

Business Theme 1

1.1 Meeting customer needs

Subject content	What students need to learn:
1.1.1 The market	<ul style="list-style-type: none">a) Mass markets and niche markets:<ul style="list-style-type: none">○ characteristics○ market size and market share○ brandsb) Dynamic markets:<ul style="list-style-type: none">○ online retailing○ how markets change○ innovation and market growth○ adapting to changec) How competition affects the marketd) The difference between risk and uncertainty
1.1.2 Market research	<ul style="list-style-type: none">a) Product and market orientationb) Primary and secondary market research data (quantitative and qualitative) used to:<ul style="list-style-type: none">○ identify and anticipate customer needs and wants○ quantify likely demand○ gain insight into consumer behaviourc) Limitations of market research, sample size and biasd) Use of ICT to support market research:<ul style="list-style-type: none">○ websites○ social networking○ databasese) Market segmentation
1.1.3 Market positioning	<ul style="list-style-type: none">a) Market mappingb) Competitive advantage of a product or servicec) The purpose of product differentiationd) Adding value to products/services

1.2 The market

Subject content	What students need to learn:
1.2.1 Demand	a) Factors leading to a change in demand: <ul style="list-style-type: none">o changes in the prices of substitutes and complementary goodso changes in consumer incomeso fashions, tastes and preferenceso advertising and brandingo demographicso external shockso seasonality
1.2.2 Supply	a) Factors leading to a change in supply: <ul style="list-style-type: none">o changes in the costs of productiono introduction of new technologyo indirect taxeso government subsidieso external shocks
1.2.3 Markets	a) The interaction of supply and demand b) 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	a) Calculation of price elasticity of demand b) Interpretation of numerical values of price elasticity of demand c) The factors influencing price elasticity of demand d) The significance of price elasticity of demand to businesses in terms of implications for pricing e) Calculation and interpretation of the relationship between price elasticity of demand and total revenue
1.2.5 Income elasticity of demand	a) Calculation of income elasticity of demand b) Interpretation of numerical values of income elasticity of demand c) The factors influencing income elasticity of demand d) The significance of income elasticity of demand to businesses

1.3 Marketing mix and strategy

Subject content	What students need to learn:
<p>1.3.1 Product/service design</p>	<p>a) Design mix:</p> <ul style="list-style-type: none"> o function o aesthetics o cost <p>b) Changes in the elements of the design mix to reflect social trends:</p> <ul style="list-style-type: none"> o concern over resource depletion: designing for waste minimisation, re-use and recycling o ethical sourcing
<p>1.3.2 Branding and promotion</p>	<p>a) Types of promotion</p> <p>b) Types of branding</p> <p>c) The benefits of strong branding:</p> <ul style="list-style-type: none"> o added value o ability to charge premium prices o reduced price elasticity of demand <p>d) Ways to build a brand</p> <ul style="list-style-type: none"> o unique selling points (USPs)/differentiation o advertising o sponsorship o the use of social media <p>e) Changes in branding and promotion to reflect social trends:</p> <ul style="list-style-type: none"> o viral marketing o social media o emotional branding
<p>1.3.3 Pricing strategies</p>	<p>a) Types of pricing strategy:</p> <ul style="list-style-type: none"> o cost plus (calculating mark-up on unit cost) o price skimming o penetration o predatory o competitive o psychological <p>b) Factors that determine the most appropriate pricing strategy for a particular situation:</p> <ul style="list-style-type: none"> 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 <p>c) Changes in pricing to reflect social trends:</p> <ul style="list-style-type: none"> o online sales o price comparison sites

1.3.4 Distribution	<ul style="list-style-type: none"> a) Distribution channels b) Changes in distribution to reflect social trends: <ul style="list-style-type: none"> o online distribution o changing from product to service
1.3.5 Marketing strategy	<ul style="list-style-type: none"> a) The product life cycle b) Extension strategies: <ul style="list-style-type: none"> o product o promotion c) Boston Matrix and the product portfolio d) Marketing strategies appropriate for different types of market: <ul style="list-style-type: none"> o mass markets o niche markets o business to business (B2B) and business to consumer (B2C) marketing e) Consumer behaviour – how businesses develop customer loyalty

Subject content	What students need to learn:
1.4.1 Approaches to staffing	<ul style="list-style-type: none"> a) Staff as an asset; staff as a cost b) Flexible workforce: <ul style="list-style-type: none"> o multi-skilling o part-time and temporary o flexible hours and home working o outsourcing c) Distinction between dismissal and redundancy d) Employer/employee relationships <ul style="list-style-type: none"> o individual approach o collective bargaining
1.4.2 Recruitment, selection and training	<ul style="list-style-type: none"> a) Recruitment and selection process: <ul style="list-style-type: none"> o internal versus external recruitment b) Costs of recruitment, selection and training c) Types of training: <ul style="list-style-type: none"> o induction o on-the-job o off-the-job
1.4.3 Organisational design	<ul style="list-style-type: none"> a) Structure: <ul style="list-style-type: none"> o hierarchy o chain of command o span of control o centralised and decentralised b) Types of structure: <ul style="list-style-type: none"> o tall o flat o matrix c) Impact of different organisational structures on business efficiency and motivation

Subject content	What students need to learn:
<p>1.4.4 Motivation in theory and practice</p>	<p>a) The importance of employee motivation to a business</p> <p>b) Motivation theories:</p> <ul style="list-style-type: none"> o Taylor (scientific management) o Mayo (human relations theory) o Maslow (hierarchy of needs) o Herzberg (two factor theory) <p>c) Financial incentives to improve employee performance:</p> <ul style="list-style-type: none"> o piecework o commission o bonus o profit share o performance-related pay <p>d) Non-financial techniques to improve employee performance:</p> <ul style="list-style-type: none"> o delegation o consultation o empowerment o team working o flexible working o job enrichment o job rotation o job enlargement
<p>1.4.5 Leadership</p>	<p>a) Leadership:</p> <ul style="list-style-type: none"> o the distinction between management and leadership <p>b) Types of leadership style:</p> <ul style="list-style-type: none"> o autocratic o paternalistic o democratic o laissez-faire

1.5 Entrepreneurs and leaders

Subject content	What students need to learn:
1.5.1 Role of an entrepreneur	<ul style="list-style-type: none">a) Creating and setting up a businessb) Running and expanding/developing a businessc) Innovation within a business (intrapreneurship)d) Barriers to entrepreneurshipe) Anticipating risk and uncertainty in the business environment
1.5.2 Entrepreneurial motives and characteristics	<ul style="list-style-type: none">a) Characteristics and skills requiredb) Reasons why people set up businesses:<ul style="list-style-type: none">o financial motives: profit maximisation and profit satisficingo non-financial motives: ethical stance, social entrepreneurship, independence and home working
1.5.3 Business objectives	<ul style="list-style-type: none">a) Survivalb) Profit maximisationc) Other objectives:<ul style="list-style-type: none">o sales maximisationo market shareo cost efficiencyo employee welfareo customer satisfactiono social objectives
1.5.4 Forms of business	<ul style="list-style-type: none">a) Sole trader, partnership and private limited companyb) Franchising, social enterprise, lifestyle businesses, online businessesc) Growth to PLC and stock market flotation
1.5.5 Business choices	<ul style="list-style-type: none">a) Opportunity costb) Choices and potential trade-offs
1.5.6 Moving from entrepreneur to leader	<ul style="list-style-type: none">a) The difficulties in developing from an entrepreneur to a leader