GCSE Year 10

BUSINESS

Home Learning Booklet

Term 1

1.1 Enterprise and Entrepreneurship

1.2 Spotting a Business Opportunity

Student Information

Name: ____________________

Class: ____________________

Date Set: ____________________

Date Completed: ____________________

Instructions

- Complete all six tasks.
- Use information from lessons, exercise books, Knowledge Organisers and previous learning.
- Remember paragraph structure – **POINT – BECAUSE/LEADING TO/THEREFORE**
- Remember exam skills – **KNOWLEGE/APPLICATION/ANALYSIS/EVALUATION**

Week 2

1.1 Enterprise and Entrepreneurship

1. Dynamic Nature of Business

Dynamic -"constantly changing"

This change results in **new businesses,** and the development of **new ideas**

1. TECHNOLOGY

Results in products and services that are:

- Faster
- Smaller
- Cheaper
- Easier to produce
- Safer

2. CHANGING CONSUMER NEEDS

- Fashions
- Economy
- Lifestyle
- Demographics
- Technology

3. OBSOLESCENCE

Products and services become outdated quickly. Some products are even designed only to last a short amount of time

"PLANNED OBSOLESCENCE"

2. Risk and Reward

Risk-"probability of a negative outcome happening"

RISK

- Business failure
- Financial loss
- Lack of security

REWARD

- Business success
- Profit
- Independence

Reducing risk . . .

Business plan, market research, start-up finance

RISKY BUSINESSES . . .

1.Seasonal (cash flow)

2.Highly competitive (sales)

3.Owner's knowledge is poor

3. The Role of Business Enterprise

Suppliers

Inputs
Resources such as:
Energy
Materials
Technology
People
Information
Finance

Business
Production and transformation

Outputs
Products (goods and/or services)

Customers

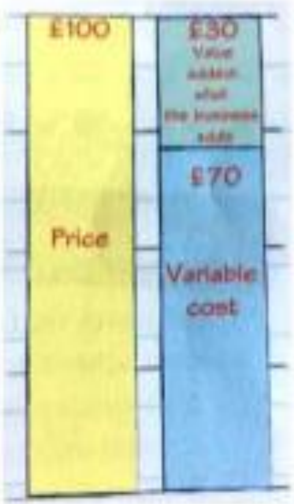
1.1 Enterprise and Entrepreneurship

4. Added Value

A successful business will be able to add value o their products and services. This can be done by lowering variable costs, or adding something that will make customers pay more

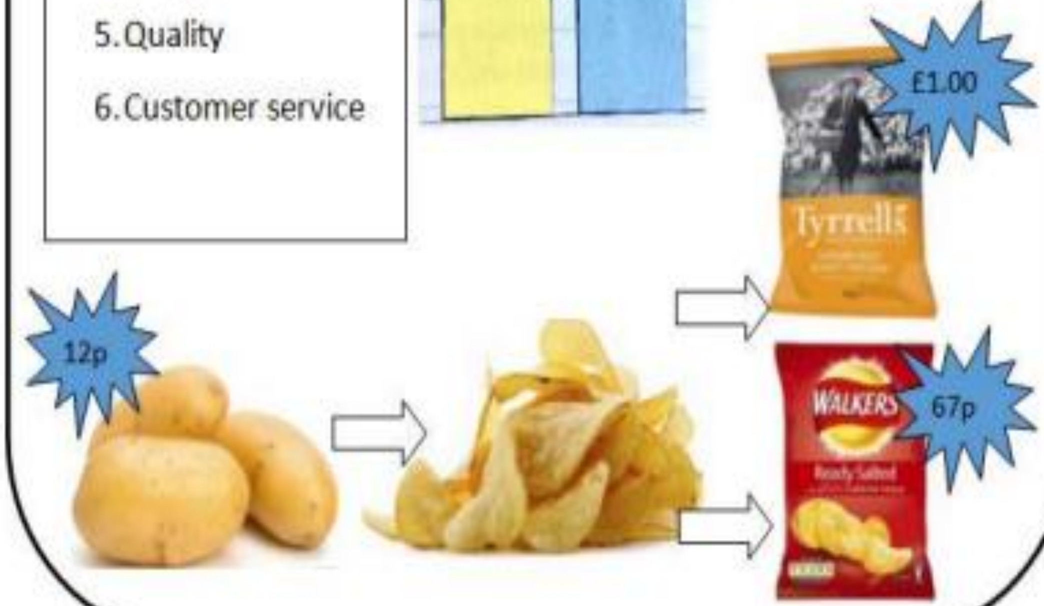
Ways to add value

1. Convenience
2. Branding
3. USP
4. Design
5. Quality
6. Customer service



Calculating Value Added:

Selling price - production cost



5. The Role of Entrepreneurship

Entrepreneur -"a person who owns and runs their own business. They are risk-takers who have an initial idea and the willingness and confidence to see it through"

This change results in **new businesses,** and the development of **new ideas**

CREATIVITY

The act of turning new and imaginative ideas into reality.

INVENTION

Creation of a new idea or concept

INNOVATION

Turning a new concept into commercial success of widespread use

Benefits to the economy:

Creating products and services to meet needs, creating jobs, generating economic activity through consumer spending, exporting goods abroad

FOCUS
Risk and Reward

Exam Focus

Risk

"The possibility that an enterprise will have lower than anticipated profits, experience a loss, or fail"

RISK

1. Business failure

Can occur because your business does not make enough sales revenue (lack of interest, poor market research, not meeting needs and wants). If your business is unable to purchase materials and continue it will fail

2. Financial loss

Businesses can be very expensive to run, and sole traders are likely to invest their personal money into the business.. They could lose their savings , and if things don't go well their personal possessions.

3. Lack of security

Choosing to set up on your own, often means you give up working for someone else where you would have been paid on a regular basis. This can mean you don't know when or if you will get paid (profits) from your business. This can make people feel very anxious

Reward

"The benefit (s) that an entrepreneur or investor receives when a business is successful. They include; business success, profit, independence"

REWARDS

1. Business success

Success can lead to a real sense of pride and achievement

2. Profit

If the business is successful the owner will take the profits as his earning. More profits, more money in the bank account!

3. Independence

Many people don't like being told what to do. Being an entrepreneur means to work for yourself and make all of your own decisions.

WEEK 2

Q1	**Fill in the gaps**
A business is an organisation that provides goods or services for people to buy to satisfy their needs. When starting a business, an _________________________ may have spotted a __________ in the _____________________ or believe that they can offer goods or services that are much _____________________ than what is currently available to consumers. This may be a completely _____________ idea, not seen in the market before, or an ______________________________ to an existing good, service or idea. New ideas can come about due to changes in ______________________________, changes in what consumers ____________________or because a good or service is no longer demanded i.e. it has become __________________________.	
	Choose from: *adaptation; better; new; want; technology; market; entrepreneur; obsolete; gap*

Q2	**Match it! Match the reason why new business ideas come about to the most appropriate example**		
	2.1 Changes in technology		**a.** CDs being replaced by different music formats
	2.2 Changes in what consumers want		**b.** Development of 4G
	2.3 Products and services becoming obsolete		**c.** Increased concern for healthy eating

Q3	**Key terms! Explain the meaning of each of the following… an you include an example (APPLICATION)**
Think	**POINT - BECAUSE . . . .LEADING TO . . . . THEREFORE**
	3.1 Original ideas
	3.2 Adapting existing products/services/ideas

Q4	**Original or adaptation? Identify whether each of the following examples is an original idea or an adaptation of an existing product/service/idea**		
		Original idea	**Adapting existing product/service/idea**
	4.1 Dark chocolate Kit Kat		
	4.2 Hoverboard		
	4.3 Snapchat		
	4.4 iPhone 8		
	4.5 Coke Zero		

Q5 **True or false? Identify if the following statements are true or false**	
5.1 Research and development costs are likely to be less when adapting an existing product	
5.2 An original idea will always make the business more profit	
5.3 It is usually easier to adapt an existing product than think of a new one	
5.4 Developing a new product is usually a cheaper alternative for a business than adapting an existing product	
5.5 Adapting an existing idea will always be successful	

WEEK 3

Q1	**Fill in the gaps**

The term "enterprise" can have two meanings. It is often used as another name for a business and it can also be known as the ____________________ of turning an idea into a successful ____________________________. People who show enterprise skills and start their own businesses are known as _______________________________. Examples of famous entrepreneurs are Richard Branson, who started ___________________, Mark Zuckerberg, who started _________________, and Steve Jobs who started _______________________.

Entrepreneurs are ____________________________ by business _______________________. When setting up and running a business, they will have to make many decisions that involve a degree of ________________. Risk can be ________________ for and therefore minimised, for example by undertaking detailed _________________________ research to produce goods and services that meet __________________________ needs.

Choose from: risk; success; market; Apple; motivated; Facebook; customer; entrepreneurs; skill; business; Virgin; planned

Q2	**Risk or reward? Identify whether each of the following is a risk or reward to an entrepreneur of starting up a business enterprise**	**RISK**	**REWARD**
	2.1 Independence		
	2.2 Financial loss		
	2.3 Increases in market share		
	2.4 Profit		
	2.5 Business failure		
	2.6 Lack of security		
	2.7 High sales levels		

Q3	**Good or service? Do each of the following firms produce goods or supply services?**		
		Produce goods	**Supply services**
	3.1 British Airways		
	3.2 Kellogg's		
	3.3 Apple		
	3.4 Kwik Fit		
	3.5 Nike		
	3.6 Jaguar Land Rover		
	3.7 Facebook		

Q4	**Match it - number 1! Match the different ways a business can add value to the correct example**	
4.1 Convenience		**a.** When a business launches an updated product with new features e.g. an i Phone 8 with edge-to -edge display
4.2 Branding		**b.** When a business launches a new product feature which is exclusive to them e.g. an Audi Driver Assist safety features
4.3 Quality		**c.** When a product saves the customer time e.g. ASDA pre grated cheese
4.4 Design		**d.** When a business is recognisable by its name e.g. Nike
4.5 Unique selling point (USP)		**e.** When a product is made to high standards e.g. BMW car

Q5	**Match it - number 2! Match the characteristics of an entrepreneur to the appropriate definition**	
5.1 Organises resources		**a.** Not being afraid to make mistakes when making decisions
5.2 Makes business decisions		**b.** Employs workers, buys equipment, rents buildings to produce goods and services
5.3 Takes risks		**c.** Makes choices about the types of products to sell or whether to open another outlet

1.2 Spotting a Business Opportunity

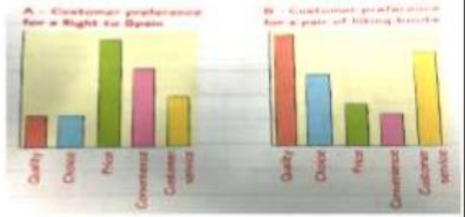
1. Customer Needs

The ability to meet customer needs is important as it will encourage repeat purchase and attract new customers.

1	Quality
2	Choice
3	Price
4	Convenience
5	Customer Service

Customers all have differing needs and personal circumstances which will influence their purchasing decisions.

When buying different products, some factors might be more or less important



2. Market Research

The purpose of market research is to help a business understand its customers, competitors and the market, in which it operates, in order to make better business decisions

Purpose . . .

- Find gaps in the market
- Identify competitors
- Understand trends
- Reduce risk and inform decisions
- Get feedback

Primary Research Methods		
1	Surveys	Analysis:
2	Focus groups	• More accurate
3	Observations	• Up to date
4	Experiments	• Specific to needs
5	Questionnaires	• Effective for qualitative data
6	Social media	• Direct customer contact

Secondary Research Methods		
1	Internet sites	Analysis:
2	Local newspapers	• More general
3	Government reports	• Less time-consuming
4	Market reports	• Effective for quantitative data
5	Telephone directories	
6	Sales data	

Limitations . . .

- Expensive
- Time consuming (for small businesses)
- Sample size—if too small, may not be reliable

BIAS

Research can be biased if customers give the answers they think the business wants them to give. Bias easily occurs by not surveying a 'representative' sample of people

RELIABILITY

In order to make good business decisions the market research and data collected must be reliable. Coming from a representative sample, being accurate and relevant

QUANTITATIVE

Information about people's opinions, judgements and attitudes

QUALITATIVE

Data that can be expressed as numbers and statistically analysed.

1.2 Spotting a Business Opportunity

3. Market Segmentation

Market segment—"A group of buyers with similar characteristics

Methods of segmentation	
D	Demography
I	Income
G	Gender
A	Age
L	Location
L	Lifestyle

Benefits :

- Meet specific needs
- Differentiate products
- Focus on specific groups of customers
- Target marketing activity
- Develop a unique brand image
- Build relationships

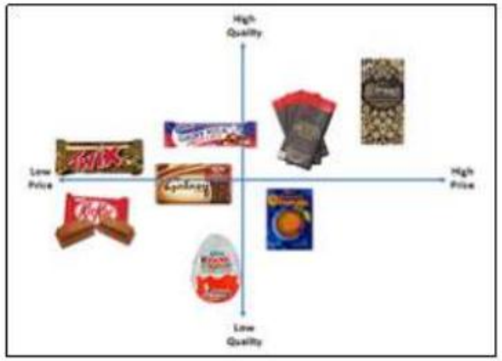
Drawbacks :

- Costly to cater for a range of customers
- Focusing on one type of customer, can mean your lose others
- Characteristics change over time

4. Market Mapping

Used to find a 'gap' in the market, and a businesses position in the market.

Compares two variables; usually price and quality



Helps identify opportunities

Help identify close rivals/competition

Helps support market segmentation

Based on opinions rather than data

Compares on only two variables

5. Competition

Head-to-head competition, is to have similar products and compete on PRICE

A different way to compete is through DIFFERENTIATION

Differentiation:

1. Wider product range (store/branches)
2. Better customer service
3. Stronger brand image (advertising)
4. More convenient location
5. Higher quality
6. Better design

Competitive Markets

Where there are a large number of businesses relative to the number of potential customers. Also true for commodity goods

Drawbacks :

- Low prices to attract customers
- Lower profit margins

FOCUS
Market Research Methods

Exam Focus

Primary Research Methods

(field research)

Surveys - this is about gathering people's opinions and information about your business/ service. To survey—is to gather information about a market or market segment

	**Focus groups** - getting people together to review a product idea. Focus groups allow people to give their detailed feedback and ask questions. Usually small groups of 5-12, it also gives the potential customer a chance to see the product, or try it
	**Observations** - this is where you watch the customer and see what they do. For example, you could set up a supermarket display and then see how many people pick up a particular product. You could watch a certain aisle and see what product attract customers more and use this in your own marketing
	**Experiments** - including product trials you would ask potential customers to use (or eat) your product to get their reviews. Apple did this with the iPhone X when they sent phones to journalists and social media bloggers to try to product two weeks before launch
	**Questionnaires** - A quick way to gather a lot of information from the public. Simple forms can include open and closed questions
	**Social media** - polls can be used on social media, as can peoples comments in relation to posts. This can be an effective method of getting a lot of feedback very quickly, due to sharing and communities on social media websites like Facebook and YouTube

Secondary Research Methods

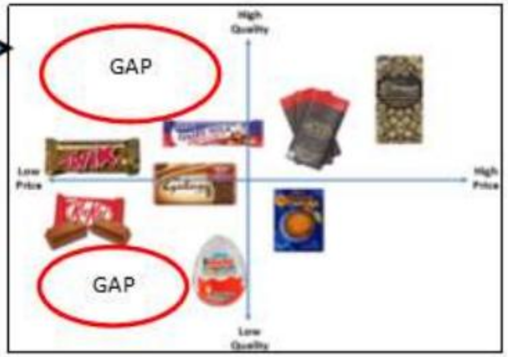
(desk research)

	**Internet sites** - used to gain information about competitors as well as lots of other information. Quick to access and virtually free. Lots of information can be found
	**Local newspapers** - newspapers can include names and adverts of other businesses and potential competitors.
	**Government reports** - written about specific areas of government concerns like; health and obesity in the UK, transport reports, crime statistics
	**Market reports** - written about purchasing habits and changes with a specific market; for example the confectionery, health and fitness or car market. Good for identifying trends
	**Telephone directories** - excellent for identifying competitors and getting contact details. You could then use this information to find out about services and prices (competitor analysis)
	**Sales data** - having sales data and sale reports can allow you to find trends in purchases, which can be liked to consumer wants and needs. If something is reducing in sales, perhaps it is becoming obsolete

Market Map

Used to identify competitors in your market, and any gaps that you could fill with your business idea.

Find a gap, come up with a USP and gain customers!!



WEEK 4 - 1.2.1 CUSTOMER NEEDS

Q1	**Fill in the gaps**
Identifying and understanding customer _________________ is very important to a business and, if done successfully, will mean a business is able to provide _____________________ or services that customers will want to _________________. This, in turn, will help generate ____________________ and reduce the ________________ of launching an unsuccessful product, which will therefore increase the chances of business _____________________. Customer needs include ___________________, quality, ______________________ and convenience.	
	***Choose from**: chance; choice; goods; price; needs; buy; survival; sales*

Q2	**Match it - number 1! Match the customer need to the relevant definition**	
2.1 Price		**a.** when the customer has a range of options from which to choose
2.2 Quality		**b.** the amount a business charges a customer for its goods/services
2.3 Choice		**c.** when a customer's life is made easier by choosing specific goods/services
2.4 Convenience		**d.** when customer expectations are met or exceeded when purchasing and using a good/service

Q3	**Match it - number 2! Match the customer need to the relevant example**		
	3.1 A supermarket sells award winning own label products		**a.** Price
	3.2 A supermarket has a wide range of breakfast cereals on offer		**b.** Quality
	3.3 A supermarket opens smaller local stores		**c.** Choice
	3.4 A supermarket charges 30 pence for its own brand baked beans		**d.** Convenience

Q4	**What's your opinion? Explain how a business could satisfy each of the following customer needs in the following situations…**				
		Price	**Quality**	**Choice**	**Convenience**
	4.1Tent – to be used by a family				
	4.2 Coffee shop - to be visited by students				

Q5	**Mini case study**
	"Tan Time" is a manufacturer of sun cream. The business has found that male customers prefer sun cream that is easy to apply, demand value for money and they are not concerned with choosing from a large product range. In contrast, female customers prefer to select their sun cream from a range. They also prefer creams which moisturise the skin and have a luxurious feel and, in return, they are prepared to pay high prices. Both genders, however, agree that they are extremely interested in the protection that any sun screen would give them against the harmful rays of the sun. **5.1** Using the information in the case study, complete the table by identifying the differences in customer needs between males and females when buying sun cream

	Price	**Quality**	**Choice**	**Convenience**
Customer needs:- males:				
Customer needs:- females:				

WEEK 5 1.2.4 SEGMENTATION

Q1	**Fill in the gaps**

Market ______________________ is the process of splitting _________________________ within a market into ______________________ with common __________________________, needs or wants. This process means a business can _____________________ a particular group of customers more effectively with its

_______________________ or services. There are many different ways to ____________________ the market, such as by ___________ or _____________________. If a business targets a particular segment that has _____________________ needs, it can then make sure it selects an appropriate marketing ______________ for the product and its customers. This practice should increase sales and help the business to be _________________________. Furthermore, a business can undertake market ____________________________to identify a _____________ in the _________________________ and the competition that exists within that market at a point in time.	
	***Choose from**: income; gap; competitive; groups; target; segment; mix; mapping; customers; market; segmentation; age; characteristics; similar; goods*

Q2	**Match it! Identify the type of segmentation used in each of the following examples**	
2.1 A sports car aimed at wealthy customers		**a.** Demographics - gender
2.2 A cinema targeting customers who live within 10 miles of a city centre		**b.** Age
2.3 A new range of meals produced specifically for vegetarians		**c.** Location
2.4 A chocolate bar aimed at school children		**d.** Income
2.5 A clothing range aimed at males		**e.** Lifestyle

Q3	**Pros and cons! Identify which of the following statements are advantages of market segmentation and which are disadvantages**	**ADV**	**DISADV**
3.1 Goods and services can be better matched to customer needs			
3.2 Any marketing communication can be tailored for a particular market segment			
3.3 If a business aims at a particular segment, they may end up ignoring a large number of customers			

Q4	**Match it! Match the key term to the correct definition**	
4.1 Market map		**a.** businesses that operate in the same market which are trying to attract and gain sales from others
4.2 Gap in the market		**b.** is a method used to identify where a product is positioned in the market in terms of certain criteria e.g. high price / low price / high quality / low quality
4.3 Competition		**c.** a place in the market where existing consumer needs are not being met

Q5	**True or false? Identify if each of the following statements are true or false**	**T**	**F**
5.1 A market map helps to identify where a market is overcrowded			
5.2 A market map helps to identify a gap in the market			
5.3 A gap in the market identified through market mapping guarantees demand for a product			
5.4 Market mapping does not help to identify the position of competitors			
5.5 Market research helps a business to establish the factors/criteria to be used in market mapping			
5.6 One example of a suitable market mapping factor/criteria is basic quality / high quality			

WEEK 6 1.2.3 MARKET RESEARCH

Q1	**Fill in the gaps**
The purpose of market research is to identify and understand customer _____________________. In addition, it can be used to identify ________________ in the market and inform business ___________________________. Market research can also help to reduce _________________, which will help to ensure a business does not waste its time and __________________ producing a product that few customers will want to buy.	

There are many different _________________ of market ______________________ available to a business. The choice that each business makes will be dependent on a number of factors, such as the budget or money the business has available to carry out the research and the specific type of __________________________ it wishes to find out.

It is also important for a business to understand how reliable any market research data collected is, in terms of the number of people asked, or sample ____________, whether these people are representative, or are _______________, of the other customers that the business targets and whether the data is _____________ i.e. does it favour a particular viewpoint.

Choose from: *typical; research; size; biased; information; decisions; gaps; needs; risk; money; methods*

Q2	**Define it! Define each of these important key terms linked to market research**
2.1 Primary research	
2.2 Secondary research	
2.3 Quantitative data	
2.4 Qualitative data	

Q3	**Match it! Match the method of market research to its correct definition**
3.1 Questionnaire	**a.** An in-depth discussion with a small group of people
3.2 Survey	**b.** Information gathered and published by the Government
3.3 Interviews	**c.** Information collected and published about a specific market e.g. ice cream market
3.4 Focus group	**d.** Looking on-line at data or competitors information
3.5 Internet	**e.** Speaking to people face-to-face to gather their views
3.6 Government reports	**f.** Watching and recording how customers behave
3.7 Market reports	**g.** A set of pre-written questions to ask consumers
3.8 Observation	**h.** Asking people questions to find out information, views and opinions. These can be conducted on-line, face to face, via the telephone or by post

Q4 **Benefit or drawback? Identify whether each of the following statements is a benefit or drawback of primary or secondary research**

	Primary research		**Secondary research**	
	Benefit	**Drawback**	**Benefit**	**Drawback**
4.1 Information available can be out of date				

4.2 Information gathered will definitely be up to date				
4.3 Questionnaire responses could be unreliable if questions asked encourage people to give a particular (biased) answer				
4.4 Information can be collected which is exactly what is needed by the business				
4.5 Sources may be unknown and data may be unreliable				
4.6 Tends to be cheaper and quicker to gather				
4.7 If not enough people are asked the information may not represent a typical consumer's view				
4.8 A lot of information which has been gathered on a large scale is already available to businesses				

Q5	**Mini case study**

"Fit 4 life" is a small, independent gym that is currently struggling for customers. To help improve the situation and aid future decision-making, the business has recently conducted two pieces of market research.

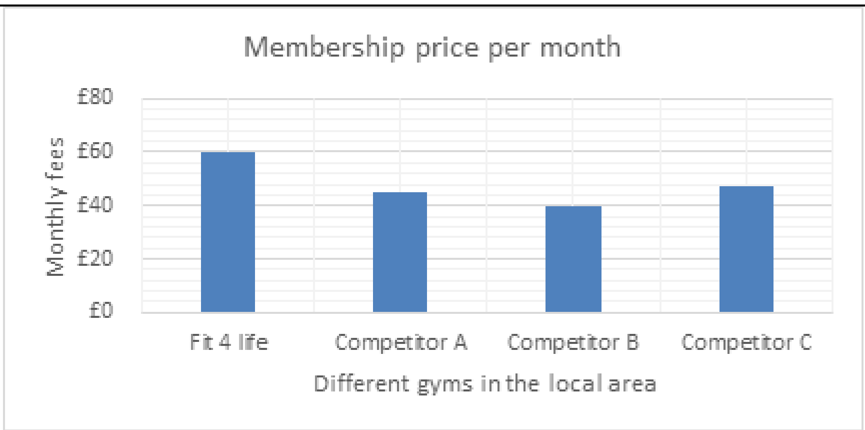
Market research number 1: Primary research via a survey conducted within the gym - 100 customers were asked what they felt was the most important factor when choosing a gym. The answers are displayed in Table 1.

Table 1

Good range of equipment	15%
Low Price	40%
Access to a swimming pool	20%
Cark parking facilities	25%

Market research number 2: Secondary research on competitor gyms, conducted via the internet. The results are shown in Graph 1.

Graph 1



5.1 Complete the table by identifying two benefits and two drawbacks of each method of market research conducted by the gym

	Benefit	**Drawback**
Surveys	1. 2.	1. 2.
Internet	1. 2.	1. 2.

	5.2 Explain how "Fit 4 Life" could use social media to collect market research data (6)

WEEK 7 1.2.5 COMPETITIVE ENVIRONMENT

Q1	**Fill in the gaps**
In a competitive environment, many businesses compete with each other to provide the consumer with ______________ and services. Most businesses will operate in a market where there is some level of ________________________, but there are situations when businesses face ______________ or no competition, such as with Royal Mail's letter delivery service. The strength and weaknesses of _____________________________ in the market can be based upon the ______________ they charge, the _________________of their goods and services, their physical _________________________, the extent of their product range and the level of customer service they offer. Competitors and their actions can have a big impact on the _____________________- ____________________ of a business.	
	Choose from: *price; decision-making; quality; location; competitors; goods; competition; little*
Q2	**Key terms! Explain what you understand by the following terms…**
	2.1 Market
	2.2 Competition
	2.3 Competitive environment

Q3	**Odd one out! Reveal the odd one out by selecting all the situations in which a business is likely to face minimal or no competition**	
	3.1 When a business is the only seller of a particular good or service	
	3.2 When a business develops a unique, innovative product	
	3.3 When a business is one of a few large businesses which sell a particular good or service	
	3.4 When a business is one of many businesses which sell the same product	

Q4	**Which one? Identify the strength/weakness of each competitor in the specific market**					
	Put the letter **S** or **W** under each category	**Price**	**Quality**	**Location**	**CHOICE**	**CUST SERV**
4.1 A local take away delivers food to customers which is cold			W			
4.2 A supermarket delivery service always arrives on time						
4.3 A high street clothes shop offers a wide range of styles						
4.4 A motorway service station charges more for its fuel than supermarket petrol stations						
4.5 A tourist hotel is within walking distance of all the sights and restaurants						

Q5	**Complete the sentence! Complete each of the sentences below to explain the potential impact of competition on business decision making… POINT – BECAUSE/LEADING TO/THEREFORE 3MARKS**
	5.1 Competition can make a business reduce its prices because…

	5.2 Competition can encourage businesses to innovate because...
	5.3 Competition can make a business cut costs because…
	5.4 Competition can encourage businesses to keep prices down because…