arthur Weasley, Ludo Bagman, and Mr. Crouch:

*'Ali Bashir's on the warpath. He wants a word with you about your embargo on flying carpets.'
Mr Weasley heaved a deep sigh. 'I sent him an owl about that just last week. If I've told him once I've told him a hundred times: Carpets are defined as a Muggle Artefact by the registry of Proscribed Charmable Objects, but will he listen?'
'I doubt it,' said Mr Crouch, ... 'He's desperate to export here.'
'Well, they'll never replace brooms in Britain, will they?' said Bagman.
'Ali thinks there's a niche in the market for a family vehicle,' said Mr Crouch. 'I remember my grandfather had an Axminster that could seat twelve – but that was before carpets were banned, of course.' (4-7-103 f.)*

4.d Business Life in the Muggle World

Harry Potter stayed with his aunt Petunia and uncle Vernon Dursley from he was one year old until he was 11 years old at the start of book 1. Every summer he is supposed

to stay with the Dursleys. They treat him badly, and J.K. Rowling describes the family in a way so that you can only despise them.

Mr. Dursley is a manager on a drill factory. For this reason there are a few descriptions of ordinary business life:

Mr Dursley hummed as he picked out his most boring tie for work. (1-1-6)

As he drove towards town he thought of nothing except a large order of drills he was hoping to get that day. (1-1-7)

Mr Dursley, however, had a perfectly normal, owl-free morning. He yelled at five different people. He made several important telephone calls and shouted a bit more. (1-1-9)

'Now, as we all know, today is a very important day.' ... 'This could well be the day I make the biggest deal of my career,' said Uncle Vernon. (2-1-11)

Uncle Vernon, Aunt Petunia and Dudley had gone out into the front garden to admire Uncle Vernon's new company car (in very loud voices, so that the rest of the street would notice it too) (3-1-9)

Here are no traces of Knowledge Economy or other tendencies mentioned in section 2.c. Mr. Dursley lives outside the magical world. He is a manager at a drills factory. Here is anything describing that he is a boring person with a boring job.

4.e Analysis of the Business Life in the Magical World

In the above sections 4 - 4.c there are sufficient evidence to prove the following:

Summary: J.K. Rowling describes ordinary business life in the magical world as small-scale and relatively stable quite like Adam Smith saw business life in the ordinary world around him. However, there are traces of modern marketing in section 4.b.

'I don't go looking for trouble,' said Harry, ... 'Trouble usually finds me.' (3-5-85)

5. The Weasley Twins as Entrepreneurs

When Harry Potter goes to Hogwarts by train for the first time, he meets the 11-years old Ron Weasley and his family including the twins Fred and George, both 13 years old. The twins are very lively and are always making jokes. Ron explains:

'Fred and George mess around a lot, but they still get really good marks and everyone thinks they're really funny.' (1-6-75)

Throughout the books the twins are a lively element in the story. They have three elder brothers who have respectable careers at Hogwarts, but Fred and George seem to have other plans. Their mother complains:

'Those two!' and Harry knew she meant Fred and George. 'I don't know what's going to happen to them, I really don't. No ambition, unless you count making as much trouble as they possibly can ...' (4-5-68)

During books 4 and 5 Fred and George develop a vision of starting a joke shop where they can sell magical jokes of their own invention. Especially in book 5 the author tells the detailed story of the two entrepreneurs and their project – all mixed up with the other parts of the story.

The twins take care not to show their plans too openly – their mother does not think running a joke shop is a suitable career for them (5-6-98).

5.a Fred and George's Strategy

At the beginning of book 5 the twins are 17 years old. They have a strategy consisting of:

1. Market research to find out exactly what the average Hogwarts student requires from a joke shop
2. Carefully evaluate the results of the research
3. Then produce products to fit the demand

In Fred's wording:

'... we feel our futures lie outside the world of academic achievement.' ... 'We're not going to waste our last year here, though,' said Fred, looking affectionately around at the Great Hall. 'We're going to use it to do a bit of market research, find out exactly what the average Hogwarts student requires from a joke shop, carefully evaluate the results of our research, then produce products to fit the demand.'

'But where are you going to get the gold to start a joke shop?' Hermione asked sceptically. 'You're going to need all the ingredients and materials – and premises too, I suppose ...'

[Fred:] 'Ask us no questions and we'll tell you no lies, Hermione. C'mon, George, if we get there early we might be able to sell a few Extendable Ears before Herbology.' (5-12-205)

5.b Financial Troubles

The twins are developing and selling magical jokes through books 4 and 5. In the beginning of book 4 Fred declares:

'We've got big plans for this money, we don't want it confiscated.' (4-9-132)

The twins attend the Quidditch World Cup and bet a large amount with Ludo Bagman, one of their father's colleagues at the Ministry of Magic. They bet on the result of the World Cup, and the twins win, but Ludo Bagman never pays them, meaning that Fred and George lose the money.

At the end of book 4 Harry Potter gives his winning from the Triwizard tournament to the twins as an initial capital:

Harry pulled open his trunk and drew out his Triwizard winnings. ... 'You take it, and get inventing. It's for the joke-shop.' ... 'I don't want it and I don't need it. But I could do with a few laughs. We could all do with a few laughs. I've got a feeling we're going to need them more than usual before long.'
'Harry,' said George weakly, weighing the money bag in his hands, 'there's got to be a thousand Galleons in here.'
'Yeah,' said Harry, grinning. 'Think how many canary creams that is.' (4-37-794 f.)

Later Harry gets cold feet because of the gift – he does not want the twins' parents to be angry with him because of his financing of the joke shop (5-9-156).

In the beginning of book 5 the twins have the money, but they are still in need of premises for their shop. For the time being they use mail-order and advertisements in the Daily Prophet (5-6-97 f.).

5.c Product Development and Marketing

Jokes described in book 4:

1. Ton-Tongue Toffees: These toffees make your tongue grow. When leaving for the Quidditch World Cup from home, the twins try to smuggle as many toffees out of the house as possible, but their mother searches them:

... 'We spent six months developing those!' Fred shouted at his mother, as she threw the toffees away. (4-6-79 f.)

2. Canary Creams transform you into a large canary:

'Canary Creams!' Fred shouted to the excitable crowd. 'George and I invented them – seven Sickles each, bargain!' (4-21-402)

In book 5 the twins choose the name **Weasleys' Wizarding Wheezes** and develop a lot of different joke products for their new firm:

3. Extendable Ears let you listen to what is happening on the other side of a door:

'Fred and George have invented Extendable Ears, se,' said Ron. 'They're really useful.' (5-1-65)

4. Skiving Snackboxes is a range of sweets that makes you ill. George:

'... not seriously ill, mind, just ill enough to get you out of a class when you feel like it. Fred and I have been developing them this summer. They're double-ended, colour-coded chews. If you eat the orange half of the Puking Pastilles, you throw up. Moment you've been rushed out of the lesson for the hospital wing, you swallow the purple half ...'
[Fred:] – which restores you to full fitness, enabling you to pursue the leisure activity of your own choice during an hour that would otherwise have been devoted to unprofitable boredom." That's what we're putting in

the adverts, anyway'. ... 'At the moment our testers are having a bit of trouble stopping themselves puking long enough to swallow the purple end.'

'Testers?'

'Us,' said Fred. 'We take it in turns. George did the Fainting Fancies – we both tried the Nosebleed Nougat –'

'Mum thought we'd been duelling,' said George.(5-6-97 f.)

Excerpt from the above: The twins are aware of that maybe the promise is not correct, but they have a good idea of which messages that will sell the product:

'That's what we're putting in the adverts, anyway'

They are so full of ideas that they even might collide with the rules their father is enforcing as a civil servant in the Ministry. Now they are negotiating with the rather fishy character Mundungus Fletcher:

'Venomous Tentacula seeds,' said George. 'We need them for the Skiving Snackboxes but they're a Class C Non-Tradeable Substance so we've been having a bit of trouble getting hold of them.' (5-9-156)

5. Nosebleed Nougat: The twins have an offer for Ron. It is a bargain, because the twins have no antidote yet:

[Fred:] 'You can have a bit of Nosebleed Nougat cheap if you like.'

'Why's it cheap?' said Ron suspiciously.

'Because you'll keep bleeding till you shrivel up, we haven't got an antidote yet,' said George, helping himself to a kipper. (5-12-204)

6. Fainting Fancies User Test: Hermione is a newly-appointed prefect, and she wants to stop Fred and George from paying first-years for taking part in the user test:

GALLONS OF GALLEONS!

Pocket money failing to keep pace with your outgoings?

Like to earn a little extra gold?

Contact Fred and George Weasley, Gryffindor common room, for simple, part-time, virtually painless jobs. (We regret that all work is undertaken at applicant's own risk.) (5-12-200)

[In] the far corner of the room, where Fred, George and Lee Jordan were now sitting at the centre of a knot of innocent-looking first-years, all of whom were chewing something that seemed to have come out of a large paper bag that Fred was holding. ...

One by one, as though hit over the head with an invisible mallet, the first-years were slumping unconscious in their seats; some slid right on to the floor, others merely hung over the arms of their chairs, their tongues lolling out. Most of the people watching were laughing; Hermione, however, squared her shoulders and marched directly over to where Fred and George now stood with clipboards, closely observing the unconscious first-years. ...

'That's enough!' Hermione said forcefully to Fred and George, both of whom looked up in mild surprise.

'Yeah, you're right,' said George, nodding, 'this dosage looks strong enough, doesn't it?'

[Hermione:] 'I told you this morning, you can't test your rubbish on students!'

'We're paying them!' said Fred indignantly. ...

[Hermione:] 'You can't do this, what if you made one of them really ill?'

'We're not going to make them ill, we've already tested them all on ourselves, this is just to see if everyone reacts the same –'

[Hermione:] 'If you don't stop doing it, I'm going to ... write to your mother.' ... 'I can't stop you eating the stupid things yourselves, but you're not to give them to the first-years.'

Fred and George looked thunderstruck. It was clear that as far as they were concerned, Hermione's threat was way below the belt. (5-13-229 f.)

7. Projectile-Vomiting: Harry, Ron, and Hermione try to make their homework. It is difficult, because Fred and George have finally perfected the vomiting part of the Skiving Snackboxes. They take turns to demonstrate it to a cheering and whooping crowd:

First, Fred would take a bite out of the orange end of a chew, at which he would vomit spectacularly into a bucket they had placed in front of them. Then he would force down the purple end of the chew, at which the vomiting would immediately cease. ...

Harry, Ron and Hermione are disturbed by the sounds of retching, cheering and the sound of Fred and George taking advance orders from the crowd. Harry wants Hermione to use her prefect's rights to stop the show.

*'I can't, they're not **technically** doing anything wrong,' said Hermione through gritted teeth. 'They're quite within their rights to eat the foul things themselves and I can't find a rule that says the other idiots aren't entitled to buy them, not unless they're proven to be dangerous in some way and it doesn't look as though they are.'*

She, Harry and Ron watched George projectile-vomit into the bucket, gulp down the rest of the chew and straighten up, beaming with his arms wide to protracted applause.

[Harry:] ... They really know their stuff.'

'Oh, they only know flashy stuff that's of no real use to anyone,' said Hermione disparagingly.

'No real use?' said Ron in a strained voice. 'Hermione, they've made about twenty-six Galleons already.'

It was a long while before the crowd around the Weasley twins dispersed, then Fred, Lee and George sat up counting their takings even longer ... (5-17-327 f.)

8. Fever Fudge: Fred and George are wondering how to avoid Quidditch practice on a stormy day – but the Fever Fudge is not quite ready yet:

'We could try the Fever Fudge,' George muttered, 'no one's seen that yet – 'Does it work?' enquired Ron hopefully, ...

'Well, yeah,' said Fred, 'your temperature'll go right up.'

'But you get these massive pus-filled boils, too,' said George, 'and we haven't worked out how to get rid of them yet.'

'I can't see any boils,' said Ron, staring at the twins.

'No, well, you wouldn't,' said Fred darkly, 'they're not in a place we generally display to the public.' (5-18-336)

9. Headless Hats: Once again, the common room was packed and full of shrieks of laughter and excitement; Fred and George were demonstrating their latest bit of joke shop merchandise, and Hermione cannot disguise her admiration:

'Headless Hats!' shouted George, as Fred waved a pointed hat decorated with a fluffy pink feather at the watching students. 'Two Galleons each, watch Fred now!'

Fred swept the hat on to his head, beaming. For a second he merely looked rather stupid; then both hat and head vanished.

Several girls screamed, but everyone else was roaring with laughter.

'And off again!' shouted George, and Fred's hand groped for a moment in what seemed to be thin air over his shoulder; then his head reappeared as he swept the pink-feathered hat from it.

'How do those hats work, then?' said Hermione, distracted from her homework and watching Fred and George closely. 'I mean, obviously it's some kind of Invisibility spell, but it's rather clever to have extended the field of invisibility beyond the boundaries of the charmed object. ... I'd imagine the charm wouldn't have a very long life though.' (5-24-477)

In chapter 26, the twins find a solution to the Fever Fudge boils, and the development of the Snackboxes is finished (5-26-506)

Joke described in book 6:

10. Exploding Telescope: The following summer Harry stays in Fred and George's bedroom, which serves as a temporary warehouse for the twins. Hermione and Ron calls Harry in the morning, and they are discussing what is ready for the joke shop:

Though a large vase of flowers had been placed on a desk in front of the small window, their perfume could not disguise the lingering smell of what Harry thought was gunpowder. A considerable amount of floor space was devoted to a vast number of unmarked, sealed cardboard boxes. ... Hermione was peering into Fred and George's boxes, ...

'What's this?' Hermione asked eventually, holding up what looked like a small telescope.

'Dunno,' said Ron, 'but if Fred and George've left it here, it's probably not ready for the joke shop yet, so be careful.'

... Then there was a loud bang and Hermione vanished behind a puff of black smoke. ...

Hermione emerged, coughing, out of the smoke, clutching the telescope and sporting a brilliantly purple black eye.

'I squeezed it and it – it punched me!' she gasped.

And sure enough, they now saw a tiny fist on a long spring protruding from the end of the telescope. (6-5-87 f., 6-5-95 f.)

In chapter 15 it is described how Fred and George are able to distribute love potions from Diagon Alley to their customers at Hogwarts in spite of the school's general prohibition of Fred and George's jokes. They use their Owl Order Service distribution:

'Fred and George send them disguised as perfumes and couch potions,' said Hermione. 'It's part of their Owl Order Service.' ... 'It was all on the back of the bottles they showed Ginny and me in the summer,' she said coldly. (6-15-287)

Peruvian Instant Darkness Powder described at page 6-29-576.

5.d Leaving Full-time Education

During book 5 the Headmaster of Hogwarts Albus Dumbledore is forced to leave, and the new High Inquisitor Dolores Umbridge takes all of the fun out of school life. Fred and George decide that they won't care about getting into trouble any more. With Dumbledore gone they reckon a bit of mayhem is exactly what the new Head deserves. (5-28-552 f.) The twins set up a magical firework all over the school, and Umbridge don't know how to stop it. From a commercial point of view it is a pity that they have used all of their stock for the happening – but Fred and George are not forgetting to take advance orders:

Fred and George were heroes that night in the Gryffindor common room. Even Hermione fought her way through the excited crowd to congratulate them.

'They were wonderful fireworks,' she said admiringly.

'Thanks,' said George, looking both surprised and pleased. 'Weasleys' Wildfire Whiz-bangs. Only thing is, we used our whole stock; we're going to have to start again from scratch now.'

'It was worth it, though,' said Fred, who was taking orders from clamouring gryffindors. 'If you want to add your name to the waiting list, Hermione, it's five galleons for your Basic Blaze box and twenty for the Deflagration Deluxe ...' (5-28-558 f.)

The twins continue to challenge the new head of school, and some days later they are exposed with a Portable Swamp. Because of the shouting most of the school is assembled at the Entrance Hall:

Fred and George ... stood in the middle of the floor with the unmistakable look of two people who had just been cornered.

'So!' said Umbridge triumphantly. ... 'So – you think it amusing to turn a school corridor into a swamp, do you?'

'Pretty amusing, yeah,' said Fred, looking up at her without the slightest sign of fear. ...

'You two,' she went on, gazing down at Fred and George, 'are about to learn what happens to wrongdoers in my school.'

'George,' said Fred, 'I think we've outgrown full-time education.' (5-29-593 f.)

Caught in the act, they prepare to flight from the school with their brooms. Still, they take advantage of any chance to distribute their marketing message:

'If anyone fancies buying a Portable Swamp, as demonstrated upstairs, come to number ninety-three, Diagon Alley – Weasleys' Wizarding Wheezes,' he said in a loud voice. 'Our new premises!'

'Special discounts to Hogwarts students who swear they're going to use our products to get rid of this old bat,' added George, pointing at Professor Umbridge (5-29-595)

The twins fly away to number 93, Diagon Alley, and they experience an immediate success. When the other pupils arrive at King's Cross Station for the summer holiday, Fred and George are both wearing brand-new jackets in some lurid green, scaly material. Ron takes a close look at the twins' new clothes:

*'What are **they** supposed to be?' he asked, pointing at the jackets.*

'Finest dragonskin, little bro,' said Fred, giving his zip a little tweak.

'Business is booming and we thought we'd treat ourselves.' (5-38-764)

The following August Harry, Ron, Hermione, and Ginny pay a visit to the shop, and Fred is proud of the WonderWitch products:

'Follow me, ladies ... Best range of love potions you'll find anywhere.'

Ginny raised an eyebrow sceptically. 'Do they work?'

'Certainly they work, for up to twenty-four hours at a time depending on the weight of the boy in question ... and the attractiveness of the girl,' (6-6-117)

5.e Success and Further Plans

Mrs. Weasley approves the business: In book 6, Harry comes to see Ron and his family. Fred and George have moved to a little flat over their joke shop because they are very busy, and Mrs. Weasley must confess:

'I must say, I didn't approve at first, but they do seem to have a bit of a flair for business!' (6-5-87)

When Harry and his friends visit the shop in August, the shop is so packed with customers that they cannot get near the shelves. Seen from the street:

Fred and George's windows hit the eye like a firework display. Casual passers-by were looking back over their shoulders at the windows, and a few rather stunned-looking people had actually come to a halt, transfixed. The left-hand window was dazzlingly full of an assortment of goods that revolved, popped, flashed, bounced and shrieked. ... The right-hand window was covered with a gigantic poster:

<p><i>Why Are You Worrying About You-Know-Who? You SHOULD Be Worrying About U-NO-POO – the Constipation Sensation That's Gripping the Nation! (6-6-112 f.)</i></p>
--

The twins have a shop worker named Verity. She wears magenta staff robes (6-6-116).

A Serious Product Line: The twins have experienced a boom in a more serious product line: Protecting gear like Shield Hats. The reason is that many people working at the Ministry cannot do the Shield Charms they are supposed to know. For this reason the Ministry has bought 500 hats for the support staff. This has been the reason for the twins to expand into more products: Shield Cloaks, Shield Gloves, etc.:

'And then we thought we'd get into the whole area of Defence Against the Dark Arts, because it's such a moneyspinner,' continued George enthusiastically. (6-6-115 f.)

A New Branch in Hogsmeade? When Harry and his friends visit Hogsmeade, Zonko's Joke Shop appears to be closed (6-12-228). At Ron's birthday Fred shows up and tells, that he and George are thinking of buying Zonko's as a new branch of their business. The new shop would be a way to reach their Hogwarts customers. On the other hand the twins experience problems with strict security rules on Hogwarts:

'We were thinking of buying Zonko's' said Fred ... 'A Hogsmeade branch, you know, but a fat lot of good it'll do us if you lot aren't allowed out at weekends to buy our stuff any more.' (6-19-374)

If the twins continue this way, then it won't be long before they can make a proud statement as *"Weasleys' Wizarding Wheezes - London, Paris, Hogsmeade"* just like the fashion advertisement at the Quidditch World Cup: *"Gladrags Wizardwear - London, Paris, Hogsmeade (4-8-109)"*

New dresses once again: In the end of book 6 Fred and George appear wearing jackets of black dragonskin. (6-30-597)

5.f Fred and George's Product Range

In order of appearance:

Ton-Tongue Toffees	4-6-79
Canary Creams	4-21-402
Extendable Ears	5-1-65, 5-12-205, 6-6-121
Fever Fudge	5-18-336
Headless Hats	5-24-477
Weasleys' Wildfire Whiz-bangs Basic Blaze box and Weasleys' Wildfire Whiz-bangs Deflagration Deluxe	5-28-558 f.
Portable Swamp	5-29-595
U-NO-POO – the Constipation Sensation That's Gripping the Nation!	6-6-113
Skiving Snackboxes: Nosebleed Nougat	5-12-204, 5-17- 327, 6-6-113
Trick wands, the cheapest merely turning into rubber chickens or pairs of pants when waved; the most expensive beating the unwary user around the head and neck	6-6-114
Quills in Self-Inking, Spell-Checking and Smart-Answer varieties	6-6-114
Reusable Hangman - Spell It Or He'll Swing!	6-6-114
Patented Daydream Charms	6-6-114
Muggle Magic Tricks	6-6-115
Shield Hats, Shield Cloaks, Shield Gloves	6-6-115
Instant Darkness Powder imported from Peru	6-6-116, 6-29-576
Decoy Detonators	6-6-116
Joke Cauldrons	6-6-116
WonderWitch products - love potions	6-6-117
Guaranteed Ten-Second Pimple Vanisher - Excellent on everything from boils to blackheads	6-6-117
Pygmy Puffs - Miniature puffskeins	6-6-118

Patented Daydream Charms are described this way:

'One simple incantation and you will enter a top-quality, highly realistic thirty-minute daydream, easy to fit into the average school lesson and virtually undetectable (side-effects include vacant expression and minor drooling). Not for sale to under-sixteens.' (6-6-114)

5.g SWOT Diagram for Weasleys' Wizarding Wheezes

Strengths	Weaknesses
<p>The twins have a developed strategy (5-12-205)</p> <p>Appealing products and a clear marketing message (5-29-593 etc.)</p> <p>Business is booming (5-38-764)</p> <p>Continued development of new products with promising business opportunities: Shield Hats, etc. (6-6-115)</p> <p>New channel for distribution: Owl order service (6-15-287)</p>	<p>Use of toxic ingredients that might harm the customers (5-9-156)</p> <p>Fred and George may be attacked by Voldemort, because they are showing they despise him (6-6-112 f.)</p>
Opportunities	Threats
<p>Wizards' children seem very interested in magical jokes (6-6-112)</p> <p>The Ministry of Magic wants protecting tools for the employees (6-6-115)</p> <p>"We could all do with a few laughs" (4-37-794 f.)</p>	<p>The magical society is at war against Voldemort – customers are scared in the magical society (6-6-112)</p> <p>Strict security measures against bringing magical joke products to Hogwarts (6-6-112)</p>

5.h Analysis of the Weasley Twins as Entrepreneurs

Does the twins' business observe Schumpeter's six criteria from section 2.b?

	Schumpeter's six criteria from section 2.b:	Evaluation of the twins' business	Criteria met?
1	The innovation is a discontinuous, irreversible change	Fred and George open a new shop in Diagon Alley with a lot of new products.	Yes
2	The innovation is the introduction to the market, not the preceding invention of the product or service	The twins at first invented the jokes, and afterwards introduced them to the market. See comment below.	Yes
3	It is carried through by a newly established entrepreneur	They are newly established entrepreneurs who have not been shopkeepers before	Yes
4	It is carried through in a newly established firm	Weasley's Wizarding Wheezes is a newly established firm	Yes
5	It is carried through with borrowed money	The twins have financed the shop with the gift from Harry Potter. See comment below.	Yes?
6	It is carried through with resources that so far has been used elsewhere	The twins are using premises that must have been used to another purpose. They have hired at least one shop worker (6-6-116)	Yes

Comments:

- Evaluation no. 2: For Schumpeter it is not important who invented the product or service. The inventor is the one that brings the product or service to the market. In the actual situation it makes no difference, as the twins are both inventing and marketing the new products.
- Evaluation no. 5: The twins have financed the shop with the gift from Harry Potter (4-37-794 f.). That is very close to Schumpeter's condition that the money should be borrowed, especially in a context where the author have not described the possibility or terms for a business credit.

Which types of innovation? In section 2.b is shown a list of five possible kinds of innovation:

	Schumpeter's five types of innovation from section 2.b:	Evaluation of the twins' business	Criteria met?
1	The introduction of a new good	See the impressive list in section 5.f	Yes
2	The introduction of a new method of production	No, as production methods are not mentioned (section 3.a)	No
3	The opening of a new market	For example that the Ministry of Magic wants protecting tools for the employees (6-6-115)	Yes
4	The conquest of a new source of supply of raw materials	No, as production methods are not mentioned (section 3.a)	No
5	The carrying out of the new	For example the new channel for distribution: Owl order service (6-15-287)	Yes

Summary: Schumpeter's six criteria for innovation are met in an exemplary way and to a higher degree than it would ever be possible in real life. There are three kinds of innovation involved: New goods, opening of a new market, and the carrying out of a new organization – and I believe that J.K. Rowling has created this regularity without knowing Schumpeter's criteria but out of sheer wish to tell an interesting story.

<i>'Anyway, where's the fun without a bit of risk?' Fred Weasley, 4-12-210</i>
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6. How to Describe Business Life?

In this section I will discuss hypothesis 3: "J.K. Rowling's way of describing business life in the magical world is interesting and suitable for her readers".

1. It is demanding to recognize the business life because you need certain background knowledge to judge the economic parts of the story, for example the Common Market parodies in section 4.c. To illustrate that is here a non-economic example that takes certain knowledge of British everyday for granted: Mr Weasley arrives to the Muggle home of the Dursleys by transferring to the fireplace but finds it blocked:

Loud bangings and scrapings were coming from behind the Dursleys' boarded-up fireplace, which had a fake coal fire plugged in front of it. ... [Harry] approached the fireplace and called through the boards: 'Mr Weasley? Can you hear me?' ... it's Harry ... the fireplace has been blocked up. You won't be able to get through there.'
'Damn' said Mr Weasley's voice. 'What on earth did they want to block up the fireplace for?' (4-4-51 f.)

This is funny, well, but much funnier if you know that in the Muggle world **all** British fireplaces in the cities are boarded up with fake coal fire plugged in front of them – and only wizards like Mr. Weasley doesn't know that.

2. How do the target groups understand the description of business life? In section 3.c I referred, how Rowling's writing has become more sophisticated as Harry Potter has grown older.

- **Young readers:** Many children will recognize patterns from the shops they know. Some of the younger readers will not understand all the economic matters, but as long as they still feel that the story is exiting, they will continue reading and enjoy the text. They will remember the way Fred and George created a business of their own.
- **Adults** can grasp the economic subplot and enjoy how it is mixed up with other parts of the action. Adults may recognize patterns and compare to their experience, so they will have the greatest yield of this part of the story.

3. Is the description of business life interesting? The economic subplot adds life and colour to the action of the books. Hopefully I have been able to show what I find interesting by the means of citations in sections 4 and 5. Many descriptions are quite funny. It is unlikely, that you will ever hear another bookseller explain a situation like this:

'I thought we'd seen the worst when we bought two hundred copies of the Invisible Book of Invisibility – cost a fortune, and we never found them ... Well, is there anything else I can help you with?' (3-4-61)

4. Is the description of business life suitable? This is difficult to answer, because what is suitable depends on the target group.

- **Young readers:** Today's business life is very complicated and cannot be explained in a children's book. It would be pointless to try to explain the complicated realities of nowadays, for example the economics of television commercials or the value of data warehousing. The simple description of business life connects the story to a part of the world that children meet in their everyday life.

- **Adults** can enjoy the descriptions of the business life, including the parodies. However, the small-scale, stable description of business life may contain a danger in that respect that some readers may wish that today's business life would return to the Adam-Smith-like past. Regarded this way the description will have an ideological effect that I do not think was the intention of the author.

Summary: The description of business life is interesting, as it adds life and colour to the action of the books. The description is suitable as well, as the simple business life connects the story to a part of the world that children meet in their everyday life. However, the small-scale, stable description of the business life may contain a danger in that respect that some readers may wish that today's business life would return to the Adam-Smith-like past.

'The consequences of our actions are always so complicated, so diverse, that predicting the future is a very difficult business indeed.' Albus Dumbledore (3-22-459)

7. Judging the Hypotheses

Note: The text in this section consists of hypotheses repeated from section 1.a above merged with paragraphs repeated from section 4.e, 5.h, and 6 above.

Hypothesis 1:

The business life in Diagon Alley and elsewhere in the magical world agrees with Adam Smith's descriptions.

Summary: J.K. Rowling describes ordinary business life in the magical world as small-scale and relatively stable quite like Adam Smith saw business life in the ordinary world around him. However, there are traces of modern marketing in section 4.b.

Conclusion: I confirm hypothesis no. 1.

Hypothesis 2:

Fred and George Weasley's new business agree with Schumpeter's theories on entrepreneurs.

Summary: Schumpeter's six criteria for innovation are met in an exemplary way and to a higher degree than it would ever be possible in real life. There are three kinds of innovation involved: New goods, opening of a new market, and the carrying out of a new organization – and I believe that J.K. Rowling has created this regularity without knowing Schumpeter's criteria but out of sheer wish to tell an interesting story.

Conclusion: I confirm hypothesis no. 2.

Hypothesis 3:

J.K. Rowling's way of describing business life in the magical world is interesting and suitable for her readers.

Summary: The description of business life is interesting, as it adds life and colour to the action of the books. The description is suitable as well, as the simple business life connects the story to a part of the world that children meet in their everyday life. However, the small-scale, stable description of the business life may contain a danger in that respect that some readers may wish that today's business life would return to the Adam-Smith-like past.

Conclusion: I confirm hypothesis no. 3.

7.a Considerations of Validity

There are four considerations one always should take into account in social studies:

1. *Validity: Is this study actually examining what it claims to study?* Yes, there is agreement between the hypotheses and the studied matters in sections 4 to 6.
2. *Reliability: Is the study carried out in a sufficiently exact way?* Yes, I consider there is a reliable connection between the chosen theories and the findings in the text.
3. *Representability: Are data representative of the case?* Yes. I have extracted and analyzed all parts of the text dealing with the exchange of goods and money

from the Harry Potter books 1-6, meaning that there can be no problems with representability.

4. *Method: Is the chosen method appropriate?* Yes, the model with interpretation of the author's intentions seems appropriate.

8.Sources

8.a *Harry Potter Books*

- J.K. Rowling 1997: *Harry Potter and the Philosopher's Stone*, paperback 1998, 223 p.
J.K. Rowling 1998: *Harry Potter and the Chamber of Secrets*, paperback 2004, 366 p.
J.K. Rowling 1999: *Harry Potter and the Prisoner of Azkaban*, paperback 2004, 468 p.
J.K. Rowling 2000: *Harry Potter and the Goblet of Fire*, paperback 2004, 796 pages
J.K. Rowling 2003: *Harry Potter and the Order of the Phoenix*, 766 pages
J.K. Rowling 2005: *Harry Potter and the Half-Blood Prince*, 607 pages

All of the Harry Potter books are published by Bloomsbury, London.

8.b *Other Books*

- Esben Sloth Andersen 2004: *Joseph A. Schumpeter*, Jurist- og Økonomforbundets Forlag, København
- Ib Andersen 2003: *Den skinbarlige virkelighed (The Incarnate Reality*, textbook of social sciences methods), Samfundslitteratur, København
- Bukh, Bang & Hegaard 2004: *Strategikort (Strategy Maps)*, Børsens Forlag, Copenhagen
- Janet Hichman: Introduction, in Dorothy L. Sayers (1939): *Striding Folly*, New English Library, London, 1972
- Richard Lynch 2003: *Corporate Strategy*, Third Edition, Prentice Hall, Harlow
- Caroline B. van der Plas 2005: *Harry Potter og oversætterens univers (Harry Potter and the Universe of the Translator)*, unpublished dissertation, September 2005, Aarhus School of Business
- David Reisman 2004: *Schumpeter's Market*, Edward Elgar, Cheltenham
- Jan-U. Sandal 2003: *Jakten på Entreprenøren (Hunting the Entrepreneur)*, Almqvist & Wiksell, Stockholm
- Dorothy L. Sayers 1933: *Murder Must Advertise*, Pockets Books, New York 1939
- Joseph A. Schumpeter 1934: *The Theory of Economic Development. An inquiry into Profits, Capital, Credit, Interest, and the Business Cycle*, Harvard University Press, Cambridge (Seventh printing, 1961)
- Adam Smith 1776: *An Inquiry into the Nature and Causes of the Wealth of Nations*, seventh edition, 1773

8.c *Internet Sites*

- http://en.wikipedia.org/wiki/Harry_Potter
http://www.ebbemunk.dk/smith/BOOK1a_CHAP_II_.html
http://www.ebbemunk.dk/smith/BOOK1a_CHAP_VI_.html
http://www.ebbemunk.dk/smith/BOOK1b_PART_FIRST_.html
<http://www.ebbemunk.dk/smith/BOOK1c.html>
http://www.ebbemunk.dk/smith/BOOK4a_CHAP_II_.html
http://www.jkrowling.com/textonly/en/news_view.cfm?id=80
<http://www.newkerala.com/news.php?action=fullnews&id=87447>
<http://www.wilkiecollins.demon.co.uk/coinage/coins.htm>

9. Appendixes

9.a Books, Chapters, and Page Numbers

Here is a conversion table to find approximate page numbers in other editions, other languages etc.:

	Book 1	Book 2	Book 3	Book 4	Book 5	Book 6
Ch. 1	7	7	7	7	7	7
Ch. 2	19	18	23	23	24	25
Ch. 3	28	31	39	34	43	42
Ch. 4	39	50	57	47	58	59
Ch. 5	49	74	79	60	76	81
Ch. 6	67	98	107	76	92	103
Ch. 7	85	115	135	86	112	124
Ch. 8	98	134	154	108	126	148
Ch. 9	107	154	176	132	137	163
Ch. 10	121	176	199	162	163	184
Ch. 11	133	198	22	176	181	205
Ch. 12	143	223	253	190	200	223
Ch. 13	158	246	274	213	226	242
Ch. 14	167	269	292	230	251	261
Ch. 15	177	286	315	251	274	284
Ch. 16	191	305	339	273	295	305
Ch. 17	209	329	358	299	312	327
Ch. 18	.	351	376	316	332	350
Ch. 19	.	.	686	344	352	374
Ch. 20	.	.	407	370	372	398
Ch. 21	.	.	416	398	390	419
Ch. 22	.	.	448	421	412	439
Ch. 23	.	.	.	440	433	460
Ch. 24	.	.	.	473	456	480
Ch. 25	.	.	.	499	480	500
Ch. 26	.	.	.	522	503	519
Ch. 27	.	.	.	554	528	541
Ch. 28	.	.	.	582	550	557
Ch. 29	.	.	.	613	574	570
Ch. 30	.	.	.	631	596	590
Ch. 31	.	.	.	657	520	.
Ch. 32	.	.	.	689	643	.
Ch. 33	.	.	.	698	662	.
Ch. 34	.	.	.	715	674	.
Ch. 35	.	.	.	726	689	.
Ch. 36	.	.	.	750	712	.
Ch. 37	.	.	.	776	723	.
Ch. 38	745	.

9.b List of Characters

Harry and friends:	Harry Potter, Ron Weasley, and Hermione Granger
Ron's family:	Parents Arthur Weasley and Molly Weasley, Elder brothers: Percy Weasley, Fred Weasley, George Weasley (and two more), younger sister Ginny Weasley
Hogwarts teachers:	Headmaster Albus Dumbledore, Professors: Minerva McGonagall, Rubeus Hagrid, Horace Slughorn, Gilderoy Lockhart, Dolores Umbridge
Other Hogwarts pupils:	Tom Riddle, McLaggen, Zabini, Melinda Bobbin, Lee Jordan
The Dursley family:	Petunia, Vernon, Dudley
Public servants:	Mr. Crouch, Ludo Bagman
Others:	Dobby: House-elf at Hogwarts Madam Rosmerta: Landlord of The Three Broomsticks Mundungus Fletcher: Shady character

9.c Countries and Nationalities Mentioned

All of the action takes place in England and Scotland (if Hogwarts is in Scotland), but there are a lot of other countries mentioned:

Book 2:	Majorca 2-1-13
Book 4:	In the chapters on Quidditch: Albania, Australia, Ireland, Peru (+ 6-6-116), Bulgaria, England, Transsylvania, Wales, Uganda, Luxembourg, Norway, Egypt
Book 5:	Spain 5-1-9, Greenland 5-5-77, Assyria 5-10-169, Poland 5-19-355

Strangely enough the United States are only mentioned in one sentence:

.. while a group of middle-aged American witches sat gossiping happily beneath a spangled banner stretched between their tents which read: The Salem Witches' Institute. (4-7-93)

9.d Note on Tobacco, Alcohol, etc.

Tobacco is only mentioned sparingly. Among young people it is only in the Muggle world, as Dudley is smoking on street corners (5-1-8). Professor Wilhelmina Grubbly-Plank is smoking pipe (5-17-318), and some other grown-ups are smoking at pubs, etc.

Young people are allowed to drink Butterbeer (3-10-217). There is very little on strong alcohol. Exception: Ron is wondering, whether he could order Firewhisky in the Hog's Head in Hogsmeade (5-16-301).

The effects of drug abuse are discussed in books 1 and 6. In book 1 the Headmaster Albus Dumbledore explains the Mirror of Erised to Harry Potter:

'.. shows us nothing more or less than the deepest, most desperate desire of our hearts. ... However, this mirror will give us neither knowledge or truth. Men have wasted away before it, entranced by what they have seen, or been driven mad, not knowing if what it shows is real or even possible.' (1-12-157)

In book 6 professor Slughorn is explaining how the love potion works:

'Amortentia doesn't really create LOVE, of course. It is impossible to manufacture or imitate love. No, this will simply cause a powerful infatuation or obsession. It is probably the most dangerous and powerful potion in this room – oh yes,' he said, nodding gravely at Malfoy and Nott, both of whom were smirking sceptically. 'When you have seen as much of life as I have, you will not underestimate the power of obsessive love ...' (6-9-177)

Slughorn is describing the Felix Felicis potion, which make you lucky:

'Desperately tricky to make, and disastrous to get wrong. However, if brewed correctly, as this has been, you will find that all your endeavours tend to succeed ... at least until the effects wear off.'

'Why don't people drink it all the time, sir?' said Terry Boot eagerly.

'Because if taken in excess, it causes giddiness, recklessness and dangerous overconfidence,' said Slughorn. *'Too much of a good thing, you know ... highly toxic in large quantities, but taken sparingly, and very occasionally ...'(6-9-177)*

9.e Storytelling as Marketing for Film No. 5

What is Warner Brothers' idea of releasing the story below? I think that the idea is to let us know that behind the characters of Harry Potter and Hermione are real human beings, who grow up and must pass their examinations in real life. Have pity on Daniel and Emma as they must work through. Anybody else working on the film may have a month off in the middle of the summer!

Actors' exams will cost the Warner Brothers

Washington: The makers of the Harry Potter series, Warner Bros are set to lose about 3.6 million dollars, to enable Harry and his friends to take their exams in real life Daniel Radcliffe and Emma Watson who play Harry and Hermione in the series will sit for their Advanced Supplementary (AS) Levels and General Certificate of Secondary Education (GCSE) exams this summer, stalling the progress of the fifth movie "Harry Potter and the Order of the Phoenix", by a month.

"Not everyone is going to be paid but Warner Bros are having to factor in an extra GBP2 million into the budget to pay for studio hire and offices," a source was quoted by Contactmusic, as saying.

Radcliffe, is studying English literature, history, religion and philosophy, while co-star Watson, will take the exams for standard subjects including English, Maths and Science.³⁵



- ¹ http://en.wikipedia.org/wiki/Harry_Potter
- ² http://en.wikipedia.org/wiki/Harry_Potter
- ³ Ib [Andersen 2003](#): Den skinbarlige virkelighed (*The Incarnate Reality*, textbook of social sciences methods), Samfundslitteratur, København, p. 24 ff.
- ⁴ References to *Wealth of Nations* are to book, chapter, and various subdivisions. Source: http://www.ebbemunk.dk/smith/BOOK4a_CHAP_II.html
- ⁵ http://www.ebbemunk.dk/smith/BOOK1a_CHAP_II.html (both citations)
- ⁶ http://www.ebbemunk.dk/smith/BOOK1a_CHAP_VI.html (all three citations)
- ⁷ Jan-U. [Sandal 2003](#): Jakten på Entreprenøren (*The Hunt for the Entrepreneur*), Almqvist & Wiksell, Stockholm, p. 14
- ⁸ <http://www.ebbemunk.dk/smith/BOOK1c.html>
- ⁹ http://www.ebbemunk.dk/smith/BOOK1b_PART_FIRST.html
- ¹⁰ Esben Sloth [Andersen 2004](#): Joseph A. Schumpeter, Jurist- og Økonomforbundets Forlag, København, p. 34 f.
- ¹¹ [Andersen 2004](#) p. 32 f.
- ¹² [Lynch 2003](#) p. 223
- ¹³ Joseph A. [Schumpeter 1934](#): The Theory of Economic Development. An inquiry into Profits, Capital, Credit, Interest, and the Business Cycle, Harvard University Press, Cambridge (Seventh printing, 1961). The list is according to [Andersen 2004](#) p. 41 f.
- ¹⁴ [Schumpeter 1934](#) p. 64, including note 1.
- ¹⁵ [Schumpeter 1934](#) p. 88, also: "Although entrepreneurs of course *may* be inventors just as they may be capitalists, they are inventors not by nature of their function but by coincidence and vice versa."
- ¹⁶ [Schumpeter 1934](#) p. 66
- ¹⁷ [Schumpeter 1934](#) p. 66
- ¹⁸ [Schumpeter 1934](#) p. 69, also p. 70: "... in carrying out new combinations, "financing" as a special act is fundamentally necessary".
- ¹⁹ [Schumpeter 1934](#) p. 67
- ²⁰ [Schumpeter 1934](#) p. 66, and [Andersen 2004](#) p. 39
- ²¹ [Sandal 2003](#) p. 218
- ²² David [Reisman 2004](#): Schumpeter's Market, Edward Elgar, Cheltenham, p. 56, here referring to Joseph [Schumpeter 1934](#): History of Economic Analysis, Allen and Unwin, London
- ²³ [Bukh, Bang & Hegaard 2004](#): Strategikort (*Strategy Maps*), Børsens Forlag, Copenhagen, p. 19, here referring to Peter Drucker 1993: Post-Capitalist Society, among others
- ²⁴ Richard [Lynch 2003](#): Corporate Strategy, Third Edition, Prentice Hall, Harlow, p. 209, 360, 390, 429, 536
- ²⁵ Interview on J.K. Rowling's official website: http://www.jkrowling.com/textonly/en/news_view.cfm?id=80
- ²⁶ Here is maybe an error: The Weasley family is "listening to a Christmas broadcast by Mrs Weasley's favourite singer, Celestina Warbeck, whose voice was warbling out of the large wooden wireless" (6-16-309). Clearly, the wireless is large, wooden, and old-fashioned, but one could wonder if it is not worked by electricity?
- ²⁷ One exception: 'Rumours about the Yule Ball were flying everywhere ... for instance, that Dumbledore had bought eight hundred barrels of mulled mead from Madam Rosmerta.' (4-22-428)
- ²⁸ http://en.wikipedia.org/wiki/Harry_Potter
- ²⁹ Caroline B. [van der Plas 2005](#): Harry Potter og oversætterens univers (*Harry Potter and the Universe of the Translator*), unpublished dissertation, September 2005, Aarhus School of Business, pages 36, 46, 47.
- ³⁰ http://en.wikipedia.org/wiki/Harry_Potter, the figure is per January 2006.
- ³¹ http://en.wikipedia.org/wiki/Harry_Potter
- ³² Written by J.K. Rowling at a time when nobody else had ever heard of Harry Potter.
- ³³ See more on money and coinage in Victorian Britain: <http://www.wilkiecollins.demon.co.uk/coinage/coins.htm>.
- ³⁴ Dorothy L. [Sayers](#) (1883-1950) was a learned, somewhat eccentric lady. After an education in Oxford she was working as a copywriter in the advertising agency of Messrs S.H. Benson Ltd. in London 1923-31. The novel *Murder Must Advertise* takes place in the authentic setting which she knew very well, the advertising agency. The citation is from page 372 in the book.
- ³⁵ News: <http://www.newkerala.com/news.php?action=fullnews&id=87447>.