






Edexcel GCE Business Theme 1

Aims				My SMART target to improve my knowledge is.....
Knowledge/content				
Application/context				
Analysis				
Evaluation				
Market Research				
Product and market orientation				
Primary and secondary market research data (quantitative and qualitative) used to: o identify and anticipate customer needs and wants o quantify likely demand o gain insight into consumer behaviour				
Limitations of market research, sample size and bias				
Use of ICT to support market research: o websites o social networking o databases				
Market segmentation				
Market Positioning				
Market mapping				
Competitive advantage of a product or service				
The purpose of product differentiation				
Adding value to products/services				
Demand				
Factors leading to a change in demand: o changes in the prices of substitutes and complementary goods o changes in consumer incomes o fashions, tastes and preferences o advertising and branding o demographics				



o external shocks o seasonality				
Supply				
Factors leading to a change in supply: o changes in the costs of production o introduction of new technology o indirect taxes o government subsidies o external shocks				
Markets				
The interaction of supply and demand				
The drawing and interpretation of supply and demand diagrams to show the causes and consequences of price changes				
Price Elasticity of Demand				
Calculation of price elasticity of demand				
Interpretation of numerical values of price elasticity of demand				
The factors influencing price elasticity of demand				
The significance of price elasticity of demand to businesses in terms of implications for pricing				
Calculation and interpretation of the relationship between price elasticity of demand and total revenue				
Income Elasticity of Demand				
Calculation of income elasticity of demand				
Interpretation of numerical values of income elasticity of demand				
The factors influencing income elasticity of demand				
The significance of income elasticity of demand to businesses				
Product/Service Design				
Design mix: o function o aesthetics o cost				



Changes in the elements of the design mix to reflect social trends: o concern over resource depletion: designing for waste minimisation, re-use and recycling o ethical sourcing				
Branding and Promotion				
Types of promotion				
Types of branding				
The benefits of strong branding: o added value o ability to charge premium prices o reduced price elasticity of demand				
Ways to build a brand o unique selling points (USPs)/differentiation o advertising o sponsorship o the use of social media				
Changes in branding and promotion to reflect social trends: o viral marketing o social media o emotional branding				
Pricing Strategies				
Types of pricing strategy: o cost plus (calculating mark-up on unit cost) o price skimming o penetration o predatory o competitive o psychological				
Factors that determine the most appropriate pricing strategy for a particular situation: o number of USPs/amount of differentiation o price elasticity of demand o level of competition in the business environment				



o strength of brand o stage in the product life cycle o costs and the need to make a profit				
Changes in pricing to reflect social trends: o online sales o price comparison sites				
Distribution				
Distribution channels				
Changes in distribution to reflect social trends: o online distribution o changing from product to service				
Marketing Strategy				
The product life cycle				
Extension strategies: o product o promotion				
Boston Matrix and the product portfolio				
Marketing strategies appropriate for different types of market: o mass markets o niche markets o business to business (B2B) and business to consumer (B2C) marketing				
Consumer behaviour – how businesses develop customer loyalty				
Approaches to Staffing				
Staff as an asset; staff as a cost				
Flexible workforce: o multi-skilling o part-time and temporary o flexible hours and home working o outsourcing				
Distinction between dismissal and redundancy				
Employer/employee relationships o individual approach				



o collective bargaining				
Recruitment, Selection and Training				
Recruitment and selection process: o internal versus external recruitment				
Costs of recruitment, selection and training				
Types of training: o induction o on-the-job o off-the-job				
Organisational Design				
Structure: o hierarchy o chain of command o span of control o centralised and decentralised				
Types of structure: o tall o flat o matrix				
Impact of different organisational structures on business efficiency and motivation				
Motivation in Theory and Practice				
The importance of employee motivation to a business				
Motivation theories: o Taylor (scientific management) o Mayo (human relations theory) o Maslow (hierarchy of needs) o Herzberg (two factor theory)				
Financial incentives to improve employee performance: o piecework o commission o bonus o profit share o performance-related pay				
Non-financial techniques to improve employee				



performance: o delegation o consultation o empowerment o team working o flexible working o job enrichment o job rotation o job enlargement				
Leadership				
Leadership: o the distinction between management and leadership				
Types of leadership style: o autocratic o paternalistic o democratic o laissez-faire				
Role of an Entrepreneur				
Creating and setting up a business				
Running and expanding/developing a business				
Innovation within a business (intrapreneurship)				
Barriers to entrepreneurship				
Anticipating risk and uncertainty in the business environment				
Entrepreneurial Motives and Characteristics				
Characteristics and skills required				
Reasons why people set up businesses: o financial motives: profit maximisation and profit satisficing o non-financial motives: ethical stance, social entrepreneurship, independence and home working				
Business Objectives				
Survival				
Profit maximisation				
Other objectives:				



o sales maximisation o market share o cost efficiency o employee welfare o customer satisfaction o social objectives				
Forms of Business				
Sole trader, partnership and private limited company				
Franchising, social enterprise, lifestyle businesses, online businesses				
Growth to PLC and stock market flotation				
Business Choices				
Opportunity cost				
Choices and potential trade-offs				
Moving From Entrepreneur to Leader				
The difficulties in developing from an entrepreneur to a leader				