

BUSINESS KNOWLEDGE ORGANISER

Knowledge Organiser – C1

COMPONENT 1 - Exploring Enterprises

MARKET RESEARCH

B

- **Learning Aim B** Explore how market research helps enterprise meet customer needs & understand competitor behaviour

Primary	Secondary
<p>This is research which is collected first hand from the customer by the enterprise. The enterprise should always gain the respondents consent before conducting research.</p> <p>How can primary research benefit an SME?</p> <ul style="list-style-type: none"> • They can gain new customers • They can gather information about existing customers to keep them loyal and how to encourage them to spend more • They can tailor the wants and needs of the customer to make sure they leave satisfied • The enterprise is in control of the research, what they research and how they research; the data collected is then owned by the SME. <p>What might the drawbacks of primary research be?</p> <ul style="list-style-type: none"> • It takes a lot of time and can cost an lot of money; • It may not be accurate (Ex: Sample size/Honesty) • It may be biased – the enterprise may word the questions in a way in which they get the answers they want. <p>What can these things lead to?</p> <ul style="list-style-type: none"> • Overall improved performance of the enterprise; • More satisfied customers; • The ability for the enterprise to enter new markets (take their products to a new market); • Increase their products. <p>How can an enterprise gather primary research?</p> <ul style="list-style-type: none"> • Questionnaires; • Visits/observations; • Interviews; • Focus groups; • Surveys. 	<p>Secondary research is research which has already been collected by someone else and you're using it to save you time and money. It may be freely available research or it may be research which it bought.</p> <p>How can secondary research benefit an SME?</p> <ul style="list-style-type: none"> • It is instantly available as it already exists; • It is publically available and often free to use; • If details of how it was collected are included it can help the secondary research understand the data better, including any challenges, making it more useful. • The data is likely to have already been analysed (trends spotted etc.) <p>What might the drawbacks of secondary research be?</p> <ul style="list-style-type: none"> • It is not possible to check the quality of the research • It may not be perfectly relevant to your enterprise • It may be out of date • The method of collection or the source of the research may not be relevant to your enterprise. <p>How can an enterprise gather secondary research?</p> <ul style="list-style-type: none"> • Online research, internet searches • Company materials • Market reports • Reports in trade journals and magazines • Government reports
<p>Qualitative – OPEN questions</p> <p>Collection of information such as ideas, feelings and thoughts. QUALITative research give QUALITY answers (i.e. the respondent can expand on their answer to give you lots of information).</p>	<p>Quantitative – CLOSED questions</p> <p>QUANTITative research is much easier to measure as it uses statistics. It can be used to spot patterns of identify trends.</p> <p>This research can tell you the QUANTITY of times something has happened, but not why (problem?) as it only deals in numbers.</p>



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BUSINESS KNOWLEDGE ORGANISER

BTEC Tech Award in Enterprise C1 & C2

A: The Purpose and Nature of Business

Good	A physical product e.g. car
Service	An intangible (cannot touch) product e.g. haircut
Customer	Someone who buys a product from a business
Consumer	Someone who uses goods and services produced by a business
Entrepreneur	Someone who is willing to take risks involved in starting a new business; innovative, risk taker, hard working/determined, organised
Social Enterprise	A business that is set up to help society rather than to make a profit
Factors of Production	Resources: the inputs that businesses use to provide their goods and service e.g. land, labour, capital
Enterprise	Another word for a business. It also refers to the skills of the people involved in the business to identify business opportunities and bring together resources to meet these opportunities
Sectors	PRIMARY: 1 st stage of production, use raw material e.g. farms SECONDARY: Use primary resources to make products e.g. printers TERTIARY: Provide services e.g. fast food stores, estate agents
Interest	The money paid by a bank as a reward to attract people to save with them
Interest Rates	The cost of borrowing money or the reward for saving money, expressed as a percentage
Inflation	The rate at which prices are increasing, for example, if inflation is growing by 2% per year prices are generally rising by 2% that year
Gross Domestic Product (GDP)	Measures all the income earned in a countries economy in that year
Functions within a business	Marketing; Operations; Human Resources and Finance
External Influences	Technological change; economic change; legal change; environmental expectations

B: Business Ownership

SOLE TRADER

- Owned and managed by one person

PARTNERSHIP

- 2 or more (usually 20) people set up a business

COMPANY

- Private Limited Company (Ltd) has shareholders who can vote
- Public Limited Company (Plc) shares sold on the stock exchange

NOT-FOR-PROFIT

- Set up to achieve objective other than profit – has social objectives – people/environment e.g. a charity

Profit	Measures the difference between the values of a business's revenue (sales) and its total costs
Unlimited liability	The personal possessions of owners of a business are at risk if there are any problem. No limit to amount of money an owner has to pay out.
Company	Has its own legal identity, it can own items, owe money and be sued
Stock Exchange	Market for buying and selling shares of PLCs
Flotation	When a LTD becomes a PLC and its shares are listed on the stock exchange

C: Setting Business Aims & Objectives

Aims – long term goal of the business

Objectives – target that is set for a business to achieve

Purpose of setting objectives:

- Helps decision making & establish priorities
- Understand the direction the business is heading
- Provides a target to measure success against
- Can motivate

Role of objectives in running a business

- > Survival
- > market share
- > Customer satisfaction
- > Ethical, environmental, Sustainable
- > Earning a Profit
- > Shareholder value
- > Growth

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D: Stakeholders	
Stakeholder Group	Typical objectives
Employees	Secure jobs, higher earnings
Owner/shareholder	High dividends and share price
Local community	Local jobs, minimise environmental impact on the community
Government	Legal behaviour,, taxes paid
Suppliers	Paid on time, kept informed of changes to the business
Customers	Useful, accurate information on the product, good service, value for money

E: Business Location

Location is important because it can impact on COSTS, SALES and IMAGE

Factors that influence location include:

- The type of business
- Proximity to market
- Competitors
- Availability of raw materials
- Availability and cost of labour
- Transport links
- Technology
- Costs
- Overseas location



F: Business Planning

A business plan is a document setting out what a business does and what it hopes to achieve in the future. It can help set up a business successfully, raise finance, set objectives and co-ordinate actions.

Sections of a Business Plan

- Background Information
- Market analysis
- Objectives
- Selling price/expected sales
- Competitive advantage
- Financial Position (profit forecast/cash flow)

Profit = Revenue - Total Costs

Revenue is the income that a firm receives from selling goods and services (= number of units sold X price)

Total costs are fixed costs plus variable costs

Fixed costs do not change when the output of the business changes e.g. rent

Variable costs change with output e.g. raw materials such as ingredients for a menu

G: Expanding the Business

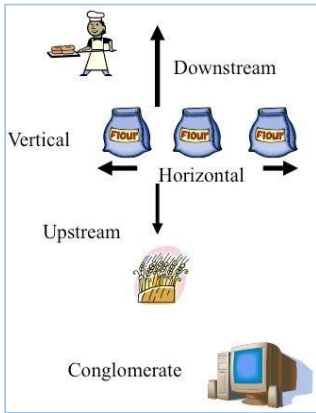


Internal Growth

- **Franchising** - franchisor sells right of products to franchisee, usually in return for a fee or %
- Opening new stores
- **E-commerce** – going online to sell
- Outsourcing

External Growth

- Merger 2 or more firms join to make another joint business
- Takeover is when one firm gains control of another and buys it up



Impact of expansions

Advantages can include: **Economies of scale** occur when a business's unit costs of production fall as its output rises and the business expands; more power, status, safety, staff rewards

Disadvantages can include slow decision making; employee isolation and **diseconomies of scale** (cost per unit increases as the business expands)