

## Unit 1: Enterprise and Entrepreneurship

- The role of an entrepreneur: (TOM)**
- Take risks
  - Organise resources
  - Make business decisions

### How and why do new businesses come about?



Source: BBC Bitesize

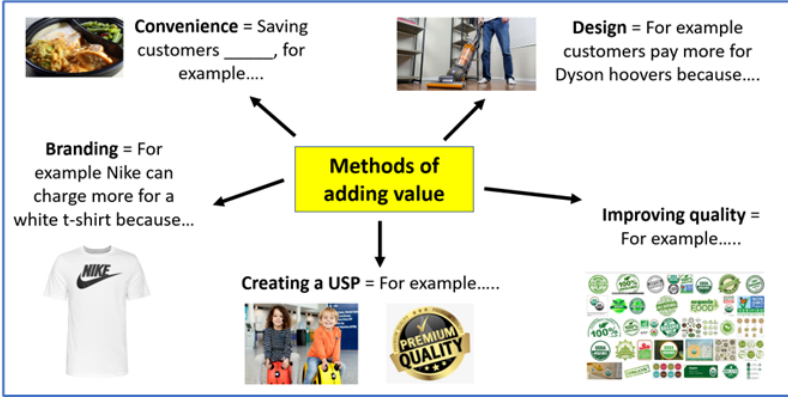
Key Term	Definition
<b>Enterprise</b>	The act of doing business - investing and working in order to increase the value of raw materials or our actions
<b>Income stream</b>	Income generated for a business through different forms of sales.
<b>Fixed costs</b>	Costs to your business that do not change, no matter how much or little you sell (e.g. rent, wages)
<b>Variable costs</b>	Costs that will change depending on the amount you sell (e.g. pizza ingredients, takeaway boxes)
<b>Sales revenue</b>	The money generated through sales.
<b>Break-even</b>	The level of output at which a firm's total revenue equals its total costs.
<b>Social objectives</b>	Business objectives linked to providing positive outcomes for the community or environment.
<b>Financial objectives</b>	Financial aims for your business (e.g. increasing profit by increasing sales or cutting costs, increasing your market share, business survival).
<b>Consumer</b>	The person who <u>uses</u> goods or services.
<b>Customer</b>	A person or business who <u>purchases</u> a good or service.
<b>Goods</b>	Items that are (usually but not always) tangible, and that can be bought or sold (e.g. books, pens etc.)
<b>Services</b>	Activities provided by other people (e.g. architects, plumbers, car insurance etc.)
<b>Adding value</b>	Improving a product, so that customers are willing to <b>pay more</b> for it compared to a competitor's product (see the diagram below).

**Profit = sales revenue – total costs**

Price x units sold      Fixed costs + variable costs

Risks	Rewards
<ul style="list-style-type: none"> <li>• Business failure</li> <li>• Financial loss</li> <li>• Lack of security</li> </ul>	<ul style="list-style-type: none"> <li>• Profit</li> <li>• Business success</li> <li>• Independence</li> </ul>

<b>NEEDS:</b>	Water, clothing, food, warmth, shelter.
<b>WANTS:</b>	Event tickets, designer accessories, holidays.



## Unit 2: Spotting a Business Opportunity

**Market:**

1. A **place** where goods are traded between customers and suppliers, e.g. a village market, an online shopping website.
2. Trade in a particular **type of product**, e.g. the oil market.
3. The potential **customers** for a product, e.g. the 18-25 market.

**MARKET RESEARCH:** In order to be successful, business need to know about:

<b>Market size</b> (potential buyers/sellers)	<b>Market share</b> (the proportion of total sales that is controlled by the business)	<b>Customer needs</b> (to identify customers' needs and how to satisfy them)
--	---	---

Primary Market Research	
<ul style="list-style-type: none"> <li>Surveys (online/ paper/ telephone)</li> <li>Focus groups</li> <li>Observations</li> <li>Experiments</li> <li>Social media</li> </ul>	
<b>PROS:</b>	<b>CONS:</b>
<ul style="list-style-type: none"> <li>✓ Up-to-date information</li> <li>✓ Relevant</li> <li>✓ Business/product specific</li> <li>✓ Direct customer contact</li> </ul>	<ul style="list-style-type: none"> <li>✗ Expensive</li> <li>✗ Time consuming</li> <li>✗ Difficult to collect</li> </ul>

Secondary Market Research	
<ul style="list-style-type: none"> <li>Internet sites</li> <li>Newspapers</li> <li>Market reports</li> <li>Government reports</li> <li>Sales data</li> </ul>	
<b>PROS:</b>	<b>CONS:</b>
<ul style="list-style-type: none"> <li>✓ Cheaper/free</li> <li>✓ Quick and easy</li> <li>✓ Easy to analyse</li> </ul>	<ul style="list-style-type: none"> <li>✗ May be biased/inaccurate</li> <li>✗ Not specific</li> <li>✗ Often out-of-date</li> </ul>

### Understanding the Competition



Source: BBC Bitesize

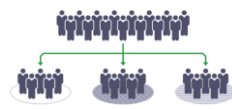
**Advantages of using social media for market research:**

- ✓ Cheaper than other forms of research/often free
- ✓ Saves time (some online questionnaires put results in a graph for you)
- ✓ Allows businesses to spot latest trends
- ✓ Businesses can monitor behaviour of their competition
- ✓ Can look at the types of people who respond (market segments)
- ✓ Quickly post about new features/products and see interest (likes etc.)
- ✓ Clear positive responses (likes, polls etc.)



**Market Segmentation**

Segmentation is when people in a market are divided into different groups. Knowing the needs of these segments means that you can identify a **target market** and create a **marketing strategy** specifically for them, e.g. age, income, location, lifestyle, demographics, behaviour.



<b>Quantitative data</b>	Information you can measure/count (numerical data that can be expressed in a chart/graph). Closed questions – “how many pints of milk do you buy in a week?”
<b>Qualitative data</b>	Information about opinions/feelings (that cannot be expressed in a chart/graph). Open questions – “what do you think about oat milk?”

<b>Reliable</b> market research helps businesses to...	<b>Unreliable</b> market research could lead to...
<ul style="list-style-type: none"> <li>✓ Make informed decisions</li> <li>✓ Spot a gap in the market</li> <li>✓ Reduce risks</li> <li>✓ Increase chances of business success</li> </ul>	<ul style="list-style-type: none"> <li>✗ Unwise business decisions</li> <li>✗ Bringing out products that don't sell</li> <li>✗ Unnecessary costs for the business</li> <li>✗ Business failure</li> </ul>