



Course Companion

Component 1: Exploring Enterprises

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Course Companion for BTEC Tech Award in Enterprise: Component 1

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Teacher's Introduction

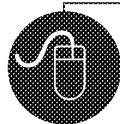
This course companion has been designed to introduce students to the first element of this course: Enterprise (Pearson, BTEC Level 1/2). This component, Exploring Enterprises, is an externally moderated piece of work and the contents of this course companion will allow pupils to learn the theory needed for this.

Throughout there are activities which will develop pupils' knowledge and help them to explore enterprises in their local area. Pupils will develop an understanding of the characteristics and skills needed by successful entrepreneurs and the importance of market research. Finally, pupils will look at external factors that affect enterprises, and research businesses to carry out PEST and SWOT analysis.

There are opportunities for class discussion highlighted throughout, and links to websites with useful videos that will further develop pupils' understanding.

Most activities will lend themselves to peer-assessment and class discussion. Sample answers for activities 1, 8 and 12 can be found at the end of this course companion. A glossary has been provided to support pupil learning.

S Clarke, May 2022



*A web page containing all the links listed in this resource is conveniently provided on ZigZag Education's website at **zzed.uk/11707***

You may find this helpful for accessing the websites rather than typing in each URL.

Learning Outcome A: Understand how and why entrepreneurs are successful

A1: Size and features of SMEs

Size of SMEs

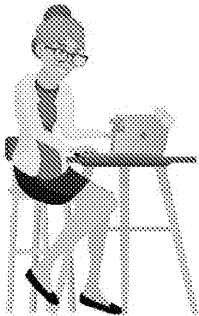
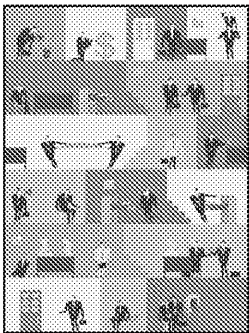

So, what are SMEs? SMEs are small to medium-sized businesses that meet certain criteria based on the revenue they make or the number of employees they have. SMEs are very important to the UK economy. In the UK, businesses with fewer than 250 employees and a turnover of less than £100 million are recognised as SMEs.

Around 500,000 new enterprises are started up every year in the UK, and the majority of these are small businesses. Many people start up small businesses for an extra source of income or to develop a hobby. Some of these businesses grow and some will remain small, and they all depend on the owner or owners and what their aims for the business are.

The UK private sector is made up of 3.2 million businesses, 56% of which are SMEs.

Find more facts at <https://www.gov.uk/government/statistics/sme-facts>

We can categorise SMEs into three sections, as below:

Micro business <i>10 members of staff or fewer</i>	Small business <i>11–49 members of staff</i>	Medium business <i>50–249 members of staff</i>
<p>Examples include:</p> <ul style="list-style-type: none"> • Hairdresser • Window cleaner • Mechanic • Personal trainer 	<p>Examples include:</p> <ul style="list-style-type: none"> • Café • Cleaning business • Estate agent • Gym 	<p>Examples include:</p> <ul style="list-style-type: none"> • Supermarket • Hotel • Restaurant • Retail store 

Activity 1

- Use Google Maps to look at your local town and the surrounding areas. Identify as many businesses as you can, and categorise them into micro, small or medium business.
- Choose one business from each category and carry out further research. You could research, but add your own too. See the example answer in the answer sheet.
 - ❖ When was the business set up?
 - ❖ Why was the business set up?
 - ❖ Does the business have a USP?
 - ❖ Has the business grown at all?
 - ❖ Who are the business's customers?

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Profit-making enterprises

There are different ways in which businesses can be owned. Many large organisations; this is less likely with SMEs. There are still several types of ownership businesses. You will need to know the difference between these methods of ownership and the benefits each of these has.

Sole traders

Many small businesses are owned and run by sole traders. A sole trader is a business person. Businesses that are typically run by sole traders include mobile hairdressers and window cleaners. These businesses can be very easily started up with little funding.

Advantages	Disadvantages
<ul style="list-style-type: none"> ✓ You are your own boss, which means you are in complete control of the business and you can make all the decisions you want. ✓ You get to keep all of the profits and don't have to share these with anyone. ✓ Easy to set up, with very little paperwork that needs to be completed by larger business types. 	<ul style="list-style-type: none"> ✗ Lots of responsibility and accountability, which could mean lots of stress for the owner. ✗ Could work long hours as no one to share the workload with; this could also mean a lack of holidays. ✗ Unlimited liability (see below).

Unlimited liability – this is a term you will come across often. Many smaller businesses have unlimited liability. So, what is it and why is it so bad?

Unlimited liability means that the owner of the business and the business are one. If the business gets into trouble then so will the owner. For example, if the business owes lots of money from the business funds but could also come from the owner's personal funds. The owner's personal assets could be at risk. Likewise, if the business was taken to court it would be legally responsible. This is a big disadvantage for any business type that has unlimited liability.



Sole traders don't have to stay small. It is up to the trader whether they stay as a sole trader or whether they expand the business. One of the most famous entrepreneurs today started as a sole trader.

Richard Branson started a record shop by himself but now Virgin, is now worth over \$6 billion.

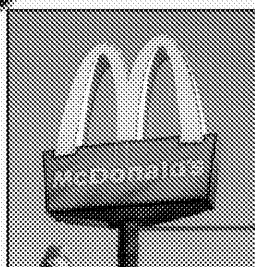
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Partnerships

A partnership is a business that is owned by 2–20 people. Lots of partnerships are formed by people who are in a similar field of expertise. These are very often professional people such as accountants, solicitors and doctors. There are many reasons why partners may choose to work together instead of as sole traders. By working together there will be more expertise and skills within the company and there will also be more capital to invest into the business.

Advantages	Disadvantages
✓ Shared responsibility and workload	✗ Lots of responsibility
✓ Easy to set up with little paperwork	✗ Decision-making can be slow and cause arguments
✓ You can make all the decisions yourself	✗ Unlimited liability

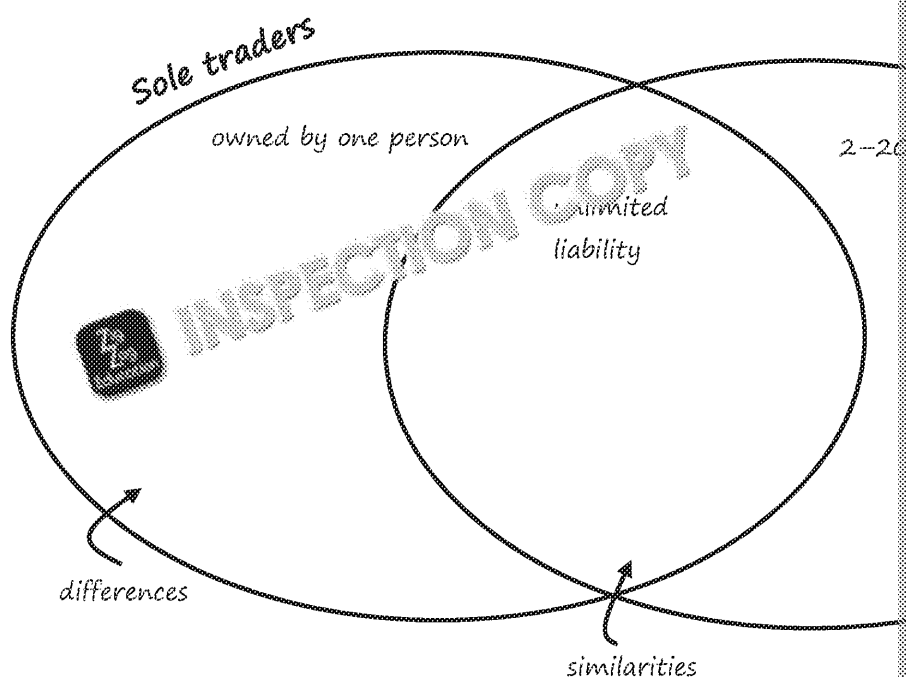


Some businesses which you will know (very few started as partnerships).

Ray Kroc is a name known to many as the founder of McDonald's. But in fact, he bought the business from brothers and partners Richard and Maurice McDonald in 1954!

Activity 2

Thinking about what you have learnt about sole traders and partnerships, complete the Venn diagram by listing similarities and differences between the two types of ownership, using a Venn diagram like the one started below.



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Limited liability partnership (LLP)

A limited liability partnership is very similar to a regular partnership. It has many same disadvantages as a partnership, apart from one – liability. The biggest disadvantage of partnerships is that they have unlimited liability. This ownership option means that each partner has limited liability and so the risk financially is limited to what they have put into the business. The business and its owners have separate legal identities.

Case study

Spicy Bowls is a partnership owned by Jem, Kai and Carla. They have started a small business selling Asian food from a truck at festivals and outdoor events. They had the choice of setting up as a regular partnership or as a limited liability partnership. They chose to start as a limited liability partnership for a good reason – by doing this they have protected themselves from getting personally sued or taken to court if someone falls ill from eating their food.



If you were to set up a partnership, which format would you select?

Activity 3

Working with one or two other students, create your own 'deed of partnership'. This is a contract written between partners when the business first starts. It helps to allow the partners to make decisions early on and record this in a contract, so use the headings below to come up with your partnership idea.

1. Name and location of the business
2. Details about the business (what the business sells: products or services)
3. Details of who the partners are
4. Details of each partner's role
5. Details of the capital put in by each partner
6. Details of how profits will be shared and the salary of each partner
7. Methods used should there be disagreements
8. How the business will be dissolved (ended)



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Private limited company (Ltd)

Private limited companies are a very common form of ownership. This type of company is owned by shareholders. A private limited company can be owned by just one shareholder or up to 50 shareholders. Shareholders are invited by the business to own a share of the business. The shareholders each own a share in the business; this can be different for each shareholder and will depend on the number of shares they have in the business. Each shareholder has limited liability, meaning they are a separate legal entity to the business and if the business goes into debt the shareholders can lose only what they have invested in the business.

The advantages of setting up as a private limited company are:

- ✓ Limited liability for all the shareholders
- ✓ All shareholders must be invited so not competitors, such as competitors, but
- ✓ Further shares in the business can be sold to raise extra capital

The disadvantages of setting up as a private limited company are:

- ✗ Paperwork: private limited companies must register with Companies House and have more documents than the other forms of ownership already looked at. This means more paperwork for this type of business.
- ✗ Private limited companies must report publicly their financial accounts once a year.
- ✗ Private limited companies must pay corporation tax on their profits – this goes to HMRC.

Social enterprise

There is one main difference between a social enterprise and other business ownership types. Most other business types focus on making profits, but a social enterprise focuses on supporting or investing in local communities. Their business aims are ethical and they will not be focusing on profit maximisation or pleasing shareholders with business growth. Maesteg Men's Shed is an example of a social enterprise. It was set up by a group of local men, and the aim of the enterprise is to bring people together and tackle loneliness by planting and growing fruit and vegetables and making crafts. They then sell these at the same time providing companionship and purpose for the men who attend.

Activity 4

Divine Chocolate is an example of a social enterprise.

- ❖ Use their website and other research to create a 'business on a page' fact sheet: zzed.uk/11707-divine
- ❖ Research and summarise what they call their 'divine difference'.

Preparing

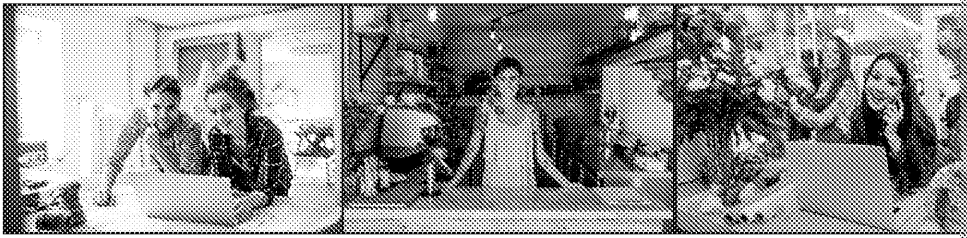
Thinking ahead you will need to choose an SME for the assessment. Start researching your local area now and find a couple of SMEs. You will need to research them further as we prepare more for the assessment.

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Features of SMEs

There are many features that SMEs have that are similar:



Size – as different as these businesses are, each of them is owned by an individual. When the management structure of a business is simple, it means that decisions can be made quickly. It also means that a lot of responsibility is with the owners and that there can be a significant investment in the business.



Location – if a business has a physical location such as a shop or unit, it will have customers who are very locally based as they will be in just one place. A small business such as a bakery would have just one location, as opposed to Greggs, which has a shop in most town centres.

The only businesses that may differ are those that operate online. Businesses, even very small ones, can have a much wider base of customers and may have customers all around the UK and overseas. Examples of this could be a sole trader who sells personalised dog leads but posts to anyone in the UK, or a small private limited company that sells car insurance online.

Purpose – many small businesses are started by individuals who want to be their own boss. Each year, many businesses are started by people who already have an interest in something as a hobby. If a business owner has a passion for their hobby, it will make their job easier.

An example of this could be a surf school set up and run by an enthusiastic surfer, or a cake service set up and run by an enthusiastic baker.



If you were to set up a business based on your hobbies or interests, what would it be?




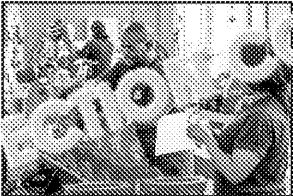


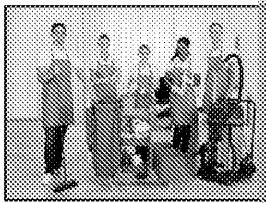
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Sectors of the economy – there are four sectors of the economy, as below. Some of the sectors, some in two, some in three and some in all four.

Primary sector	Secondary sector	Tertiary sector
<p>This sector involves extracting, collecting or growing raw materials. Businesses include farms, mines and fishermen.</p> 	<p>This sector involves taking raw materials and making these into end products. Examples include manufacturing, telecommunications and clothes makers.</p>  	<p>This sector involves providing a service or getting the 'end' product to customers. Businesses include shops and service providers such as travel agents.</p>  

Activity 5

Research SMEs in your local area and find examples of the following:

- ❖ Two businesses that operate in the primary sector
- ❖ Two businesses that operate in the secondary sector
- ❖ Two businesses that operate in the tertiary sector
- ❖ A business that operates in the primary sector and the secondary sector
- ❖ A business that operates in the secondary sector and the tertiary sector
- ❖ A business that operates in all three sectors

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A2: Sectors and business models in which enter

Different sectors and business models

Business to business

Business to business, more commonly known as B2B, is when two businesses trade. Businesses sell to the general public. There are many things that general consumers would not buy from businesses.

Some examples include:

- ❖ A builder buying bricks from a builders' merchant
- ❖ A car manufacturer buying sheets of fibreglass
- ❖ A new school buying 2000 chairs from a furniture manufacturer

Business to customer

This is also known as B2C. This is some things that consumers buy directly from businesses. A trader selling at a Christmas market would be a perfect example of this. They sell these products directly to the customer.

Social enterprise

This type of business, as discussed above, can operate in any sector of industry. They can sell to other businesses or directly to consumers if it matches the ethical business aims.

Goods and services

Anything that is tangible (you can touch it) is a **good** – a chocolate bar, a tractor, etc. Anything that is intangible (you can't touch it) is a **service** – car insurance, cleaning, delivery business, etc.

E-commerce

Most businesses these days have an Internet presence and many also sell their goods known as e-commerce – buying and selling online.

Bricks, clicks and flips

Bricks and clicks refers to businesses that have a building such as a shop (bricks), an online store (clicks) and a catalogue of sorts (flicks) – for example, Argos and Tesco.

These are large businesses but you will probably at some point have visited these (bricks) and may too have looked at their websites (clicks) in addition to picking up a catalogue from Argos or a leaflet from Tesco.

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Different industries in which enterprises operate

An industry is a group of businesses that offer similar goods or services; for example, the car industry includes businesses such as Ford, Toyota and BMW.

Activity 6

Complete the mind map below with as many industries as you can. Add examples of businesses in that industry.

PK Taxis

Aviva Trains

Jeakins Coach Travel

Transport ind.

Fast-food industry

Sports clothing

Industry

Preparing

In the next section you will be learning about how the activities of the enterprise you have chosen help the business to achieve its aims. Go back through this section and think about the features of the SME you have chosen.

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A3: Aims and activities of enterprises

Aims of enterprises

The aim of a business will depend on many factors, one of these being the age of businesses will simply focus on **survival** in the first year when they are establishing. They may also focus on **breaking even** when they are trying to cover costs and grow sales. A business may be set up by the owners as a means of income or for **self-employment**. These businesses are often started by an owner spotted a gap in a local market or because a hobby turned into a business.

To help a business achieve its aims it will set itself smaller objectives that are measurable. For example, one aim may be to pass all of your exams. To do this you could set **objectives** that will help you achieve this aim, such as attending revision sessions, complete all homework, etc.

More established businesses will be more focused on growth of the business. Businesses may set aims and the objectives that will help them achieve these aims.

Aim	Maximise profit	Increase market share
Objective	Reduce business running costs, increase prices, increase sales	Increase promotion and advertising, carry out market research into competitor activities

Other businesses such as social enterprises will have more ethically focused aims.

Aim	Providing a community service	Zero carbon emissions
Objective	Creating employment for local people, identifying a need in a local area	Use environmentally friendly supplies / raw materials, change vehicles to electric charged

A business's aims will heavily affect the decision-making and activities of the business.

For example, if a sole trader has the business aim of making more profit, then this will affect all of their activities. They will need to consider their spending and how much they can afford to spend. They will need to develop their marketing to encourage further sales to increase revenue. They will need to employ staff to ensure the business is running effectively and making profit.

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Developing and producing goods and services that meet changing markets and customer wants

There are many external factors that can impact businesses. In recent years the COVID-19 pandemic and Brexit are just two examples. These changes may have an impact on what customers' want and businesses must respond to any changes if they are to remain successful.

During the coronavirus pandemic, many small businesses started offering delivery services that they did not offer before. Cafés and restaurants that were closed began offering takeaway services.

Likewise, leaving the European Union meant that some businesses had to change their supply chains.

Activity 7

Simply Cakes is a small business started by Hannah. During the pandemic, Hannah operates her business from home and is no longer able to sell her cupcakes at the cafes she used to supply. Many of the cafes have closed. Hannah began advertising on social media and started a daily delivery service. During this time, she saw her business grow. She started posting the cakes on social media and this led to new customers trying her products. She introduced a loyalty card giving customers a sixth cupcake for free when they had bought five. After six months, she has been busy but has noticed that sales have started to drop. Hannah has found out the following:

- ❖ Quite a few customers are now vegan and her cakes contain egg, milk and cream
- ❖ There is a new competitor in the local town offering 10 flavours of cupcake
- ❖ Some customers have told Hannah that as much as they love her cupcakes, they are on healthy diets they are trying to follow

Using this information, write an email to Hannah. Suggest to her some changes that could help her sales pick up again.

Attracting new customers to the enterprise and using existing customers

The business world is a competitive one. Think about adverts you have seen on TV or in newspapers comparing itself to another. Every business needs to stay ahead of its competitors.

This can mean for some businesses attracting new customers. There are many ways a business can do this:

- ❖ A gym could offer a week's free trial
- ❖ A new cereal might start selling at an introductory price
- ❖ It could mean keeping hold of the customers you have by using promotions that will make the customers loyal to your business, e.g. a small coffee shop offering a loyalty card (buy five coffees, get the sixth one free)
- ❖ A business trader might offer other business trade credit so they can pay at a later date

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Managing the resources of the business

Even very small businesses are a lot of work, and for a business owner this means at the same time. Big businesses have departments and specialists who will organise. As a small business owner, the two key resources that are crucial to your business

Financial resources	
<p>Not only does a business need capital to set up the business, but it needs to review its costs and income on a regular basis. Businesses need to ensure they have enough 'working capital'. Working capital (net current assets) is the money they need for day-to-day spending; a business can work this out by looking at its monthly income and taking away its costs.</p> <p>In addition, a business will have other sources of finance, whether it be borrowing from a bank or sharing dividends with shareholders. It can be more difficult for SMEs to raise capital, so this is very important.</p> <p>The business will also need to ensure it is using its fixed assets effectively and that any capital expenditure (money spent on fixed assets, e.g. van, machinery) is planned for well in advance.</p>	<p>Your people</p> <p>Without a happy business will not be successful.</p> <p>While looking for a business owner of the tasks</p> <ul style="list-style-type: none"> ❖ Training ❖ Motivation ❖ Staff rota ❖ Recruitment and management

Activity 8

What could happen to a business if it didn't manage its resources effectively? following scenarios and complete each of the sentences.

Example – the owner of the shop did not train staff how to use the new tills; the staff may not know how the tills work and so may make lots of mistakes. They may be unhappy if they are charged the wrong amount or have to queue for long time at another shop. The staff may feel unhappy about it and not work as well as they can, showing poor customer service to customers, which may affect customers returning.

- A. The owner did not check how much the stock cost before ordering it; this could mean that...
- B. The owner of the restaurant did not check the staff rota before a busy shift; this could mean that...
- C. The owner of the factory has told one of her customers she can pay for her order in 12 months; this could mean that...

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A4: Skills and characteristics of entrepreneurs

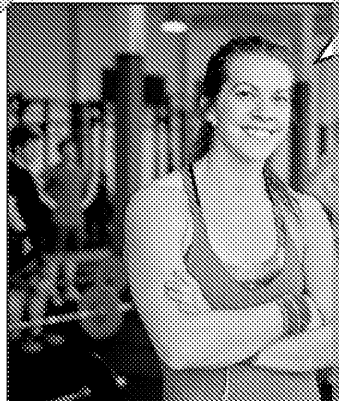
Entrepreneur is the key term that describes any individual who has taken the initiative to start their own business.

Reasons why entrepreneurs start their own businesses

There are many reasons why entrepreneurs want to start their own businesses.



My name is Rhys. I started my own business simply because I wanted to be my own boss.



My name is Paul. My business started by accident really. I enjoy making art with wood, and I made a gift for a friend. Before I knew it, my hobby had turned into a business.

My new business provides an environment where people can find opportunities that encourage them to buy.



My name is Rita. With three children at home, I needed a job that was flexible to the hours I can work. I couldn't find one, so I decided to start my own business.

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Skills needed by an entrepreneur

A skill is having the ability to do something or even becoming an expert. Entrepreneurs need skills to enable them to become successful.



So why are these skills important?

Industry knowledge will help an entrepreneur in many ways. If they have knowledge, they can know trends and buying habits of customers. They may have links with suppliers in the same trade who can help one another; this would help the entrepreneur achieve their goals in the day-to-day running of the business.

Communication and presentation skills can be very useful skills to have. When people communicate, they help the entrepreneur massively if they come across as professional and confident. Entrepreneurs communicate daily with customers, suppliers and financiers, and the more effectively they communicate, the smoother the business will run.

Planning and time management are essential skills to ensure a business runs smoothly. Entrepreneurs are very busy carrying out many roles and so they need to ensure they manage their time effectively and their activities so that they remain in control.

Negotiation skills would be particularly important when buying stock from suppliers. Good negotiation skills will help an entrepreneur get the best price when buying supplies, goods and services.

Leadership and teamwork are crucial when running a business. Employees will need to follow the entrepreneur's direction, and the entrepreneur would benefit if they can work effectively with their team.

Being an entrepreneur can be risky. Owning a business can be hard work and so entrepreneurs need to manage risks. If an entrepreneur can problem-solve quickly and effectively, this will make them more successful.

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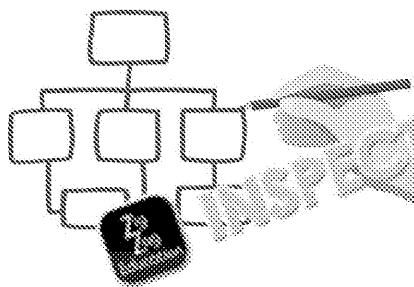
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Characteristics needed by an entrepreneur

In addition to a successful entrepreneur having many skills, they will display the following characteristics:

<i>Passionate</i>	<i>Risk-taker</i>	<i>Optimistic</i>	<i>Resourceful</i>
<i>Versatile</i>	<i>Good listener</i>	<i>Motivated</i>	<i>Innovative</i>
<i>Persuasive</i>	<i>Visionary</i>	<i>Flexible</i>	<i>Confident</i>



Class discussion

Write the above characteristics on sticky notes. Write a definition that explains each one. You may need to research some of these.

For example: Passionate – having an intense interest in something.

Once done, categorise how important each characteristic is to you, with the most important characteristic at the top. Discuss your categorisation with your classmates and see whether your opinions are similar.

Why are these characteristics important?

Not every entrepreneur will have all these characteristics, but a good mix will help them become a successful business owner.

Being innovative and visionary will be important to an entrepreneur so that they can come up with new ideas that will help their business succeed. These characteristics will help them stay ahead of the competition.

Being passionate and motivated will help them motivate staff and get customers to use their products and services. An entrepreneur is their own boss, so having self-reliance and being confident will help them ensure the business runs effectively.

Likewise, entrepreneurs need to manage lots of different activities and different people, so being versatile and resourceful is important.

Activity 9

Research a famous entrepreneur and create a presentation to share with the class.

Use the following as your success criteria:

- ❖ Detailed history of the entrepreneur, including how they first started their enterprise
- ❖ A description of the key challenges of the entrepreneur
- ❖ A description of the key characteristics of the entrepreneur

Make your presentation interesting by adding some stories about your entrepreneur.

Preparing for the presentation

Reflect on the skills and characteristics of your chosen entrepreneur. Consider how these skills and characteristics help the entrepreneur succeed.

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Learning Outcome B: Understand customer and competitor behaviour through market research

B1: Market research methods

Market research is the process of finding out what customers want. It is also the process of finding out what competitors offer. Imagine you want to have a new product. You may want to do some research first with your peers. Ask them what they would be willing to pay, how you could encourage them to buy from you. That is the essence of market research. Enterprises use market research to find out what customers want. Imagine a business that has developed new products but had not checked whether customers were going to buy the products. This could mean a lot of wasted money on products that customers simply do not want. There are many ways that businesses can carry out market research. In this section we will look at the different methods available for businesses to carry out effective market research.

Benefits and drawbacks of primary research methods

Primary market research is research that is carried out by the business first-hand.

Watch this video to get a clear understanding of the primary market research methods.
[zzed.co.uk/11707-market-research](https://www.zzed.co.uk/11707-market-research)

Go to [zzed.co.uk/11707](https://www.zzed.co.uk/11707)

Qualitative and quantitative questionnaires and surveys

Questionnaires and surveys are very popular methods of market research and are used by many businesses.

Both ask potential customers a range of questions. This can be done in person, on the phone or online.

Open and closed questions

- ❖ Questionnaires can have both open and closed questions.
- ❖ Generally, open questions provide qualitative data and closed questions provide quantitative data.
- ❖ Open questions require respondents to write an answer, e.g.
What is your favourite colour?
- ❖ Closed questions generally require respondents to tick a box, e.g.

Tick your favourite colour:

- | | |
|---------------------------------|---------------------------------|
| <input type="checkbox"/> Pink | <input type="checkbox"/> Blue |
| <input type="checkbox"/> Red | <input type="checkbox"/> Green |
| <input type="checkbox"/> Yellow | <input type="checkbox"/> Purple |

Quantitative data

Quantitative findings are those that are in the form of figures or numbers. You can usually create a range of charts with this information.

Example: 80% of customers said that they would buy this product.

Qualitative data

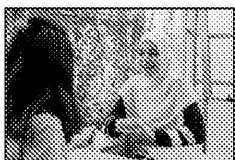
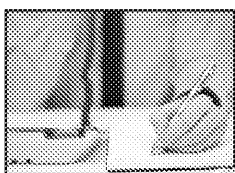
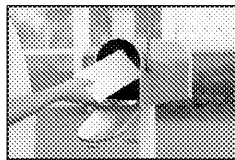
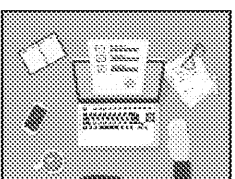
Qualitative findings are those that are in the form of words. These are usually opinions and facts.

Example: In an interview with a customer, they said that the food options were limited and that they would prefer more choice.

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<p>Face to face</p>		<ul style="list-style-type: none"> ✓ Questions could be followed up further ✓ The respondent will remain focused and on task ✓ Facial expressions and non-verbal cues can be read, such as a shrug of the shoulder 	<ul style="list-style-type: none"> ✗ Expensive ✗ Respondent may be shy
<p>Telephone</p>		<ul style="list-style-type: none"> ✓ Less time-consuming than face-to-face questionnaires ✓ Can easily sample wide location ✓ Two-way conversations allow further questions to be asked 	<ul style="list-style-type: none"> ✗ Respondent may be shy ✗ Cannot see non-verbal cues
<p>Postal</p>		<ul style="list-style-type: none"> ✓ Relatively cheap to administer ✓ Easy to sample wide location, even overseas ✓ The respondents have more choice in whether they want to respond and so may answer more honestly 	<ul style="list-style-type: none"> ✗ Cannot ask follow-up questions ✗ Response rate may be low ✗ Non-response bias
<p>Website / Social media site</p>		<ul style="list-style-type: none"> ✓ A fast method to target a wide audience at a very low cost ✓ Data collection can be immediate using software such as Google or Microsoft Forms 	<ul style="list-style-type: none"> ✗ Non-response bias ✗ Sampling error ✗ Cannot ask follow-up questions

Activity 10

1. Create a questionnaire that will help the school canteen make some changes to meet the wants of all pupils in the school. You will need to include a range of open-ended questions.

Here are some tips to make your questionnaire a success:

- ❖ Try to find out what the favourite and least favourite meals are
- ❖ Find out what are the 'top 5' – were any meals pupils would like to see
- ❖ Does the menu meet the catering for everyone?

2. Carry out the questionnaire with at least 30 other pupils.
3. Analyse your research. Create a report to share with the school canteen, information, in the form of graphs and charts, and qualitative information.

BBC Bitesize has lots of tips on which graphs and charts are best to use: [zzed](#).

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Visits and observations

This type of research is carried out by market researchers who are highly trained. It could be a visit to a competitor's store and potential suppliers. An observation is different from a visit. In an observation the specialist carrying out the market research will look at the behaviours of customers. They would look at customers shopping to find out habits that customers have; for example, this type of observation research has been used by supermarkets to help them plan the layout of stores.

Interviews and focus groups

Interviews	Focus groups
 <p>Interviews can be used to get in-depth views of potential customers. An interview usually involves two people – the interviewer and the interviewee. The interviewer in this case would be the person carrying out the market research. They will have questions prepared to ask the interviewee. The interviewee will be a potential customer of the business, someone who could possibly be a customer of the business.</p> <p>Interviews can be used like other research for a range of research purposes: finding out why customers buy the products they buy, why customers shop where they do.</p>	 <p>A focus group is in essence a discussion with a group of potential customers directed by the interviewer.</p> <p>This is a useful technique for targeting specific customer groups. For example, targeting middle-aged women who are a target group of women matcha.</p> <p>They can then ask questions which will provide them with valuable information.</p>

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Secondary research

Online research

This couldn't be easier for businesses. Searching on a plethora of information and research very quickly seconds could look at its competitors' products.

Trade journals and magazines are an invaluable secondary source of research. They allow businesses to find out what is going on in the industry, such as new trends. For example, a manufacturing magazine may share ideas on new materials or production methods.

Government reports and statistics

Government statistics can provide generic information used for local statistics about a location. These can be very helpful. For example, a business needing lots of information about the local area might look at areas with high unemployment; the government can provide information to look at areas with high unemployment.

Company records and materials include things such as the company finances and past research. Using company records and materials is one of the easiest and quickest ways for a business to carry out research, and in addition this method does not cost anything.

Benefits and drawbacks of primary and secondary research

Primary research		Secondary research
Benefits	Drawbacks	Benefits
Research findings will be specific to the business needs. They can ask specific questions or even ask consumers to sample their products.	Primary research can be very costly for a business and it can also be time-consuming to carry out effective primary research.	Secondary research can very often be free for business to find and it can be easy for businesses to carry out secondary research quickly.

Activity 11

Carry out some secondary research on your local area using government statistics. Visit www.gov.uk/government/statistics or [zzzed.uk/11707-local-area](http://www.zzzed.uk/11707-local-area).

Summarise the main findings for a business that is moving to your local area. Use the table below to show your findings.

Employment figures	
Gross value added	
Number of micro businesses	

Preparing

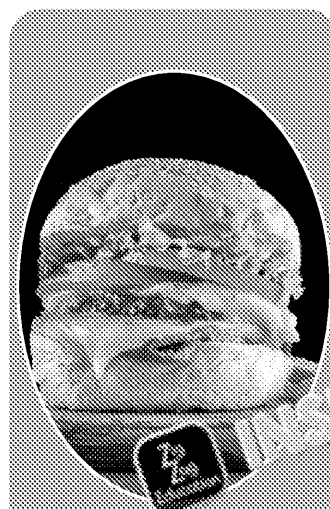
You will need to review what market research your chosen enterprise uses. In this next section, think about what information and data the market research it carries out.

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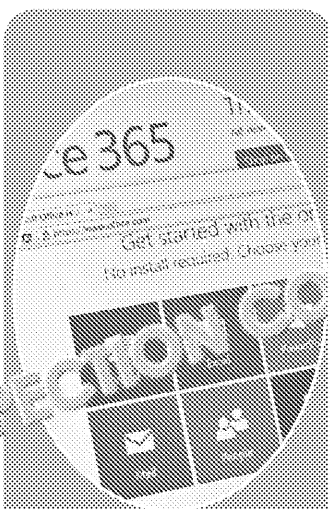
B2: Understanding customer needs

The importance of research to provide information a



Market research is key for businesses to understand what exactly customers wants and needs are.

For example, a local café may ask customers what they would like added to the menu so that they don't add something not wanted by customers.



Market research can provide businesses with information that can solve customers' problems.

Microsoft often carries out research to find out what business customers, education and individual users need, and adapts its products to solve customers' problems. A small window cleaner may at Christmas offer a service hanging Christmas lights on houses.



Customer expectations are very important. Customers may expect certain products to be in a certain price bracket, sold in a certain shop or area. They may have an expectation of quality which is important to the business. Market research will allow businesses to gauge customer expectations. A barber may train staff on a regular basis so they are always able to offer the 'latest' styles and fashions.



Watch the videos below to find out how some top brands changed their products following market research.

[zzed.uk/11707-research1](https://www.zzed.uk/11707-research1)
[zzed.uk/11707-research2](https://www.zzed.uk/11707-research2)



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B3: Understanding competitor behaviour

Understanding the market

Anticipating and identifying competitor behaviour

Everyone knows about the supermarket wars. Each of the big supermarkets is always trying to be better than the others. One of the tactics that these businesses use is to claim that they are better than the others. 'Better value' is something often promoted by these businesses. It is important for them to know what competitors are planning.

This is true for all businesses of all sizes. We saw this on local businesses during the pandemic. Many businesses started offering free delivery as customers' needs changed. This led to other businesses having to offer delivery to keep up with their competitors.

Producing products to market that are different from competitors

A key to business success is to ensure that your business has a USP. A USP is a unique selling point that makes your business stand out from its competitors. It could be that they offer something that competitors do not, the quality is superior to that of their competitors. Putting this into practice is not as easy as it sounds as competitors will always be looking for ways to copy you. Domino's Pizza was the first pizza franchise in the UK to offer free delivery long before other competitors offered this too. Think about your local town – how many businesses offer something that competitors do not? In small towns it is very usual that once one of the competitors offers something, before it's offered by others. For example, one may start offering afternoon tea, but others will have done the same because their market research will have told them what competitors are doing.

Competitive advantage


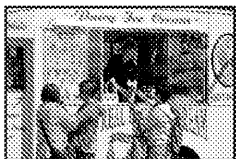


If businesses can successfully hold on to their USP, this will give them a competitive advantage. There are many ways in which they can do this, but they all involve being able to meet the needs of customers that competitors can.

Some of the ways in which they can do this is:

- ❖ Quality
- ❖ Features
- ❖ Availability
- ❖ Price
- ❖ Customer service
- ❖ Convenience

Activity 12

For each of these businesses, suggest something they could do that may give them a competitive advantage.

<p>A. Dressmaker</p> 	<p>F. Ice cream vendor</p> 	<p>C. Pet groomer</p>
<p>D. Barber</p> 	<p>E. Potter</p> 	<p>F. Taxi driver</p>

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B4: Suitability of market research methods

Suitability of method depending on type and size of business

Not all businesses can afford the luxury of carrying out extensive market research or the time to keep an eye on what all their competitors are doing all of the time.



I'm Olivia – I'm a sole trader. I love my hobby became my business! I only carry out market research when I started my business. I use cakes to find out how much other businesses charge them for. My customers tell me exactly what they want or if I didn't think it was important to do research with them.

Clare and I set up our sports shop 10 years ago. We started as a partnership but very quickly changed our ownership to become a limited company. The sports shop market is very competitive and so we carry out market research on a regular basis. We employ a marketing assistant who carries out market research for us so that we can respond as quickly as possible to customers' changing needs and so that we can see the new trends that are doing well in our large competitors. We carry out regular focus groups with our customers and we have just started sending out a social media questionnaire to our customers to try to identify whether there is anything they want us to sell that we don't already.



We constantly monitor the market to stay on top of the latest trends and budget cuts.



We are the 'plastic' social enterprise in our area. We set up the enterprise to help local market research. Our ideas would be successful in our local town and we use questionnaires with the local community.

This was really useful to us. We had many ideas about recycling and reusable products, and the questionnaires helped us to see which products had the most demand for. Because we asked the questionnaires face to face we were able to show some of the sample products we had made.

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Activity 13

Part A

You are now a market research specialist! Recommend to the businesses below what methods of market research would be most beneficial to them. Think about:

- ❖ The size of the enterprise
- ❖ The cost of the research
- ❖ The time needed to carry out the research
- ❖ The human resources available to carry out the research

A. Fitta Carpets is a private limited company owned by just one man, David, in a town and relies very much on local customers. Many customers are loyal to Fitta Carpets for years for their carpets and laminate flooring. Likewise, this business, such as hardware shops. David does not have a budget for methods of market research do you think David should use, given the information above?

B. Tom and Rick are setting up a business as private limited company. They want to open a centre with a fitness suite and spa. They have already recruited key management, a marketing manager and administration staff. They have set aside a budget for market research and have two months before the planned opening date of the centre. What methods of market research do you think Tom and Rick should use, given the information above?

Part B

Dragons Playground Ltd is a theme park based in the South of England. Over the last few years, the numbers have slowly dropped. Some of the shareholders believe that the business should do more extensive market research, while others think it is a waste of money.

Produce a report for the shareholders telling them how market research could be used to improve the business, which methods of market research would be most suitable, and why.



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Preparing

Using your knowledge, you will need to make judgements on the effectiveness of the market research used by your enterprise.

Learning outcome C: Understand how the situational analyses may affect enterprises

Learners will carry out research into internal and external factors for use in a PEST analysis to help them understand how these factors affect enterprises.

Businesses of all sizes need to sometimes reflect on their business's strengths and weaknesses and be aware at all times of what is happening outside of their business. Both PEST analysis and SWOT analysis can help to do this in a reflective way, which can be helpful to them.

C1: PEST (political, economic, social, technological)

We already know that businesses can be affected by the actions of their competitors and their customers, but there are many other external factors that can affect businesses every day. These can be either a negative or a positive effect on businesses. It is crucial that businesses are aware of these factors so that they can respond appropriately.

Political factors

Governmental changes
New regulations
Changes in taxation

Economic factors

Consumer behaviour
Economic growth
Levels of employment
The cost of money
The cost of raw materials

Social factors

Changing consumer behaviours
Consumer trends
Fashion changes
Demographics

Technological factors

Scientific advances
Energy
Technological innovation
Costs of manufacturing

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Political factors



When **governments change**, the focus can be different from that before. They can introduce new laws which can affect spending and law. When a new government comes into power, they may introduce new regulations which businesses will have to follow. For example, a factory, for example, this may mean new methods. It could mean for other businesses to change packaging and thinking about transport. Things they may need to review before.

The government can affect businesses by **charging tax**. In the UK there are various taxes which businesses need to be aware of – one of these being **corporation tax**. All businesses must pay corporation tax on the profits they make. If this percentage were to increase or decrease, this would affect how much profit a business has. There are other taxes which can affect businesses:

Use
your
and
after
ZZ

VAT – this is added to many products we buy. Currently this is 20%. So, if you buy something for £1.20 it is most likely that 20p of this goes to the government not the business. If the VAT rate increased, the business would be losing more money. Alternatively, the business could increase the price of the product to keep getting the same amount from each product. However, an increase in the price of the product could affect sales. It's important that the business is aware of any changes such as this so that it can adapt.

Small businesses such as sole traders and partnerships do not have to pay corporation tax. They pay income tax through **self-assessment**. Should the government make changes to tax allowances, this could also affect these business types.

Activity 14

In 2018, the UK government introduced 'Sugar Tax'. If a drink has 5 g of sugar per 100 ml then it is now taxed 18 pence per litre. Research online how two SMEs responded to this new tax.

- ❖ Summarise your findings in a news report.
- ❖ Explain how they responded to the new tax, and your opinion on how they reacted.

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Economic factors

There are many economic factors that can affect a business and how they must cope with them from customers.

Consumer confidence can affect the demand there is for products and services. If consumer confidence is low, **interest rates** will be high. Anyone who has **borrowed money** has to pay interest on the money. See below.

Sinita and Jack have a mortgage of £150,000. They make mortgage repayments every month, which means that every month they know that £800 will have to be paid to the mortgage company. This can work out their **disposable income**.

$$\text{Monthly income} - \text{Monthly outgoings} = \text{Disposable income}$$

Their disposable income is the money they have to spend on the things they don't need, like luxuries. If the interest rate was to increase, this could affect their mortgage and they would have to pay more. This would then result in them having less disposable income. Jack would have to make some choices. With less disposable income they have to spend that money on. Sinita and Jack usually spend their disposable income on a holiday fund and clothes (that they don't necessarily need but they like). With a higher interest rate because of increased interest rates they would need to cut back on something, which would have an effect on businesses.

Other factors that affect consumer confidence are explained below. But in a nutshell, it's a measure of the confidence that consumers have in the UK economy and their own financial situation. Another measure is that of **economic growth**. This measure allows the government to see the levels of goods and services in the UK over time. This will very much depend on the rate of economic growth. If **employment** is high and **consumer confidence** is high, with consumers spending more on products and services. The opposite of this growth is **recession**. During a recession, spending is low. This can have a snowball effect on the economy.

Another economic factor affecting businesses is the **cost of energy**. The cost of gas and electricity has increased, this has an effect on businesses. Businesses will have to pay more to the energy companies for not using any more energy than usual. This will increase their running costs and they will need more income for them to cover all of their costs.

Understanding what happens during a recession is difficult.

Picture this:

100 people live in the local village and unfortunately 10 lose their jobs because their employers are struggling and must make some of their people redundant.

In the village now there are 120 people spending less money in the local shops as they need to be careful with the income they have. This will affect the profits in these shops. One of these shops sells mainly luxury products and they have been affected a lot and so must give their staff fewer hours. This then means that those staff have less money and so the 'snowball' continues. Usually a government will have to intervene to help turn this around; it can do this by lowering interest rates to make borrowing money more affordable, or by helping businesses with grants, for example.

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Social factors

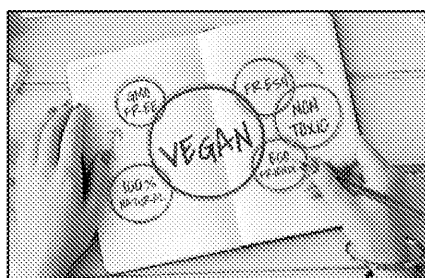
Consumer behaviours and **trends** change all the time and it is key that businesses understand these changes. A consumer behaviour can be explained as the activities that are linked with the purchase of goods and services. These behaviours are affected by customers' attitudes and preferences, and even trends can sometimes be forecasted, and they show what is 'in fashion'. Trends can be seen in the products and services that are popular; they can demonstrate new purchasing habits; they can show what is growing.

Below are some examples of new behaviours and trends that have come about in recent years.



E-commerce – the massive growth in online shopping has rocketed during the pandemic. More purchases are completed online, and businesses need to react to this change, and those who do not see their sales dropping in the present.

Environmentally conscious shoppers – consumers are becoming more considerate in their purchases and this has meant that businesses need to think more about how they can make their business operations more environmentally friendly.



Health-conscious consumers – there has been a significant increase in health-conscious consumers in recent years brought about by consumer awareness. Gyms and health centres have seen a rise in membership in recent years. In particular, there have been lots of changes, with the most recent being a focus on the number of people now following a healthy lifestyle.

Activity 15

- Choose one of the three examples above and carry out research to find out how consumer behaviours have changed.
- Investigate how businesses have made changes to respond to the consumer behaviours of two businesses' actions.

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Technological factors

Technology moves quickly and businesses need to be aware of how consumers are using technology. They also need to be aware of changes to technology that can affect the way they operate.

Social media

You will find it hard to believe that 20 years ago social media was used very little and there were very few people using social media.

Facebook is still one of the largest social media platforms, and this was not invented until 2004. These days, social media is something that most businesses rely on as a form of both communication and marketing. Throughout the world there are now 3.5 billion social media users. This equates to about half of the world's population. In the UK this figure is higher, and approximately two-thirds of the UK population is using social media. Hence, these are the reasons why businesses need to consider using social media and keep up with what competitors are doing and what customers are using.



Energy efficiency

With ever growing energy prices and the impacts of energy use, businesses need to use energy effectively and responsibly. To keep costs low, and an effective way to do this is to make changes to keep energy costs low. Many businesses promote this to show they are environmentally friendly. Using renewable energy is a good way of making – not only do they appear more green, they can also benefit from lower 'green' energy prices.

New technologies

Technology moves very fast. There are constantly new technologies which can help businesses become more competitive and effective.

CAD and CAM have been in use for many years in the manufacturing industry. CAD (computer-aided design) is the process of using computers to create and analyse product designs. CAM (computer-aided manufacturing) is the process of using software to operate machinery in the production process.

Growth in tech businesses

In recent years there has been a massive growth in businesses which operate purely online. SMEs are able to set up an online shop without having a web site or an actual shop through the use of online market places, through social media platforms such as Facebook.

Read the news about the start-up of 'tech' businesses. They are growing massively and fast. Many are run by teenagers. zzed

Costs of Marketing and Selling

This growth in the use of the Internet and e-commerce has not come without cost. It is not free. Businesses must pay firstly for the creation of the adverts, websites or products. They must pay for the distribution of the adverts or the web page, or monitors, etc. for the products.

Likewise, selling online can help a business save many of the overheads they would have if they sold in a shop. Instead they will have to pay for packaging and distribution.

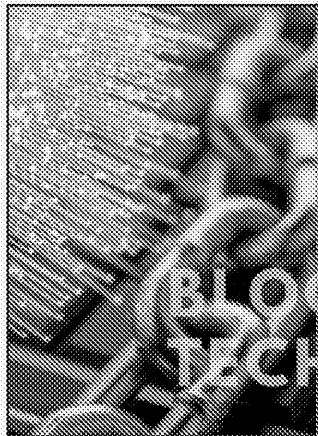
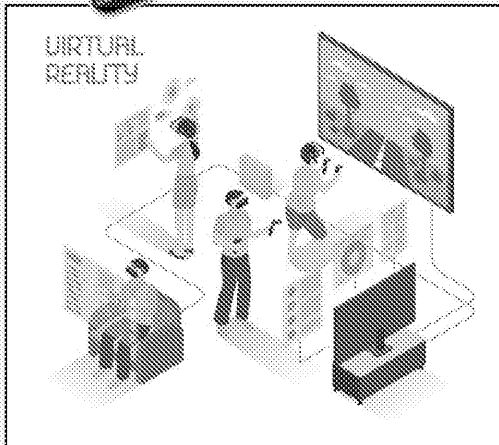
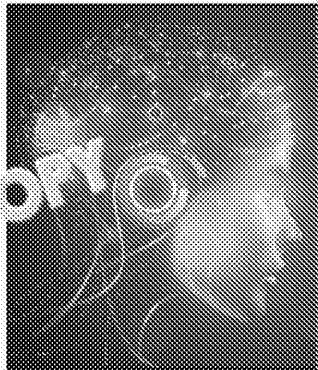
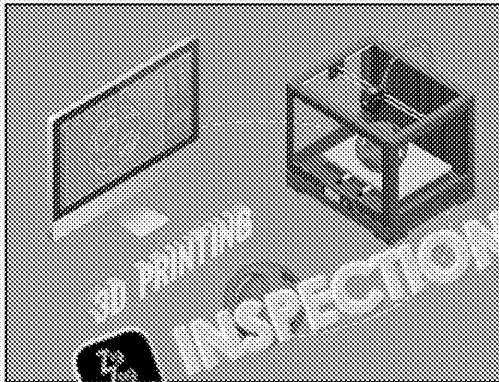
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Activity 16

Create a presentation to explain the four new technologies below.

Explain how they are being used and how they can affect businesses in either



PEST analysis is an essential tool for businesses if they are to consider the changes to the external environment. By using this tool, businesses can stay ahead of competitors, spotting any potential gaps in or changes to the market. It also helps businesses identify threats and plan accordingly for these. Being aware of potential changes to the external environment will allow a business to budget for these more effectively, such as planning for new tariffs or changes to energy costs.



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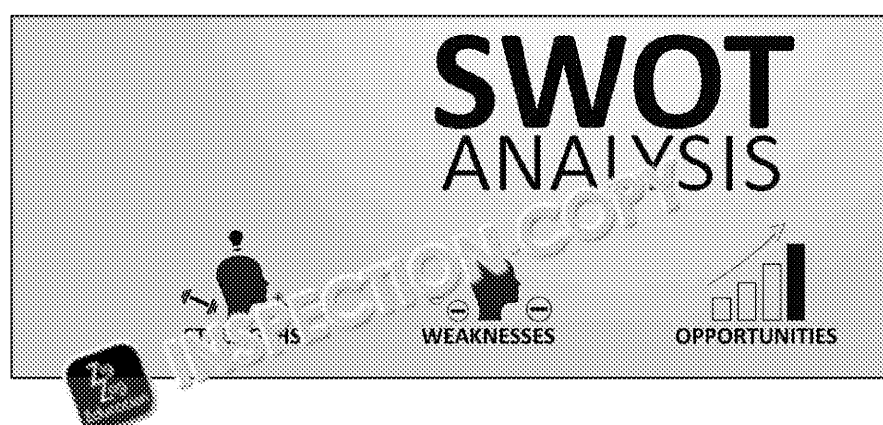


C2: SWOT (strengths, weaknesses, opportunities, threats)

SWOT analysis is a tool used by a business to reflect on the internal strengths and weaknesses and the external opportunities and threats. It helps a business think about the management of its cost management systems, the effectiveness of its marketing compared to competitors.

Every SWOT will be different, but there are similar themes that can be looked for.

Strengths (Internal) <ul style="list-style-type: none"> ✓ Strong brand image ✓ Effective use of finance and resources ✓ Excellent location of the business ✓ Strong product line ✓ USP (unique selling point) ✓ Excellent communication ✓ Effective marketing strategies 	Weaknesses (Internal) <ul style="list-style-type: none"> ✗ Poor management ✗ Poor product line ✗ No strong brand ✗ Poorly motivated staff ✗ Absenteeism ✗ Poor quality of service ✗ Poor location
Opportunities (External) <ul style="list-style-type: none"> ✓ Market/industry is growing ✓ External financing support – grants/loans ✓ Changes in taxation to reduce costs ✓ Competitors unable to meet customers' demands ✓ Change in social habits / new trends ✓ Changes to government laws that support your business 	Threats (External) <ul style="list-style-type: none"> ✗ Changes to tax laws increase business costs ✗ Competitors have a better offer than the market / a better price ✗ Technologies change so your business can't keep up ✗ Problems with the economy ✗ Market/industry is shrinking



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SWOT analysis in action

Jones and James Ltd is an estate agent that operates throughout the London area and has been operating for 15 years. The directors have carried out a SWOT analysis of the business situation:

Strengths (Internal) <ul style="list-style-type: none"> ✓ Good reputation in the London area with loyal customers and lots of 'word of mouth' customer referrals ✓ Effective use of the company assets with positive financial records ✓ Strong USP with 'online' tours and house viewing appointments ✓ Effective use of social media for marketing and communicating with customers 	Weaknesses (Internal) <ul style="list-style-type: none"> ✗ Location of the business is on the outskirts of London so sometimes be hard to get to ✗ There is high staff turnover ✗ The business is limited to selling homes so a limited market
Opportunities (External) <ul style="list-style-type: none"> ✓ Demand for rental properties in London is increasing ✓ The 'online' tours and viewing could be used if advertising overseas ✓ Competitors unable to keep up with the 'online' viewings ✓ Trends show that people are moving to a new house more often 	Threats (External) <ul style="list-style-type: none"> ✗ Increases to government taxes on properties being sold (stamp duty) ✗ House prices are falling ✗ Increase in house prices without the use of online viewings

- ❖ In pairs, discuss the findings of the SWOT analysis above.
- ❖ If you were the directors, how would you use this information?
- ❖ Write up four action points then share these with another group.
- ❖ Did you come up with the same action points?

Activity 17

- Watch the video to get a better understanding of how a SWOT analysis is carried out. <https://www.youtube.com/watch?v=11707-swot>
- Choose a small enterprise from your local town and complete a SWOT analysis.
- Using this SWOT analysis, create a presentation for the business, making recommendations on how they can use the SWOT analysis to improve their business and making recommendations on how they can use the SWOT analysis to improve their business.

Preparing

Using these tools you will have to review the actions of the enterprise you are studying and make judgements about your findings.

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Stretch and Challenge: Further Resources

So, think you know it all now?! Use these resources to carry out some independent knowledge on each of the topics covered.

For more resources

Learning Outcome A:

Understand how and why enterprises and entrepreneurs are successful

A1 Size and features of SMEs

- ❖ [zzed.uk/11707-bootcamp](https://www.zzed.uk/11707-bootcamp)
- ❖ [zzed.uk/11707-ownplace](https://www.zzed.uk/11707-ownplace)
- ❖ [zzed.uk/11707-business](https://www.zzed.uk/11707-business)
- ❖ [zzed.uk/11707-ownplace](https://www.zzed.uk/11707-ownplace)

A2 Sectors and business models in which enterprises operate

- ❖ [zzed.uk/11707-sectors](https://www.zzed.uk/11707-sectors)

A3 Aims and activities of enterprises

- ❖ [zzed.uk/11707-pystone](https://www.zzed.uk/11707-pystone)
- ❖ [zzed.uk/11707-aims](https://www.zzed.uk/11707-aims)
- ❖ [zzed.uk/11707-aims2](https://www.zzed.uk/11707-aims2)

A4 Skills and characteristics of entrepreneurs

- ❖ [zzed.uk/11707-riskreward](https://www.zzed.uk/11707-riskreward)
- ❖ [zzed.uk/11707-dragonden](https://www.zzed.uk/11707-dragonden)
- ❖ [zzed.uk/11707-Entrepreneurs](https://www.zzed.uk/11707-Entrepreneurs)

Learning outcome B:

Understand customer needs and competitor behaviour through market research

B1 Market research methods

- ❖ [zzed.uk/11707-focusgroup](https://www.zzed.uk/11707-focusgroup)
- ❖ [zzed.uk/11707-data](https://www.zzed.uk/11707-data)

B2 Understanding customer needs

- ❖ [zzed.uk/11707-needs](https://www.zzed.uk/11707-needs)

B3 Understanding competitor behaviour

- ❖ [zzed.uk/11707-MR](https://www.zzed.uk/11707-MR)

B4 Suitability of market research methods

- ❖ [zzed.uk/11707-BBC-MR](https://www.zzed.uk/11707-BBC-MR)

Learning outcome C:

Understand how the outcome of environmental analyses may affect business success

C1 PEST (political, economic, social, technological) analysis

- ❖ [zzed.uk/11707-small](https://www.zzed.uk/11707-small)
- ❖ [zzed.uk/11707-pest](https://www.zzed.uk/11707-pest)
- ❖ [zzed.uk/11707-supply](https://www.zzed.uk/11707-supply)

C2 SWOT (strengths, weaknesses, opportunities, threats) analysis

- ❖ [zzed.uk/11707-SWOTanalysis](https://www.zzed.uk/11707-SWOTanalysis)
- ❖ [zzed.uk/11707-SWOTanalysis2](https://www.zzed.uk/11707-SWOTanalysis2)

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Glossary

Business aims	Business aims are the long-term goals that business aims at surviving, making a profit, business growth.
E-commerce	E-commerce is the process of selling and buying goods and services over the internet.
Economic	Economic refers to money and trading in the economy.
Entrepreneur	An entrepreneur is someone who sets up a business and takes the risk of failure.
Limited liability partnership	A limited liability partnership is one that is incorporated under the Companies House and so the owners have limited liability.
Partnership	A business with between two and 20 owners.
PEST analysis	An analysis tool that looks at external factors that affect a business: Political, Economic, Social and Technological.
Political	Political refers to the government and government policies and taxation.
Primary market research	This is research that is first-hand. Examples include surveys and observations.
Primary sector	This sector is involved with getting raw materials from the ground, farming and mining.
Private limited company (Ltd)	A business that is owned by shareholders; each shareholder has a share. The most common form of ownership in the UK.
Qualitative	Qualitative data is data that is non-numerical. Examples include consumer opinions, interviews with specialists.
Quantitative	Quantitative data is data that has a numerical value. Examples include bar charts and tables.
Secondary market research	This is research that has been previously collected. Examples include records, industry magazines and government statistics.
Secondary sector	This sector is involved with manufacturing and transforming raw materials into products. Examples include furniture factories and car manufacturers.
SMEs	Small to medium-sized businesses. Businesses with fewer than 250 employees and a turnover of less than £100 million.
Social enterprise	A business that has ethical aims. It is set up to do good, create employment, help the environment.
Sole trader	A business owned by one person.
SWOT analysis	An analysis tool that looks at a business's current internal strengths and weaknesses; and its external opportunities and threats.
Tertiary sector	This sector is involved with services and retail. Examples include telecommunications and transport.
Unlimited liability	If a business is unincorporated then it has unlimited liability. This means that the business owners are liable for any debts the business has and the owner are legally seen as one identity.

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Sample Answers

Activity 1

- A. **Micro:** Jan's Florist – flower shop with about five staff and owned by Jan
Small: Auto Cars – a garage selling cars with about 20 members of staff
Medium: Evans Kitchens – a business on the industrial estate selling and fitting

B. Auto Cars

This business was set up back in 1982. It was a micro business and the owner employed five employees when the business started. They now employ 19 members of staff by moving to a new, larger location. They sell mainly to local people, but they also get customers from further afield.

Activity 8

- A. The owner did not check how much the stock cost before ordering it; this could mean:
- The owner ordered too much stock, thereby spending money unnecessarily on stock for the business if the stock is 'dated' (such as food, which may not be sold).
 - The owner did not order enough stock, meaning that there was not enough to meet demands. This will mean lost sales for the business but could also mean the owner is unhappy and start shopping with competitors.
- B. The owner of the restaurant did not check the staff rota before a busy shift, this could mean:
- There were not enough staff to serve customers. This could mean long waiting times which could result in unhappy customers and having to give refunds. The business will get a bad reputation or bad reviews if customers have to wait. If customers are unhappy with the service, resulting in a long-term drop in sales. It could also mean staff are overworked and unhappy and, therefore, may lack motivation, and they may be leaving for other jobs.
- C. The owner of the factory has told one of her customers she can pay for her goods on credit; this could mean that...
- She has to pay her debts before receiving any income. This may leave her with no cash so she may have difficulty paying debts. Also, if she has told one customer she can pay on credit, then other customers may want this too, or they may be unhappy if they are on the same terms.

Activity 12

A. Dressmaker Offers a speedy service such as an overnight dressmaking service	B. Ice cream vendor Sells a wide range of flavours and sauces, or themed sundaes	C. Hairdresser Offers a range of hair services
D. Barbers Open 24 hours to serve the pop-overs	E. Potter Allows personalisation of products	F. Jeweller Offers a range of jewellery

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