

BUSINESS STUDIES EDEXCEL - A LEVEL



THEME 1 KNOWLEDGE ORGANISER

BUSINESS: *Creating informed, discerning employees, consumers and future leaders*

KNOWLEDGE ORGANISER

Key Vocabulary

Mass Markets: Large, undifferentiated markets where products or services are aimed at a broad consumer base.

Niche Markets: Small, specialized segments of the market with unique needs or preferences.

Dynamic: Characterized by constant change, adaptability, or activity.

Product Orientation: A business approach focused on creating and improving products without necessarily considering customer needs.

Market Orientation: A business approach centered on understanding and meeting customer needs and preferences.

Primary Research: The collection of firsthand data directly from individuals or groups for a specific research purpose.

Secondary Research: The analysis of existing data, often collected for a different purpose, to gain insights or support research objectives.

Topic – Meeting Customer Needs

DO I UNDERSTAND THIS TOPIC?



Topic 1.1. Meeting Customer Needs

1.1.1 The market - Revision

- a) Mass markets and niche markets: characteristics, market size and market share, brands
- b) Dynamic markets: online retailing, how markets change innovation and market growth, adapting to change
- c) How competition affects the market
- d) The difference between risk and uncertainty

1.1.2 Market research - Revision

- a) Product and market orientation
- b) Primary and secondary market research data (quantitative and qualitative) used to:
 - identify and anticipate customer needs and wants
 - quantify likely demand
 - gain insight into consumer behaviour
- c) Limitations of market research, sample size and bias
- d) Use of ICT to support market research: websites social networking, databases
- e) Market segmentation

1.1.3 Market positioning - Revision

- a) Market mapping
- b) Competitive advantage of a product or service
- c) The purpose of product differentiation
- d) Adding value to products/services

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Your own examples:

EXTRA KEY WORDS

Needs: Essential requirements for survival and well-being, such as food, shelter, and clothing.

Wants: Desires or preferences that go beyond basic needs and are influenced by individual tastes and culture.

Market Segmentation: Dividing a market into distinct groups of buyers with similar characteristics, needs, or behaviors.

Market Mapping: Visual representation of how products or brands are positioned in the market relative to each other.

Product Differentiation: The process of making a product or brand distinct from its competitors to attract target customers.

Added Value: The extra features or benefits that enhance a product or service and justify a higher price.

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Key Vocabulary

Demand:

Demand is the amount of a product that consumers are willing and able to buy at any given price.

Supply:

The amount of a product which suppliers will offer to the market at a given price

Price Elasticity of Demand (PED):

Price Elasticity of Demand (PED) measures the sensitivity of demand to a change in price.

Income Elasticity of Demand (YED):

Income Elasticity of Demand (YED) measures the sensitivity of demand to changes in income.

Substitutes:

A substitute is a product or service that consumers see as essentially the same or similar-enough to another product. Put simply, a substitute is a good that can be used in place of another.

Complementary goods:

are products that are typically used together. They are goods that people tend to buy at the same time because they go well together or enhance each other's use.

Demographics:

The characteristics of the population in terms of age and gender

Topic – 1.2 Market

DO I UNDERSTAND THIS TOPIC?



Topic 1.2. Market

1.2.1. Demand - Revision

I understand the factors leading to a change in demand:

- changes in the prices of substitutes and complementary goods
- changes in consumer income
- changes in fashions, tastes and preferences
- advertising and branding
- demographics
- external shocks
- seasonality

1.2.2 Supply - Revision

I understand the factors leading to a change in supply:

- changes in the costs of production
- introduction of new technology
- indirect taxes or government subsidies
- external shocks

1.2.3 Markets - Revision

I understand:

- The interaction of supply and demand
- The drawing and interpretation of supply and demand diagrams to show the causes and consequences of price changes

1.2.4. Price elasticity of demand - Revision

I can undertake the following calculations:

- Calculation of price elasticity of demand
- Interpretation of numerical values of price elasticity of demand

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Your own examples:

Government Subsidies:

<ul style="list-style-type: none"> • The factors influencing price elasticity of demand • The significance of price elasticity of demand to businesses in terms of implications for pricing • Calculation and interpretation of the relationship between price elasticity of demand and total revenue 			
1.2.5. Income elasticity of demand - Revision			
<p>I can undertake the following calculations:</p> <ul style="list-style-type: none"> • Calculation of income elasticity of demand • Interpretation of numerical values of income elasticity of demand • The factors influencing income elasticity of demand • The significance of income elasticity of demand to businesses 			

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Key Vocabulary

Design mix – function, cost and aesthetics

Function – what the product should do and how well it does it.

Aesthetics – how the product appeals to consumers, eg how the product looks, feels or smells

Cost – how cost-effective the product will be to manufacture

Resource depletion – the consumption of a resource faster than it can be replenished.

Waste minimisation – a set of processes and practices intended to reduce the amount of waste produced.

Ethical resourcing – the application of ethical values in organisational behaviour.

Branding – the process of giving a meaning to specific organization, company, products or services by creating and shaping a brand in consumers' minds.

Added Value – The process of increasing the worth of resources by modifying them.

Price Elasticity of demand (PED) – The responsiveness of demand to a change in the price of a product.

USP – Unique selling point – a feature of a product /service that makes it stand out compared to the competition.

Viral marketing – spreading information about a product / service via the internet or email.

Emotional branding - Creating a brand that directly appeals to the customer's emotional state.

Marketing and People

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Topic 1.3 Marketing Mix and Strategy

1.3.1 Product / Service design - Revision

Design mix:

- function / aesthetics / cost

Changes in the elements of the design mix to reflect social trends:

- concern over resource depletion: designing for waste minimisation, re-use and recycling
- ethical sourcing

1.3.2 Branding and Promotion - Revision

Types of promotion

Types of branding

The benefits of strong branding:

- added value
- ability to charge premium prices
- reduced price elasticity of demand

Ways to build a brand:

- unique selling points / USPs)/differentiation
- advertising
- sponsorship
- the use of social media

Changes in branding and promotion to reflect social trends:

- viral marketing /social media / emotional branding

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Viral Marketing - ALS Ice Bucket Challenge

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Key Vocabulary

Competitive pricing: Setting prices based on what similar products or services are priced at in the market to stay competitive.

Cost-plus pricing: Determining the selling price by adding a specific markup percentage to the production cost.

Mark-up: The percentage added to the cost price to determine the selling price.

Penetration pricing: Setting initially low prices to gain a foothold in the market and attract customers.

Predatory pricing: Setting very low prices to eliminate competition, often with the intention of raising prices once competitors are eliminated.

Pricing strategy: A plan outlining how a business will set prices for its products or services.

Psychological pricing: Setting prices to influence consumers' perceptions, often by using pricing that ends in 9 or 99.

Skimming: Setting high initial prices for a new product or service before gradually lowering them.

Unit costs: The average cost of producing one unit of a product, including both fixed and variable costs.

Agent/broker: A person or entity that facilitates transactions between buyers and sellers, often earning a commission.

Breaking-bulk: The process of dividing larger quantities of goods into smaller, more manageable lots for distribution.

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Topic 1.3 Marketing Mix and Strategy

1.3.3 Pricing Strategies - Revision

a) Types of pricing strategy:
 cost plus (calculating mark-up on unit cost)
 price skimming, penetration, predatory, competitive & psychological
 b) Factors that determine the most appropriate pricing strategy for a particular situation:
 o number of USPs/amount of differentiation
 o price elasticity of demand
 o level of competition in the business environment
 o strength of brand
 o stage in the product life cycle
 o costs and the need to make a profit
 c) Changes in pricing to reflect social trends:
 o online sales & price comparison sites

1.3.4 Distribution - Revision

a) Distribution channels
 b) Changes in distribution to reflect social trends:
 o online distribution & changing from product to service

1.3.5 Marketing strategy - Revision

a) The product life cycle
 b) Extension strategies:
 o product & promotion
 c) Boston Matrix and the product portfolio
 d) Marketing strategies appropriate for different types of market:
 o mass markets & niche markets
 o business to business (B2B) and business to consumer (B2C) marketing
 e) Consumer behaviour – how businesses develop customer loyalty

Key Vocabulary

Direct Selling: Selling products or services directly to consumers.

Distribution: The process of getting products or services from the manufacturer to the end consumer.

Distribution Channel: The path that a product or service takes from the manufacturer to the end consumer, including all intermediaries involved.

E-Commerce: Conducting business & trade through electronic means, particularly over the internet.

Intermediaries: Individuals or entities that act as middlemen in the distribution process, connecting producers with consumers.

Retailer: A business that sells goods or services directly to the end consumer.

Wholesaler: A business that purchases goods in large quantities from manufacturers & sells them in smaller quantities to retailers.

Product Portfolio: The collection of products or services offered by a company.

Product Life Cycle: The stages a product goes through from introduction to withdrawal from the market.

Extension Strategies: Methods employed to prolong the life or success of a product in the market.

B2B: Business to business

B2C: Business to consumer



Predatory Pricing - Amazon

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Key Vocabulary

Asset – something a business owns

Flexible Workforce – includes employees on temporary contracts, part time workers and zero contract hours

Outsourcing – giving work to another business to complete

Redundancy – when a job no longer exists

Collective Bargaining – using a Trade Union to – power in numbers

Internal Recruitment – employing someone from within the business.

External Recruitment – employing someone from outside the organisation

Induction Training - first stage of training when you start a new job

On the Job Training – learning the job while in the workplace

Off the Job Training – learning the job away from the work place – can gain qualifications / certificates

Hierarchy –

Chain of Command – the way in which messages are passed down the organisation.

Span of Control – number of subordinates a manager is responsible for

Centralisation – decisions are made by head office

Decentralisation – decisions are made by managers

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Topic 1.4 Managing People

1.4.1 Approaches to Staffing - Revision

Staff as an asset; staff as a cost
 Flexible workforce: -
 Multi-skilling
 Part-time and temporary
 Flexible hours and home working
 Outsourcing
 Distinction between dismissal and redundancy
 Employer/employee relationships / individual approach / collective bargaining

1.4.2 Recruitment, Selection and Training - Revision

Recruitment and selection process: o

- Internal versus external recruitment
- Costs of recruitment, selection and training

Types of training:

- Induction
- on-the-job
- off-the-job

1.4.3 Organisational Structure - Revision

Structure:

- hierarchy
- chain of command
- span of control
- centralised and decentralised

Types of structure:

- Tall / flat / matrix
- Impact of different structures .

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Temporary Workers - Sainsbury's



EXTRA KEY WORDS

Tall – an organisation with lots of layers

Flat – an organisation with only a few layers

Matrix –

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Key Vocabulary

Motivation – to have the desire and interest to be committed to a job role.

Taylor (Scientific Management) – he considered money to be the main factor that motivated workers.

Mayo (Human Relations Theory) –

Maslow (Hierarchy of Needs) – diagram showing the needs of individuals

Herzberg (two factor theory) – developed the two factor theory of job satisfaction and dissatisfaction.

Piecework – paid for hoe much a worker produces (manufacturing)

Bonus – extra payment on top of salary / wages

Profit Share – employees receive a share of the profit.

Performance Related Pay – systems that reward individuals on assessment of their performance and achieving objectives.

Share Ownership – company shares are given to employees

Delegation – a manager gives responsibility to a subordinate.

Empowerment – giving a subordinate the freedom to decide how to complete a task.

Team Working – working with other employees to complete a task.

Job Enrichment – giving an employee greater responsibility.

Job Enlargement – increasing the scope of the job.

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Topic 1.4 Managing People

1.4.4 Motivation in theory and practice - Revision

The importance of employee motivation to a business

- Motivation theories:
- Taylor (scientific management)
- Mayo (human relations theory)
- Maslow (hierarchy of needs)
- Herzberg (two factor theory)

Financial incentives to improve employee performance:

- piecework / commission / bonus profit share /performance-related pay
- Non-financial techniques to improve employee performance:
- delegation / consultation /empowerment / team working / flexible working / job enrichment / job rotation / job enlargement

1.4.5 Leadership - Revision

Leadership:

- the distinction between management and leadership
- Types of leadership style: - autocratic / paternalistic / democratic / laissez-faire

Wider Business World – Real Life Examples

EXTRA KEY WORDS

Job Rotation – the employee moves around different work station – helps to alleviate boredom.

Management – gets things done by co-ordinating resources and people.

Leadership – decides on the direction for a business /function

Autocratic – power stays at the top of the hierarchy. Employees are told what to do.

Paternalistic – employees are consulted but decisions remain at the top.

Democratic – involves two way communication between employee and management.

Laissez Faire – give all responsibility to the employee. Management takes a 'hands off' approach.



Bonus - Greggs

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Key Vocabulary

Entrepreneur – An individual who takes the initiative to start & operate a business, often bearing the associated financial risks.

Intrapreneur - An employee within a larger organisation who exhibits entrepreneurial qualities.

Innovation - The introduction of new ideas, methods, products, or processes that result in positive change & improved business performance.

Risk - The potential for loss or harm arising from uncertainties in business activities, requiring entrepreneurs to make informed decisions.

Characteristics - Distinctive features or qualities that define & differentiate businesses, or products.

Motivating Factors - Elements that drive & influence individuals to take specific actions.

Business Objectives - Clear & specific goals set by a business to guide its actions & measure success.

Corporate Objectives – Broad goals that encompass the entire organisation and reflect its long-term aspirations, influencing decision-making and resource allocation.



IPO - Deliveroo

Marketing & People

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Topic 1.5 Entrepreneurs & leaders

1.5.1 Role of an entrepreneur - Revision

- a) Creating & setting up a business
- b) Running & expanding/developing a business
- c) Innovation within a business (intrapreneurship)
- d) Barriers to entrepreneurship
- e) Anticipating risk & uncertainty in the business environment

1.5.2 Entrepreneurial motives & characteristics - Revision

- a) Characteristics & skills required
- b) Reasons why people set up businesses:
 - o financial motives: profit maximisation & profit satisfying
 - o non-financial motives: ethical stance, social entrepreneurship, independence & home working

1.5.3 Business objectives - Revision

- a) Survival
- b) Profit maximisation
- c) Other objectives:
 - o sales maximisation o market share
 - o cost efficiency o employee welfare
 - o customer satisfaction o social objectives

1.5.4 Forms of business - Revision

- a) Sole trader, partnership & private limited company
- b) Franchising, social enterprise, lifestyle businesses, online businesses
- c) Growth to PLC & stock market flotation

1.5.5 Business choices - Revision

- a) Opportunity cost
- b) Choices & potential trade-offs

1.5.6 Moving from entrepreneur to leader - Revision

- a) The difficulties in developing from an entrepreneur to a leader

Key Vocabulary

Opportunity Cost – The value of the next best alternative forgone when a decision is made to allocate resources to a particular option.

Trade Off – The concept of giving up one thing to gain something else.

Sole Trader – A business owned and operated by a single.

Partnership – A partnership is where two people create a business together

PLC – A legal business structure with shares traded on a public stock exchange.

LTD – A legal business structure in which ownership is restricted to a small group of shareholders, and shares are not publicly traded.

Franchise – A business model where an entrepreneur (franchisee) purchases the right to operate a business using the branding, products, and processes of an established company (franchisor).

Social enterprise - A business that operates with the primary goal of achieving social or environmental objectives,

Lifestyle business – A small business operated by its owner to support a particular lifestyle.

Floatation – The process of making a company's shares available for public trading on a stock exchange.