Revision Notes: GCSE Business Studies (Unit 1)

→ Niche Market= Part of market with customers that have a particular need.
→ Sole traders= Business owned by a single person. Unlimited liability (if business flops they must sell everything to pay debts).
→ Partnerships: Are two or more sole traders. ● Unlimited or limited liability ● Legally responsible for partners
→ Private Limited Comps= Often small business with LIMITED LIABILTY (risk of only losing what was invested) ● Expensive coz of legal paperwork ● Must publish accounts yearly.
→ Franchise: The right to sell another firms products or services. Advantage: Less risk of failing. Disadvantage: Limited freedom.
→ Stakeholder: Someone affected by a business.
→ Internal Stakeholder: Someone inside firm (owner)
→ External Stakeholder: Someone outside firm (customer)

Business Plan:

→ Personal details (e.g. CV).
→ Objectives: Specific Aims.
→ Product description: Details of market competitors ● How product differentiation achieved by USP.
→ Staffing description (e.g. job description, wages).
→ Finance: Money to start up.

Location (LO):

→ LO of raw materials.
→ Labour supply ● Low wages in unemployment areas.
→ Transport
→ Economies of concentration ● Similar businesses nearby ∴ Easy to find labour
→ Communication Links ● Internet/ post
→ Location of Market ● Locate near customers

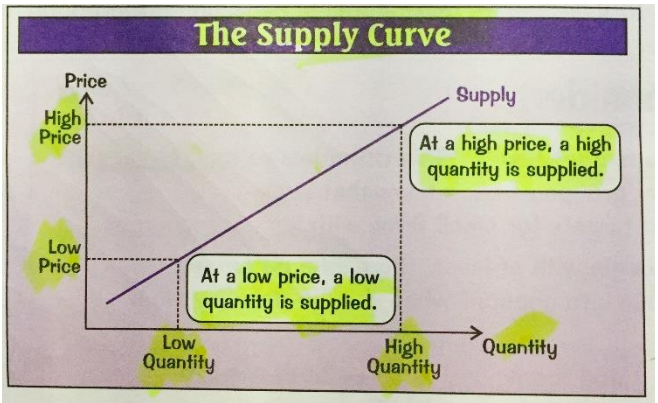
Marketing Mix (4 P's):
→ Product ● Desire?
→ Price ● Value?
→ Promotion ● Make customers aware
→ Place ● Sold in a convenient place

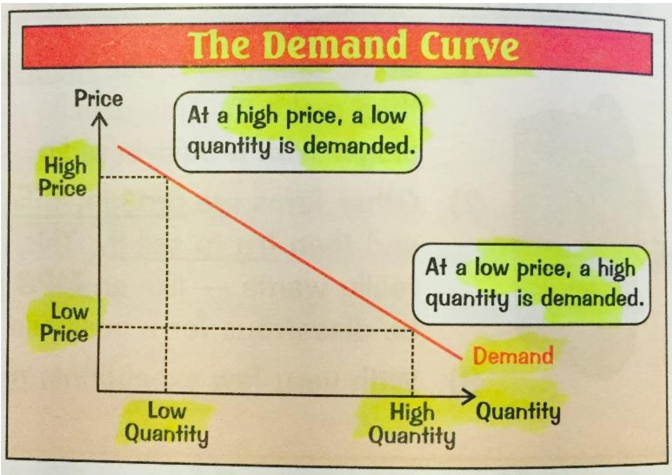
Marketing Strategy: Goal of increasing sales and achieving sustained competitive advantage.

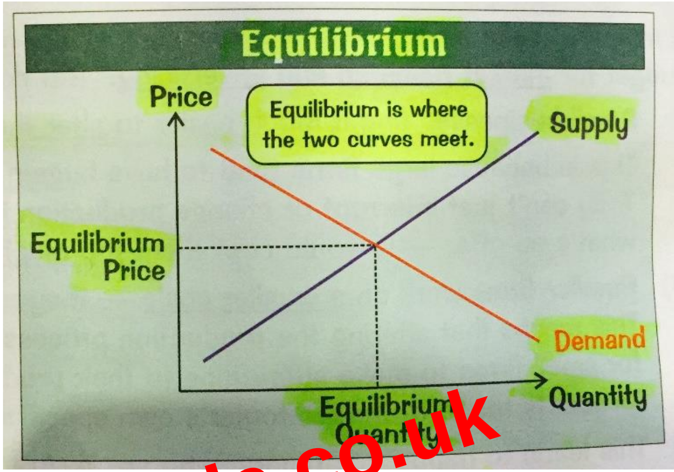
Marketing Map (Find gap in the market): For coffee

→ Price: Upwards Line
→ Quality: Sideward quality

Demand: Quantity of product consumers are willing to and able to buy.
Supply: Quantity of product consumers are willing to and make for a sale.







Product Driven= Products invented with the hope to sell.

Sources of finance:

→ Grants: Money that doesn't have to be paid back often given by the government.
→ Trade credit: Instead of paying cash on delivery, businesses issue an invoice to show what needs to be paid.
→ Venture Capital: Money invested by Venture Capitalists (experienced investors who invest into new or expanding businesses).

Costs:

Direct + Indirect = Total Costs

→ Direct Costs: Cost associated to making the product.
→ Indirect Costs (Overheads): Running costs (e.g. bills).
→ Fixed Costs: Mostly indirects (paid if nothing is produced).
→ Variable Costs: Mostly directs (Increases due to expansion).

Cash Flow: The money that goes in and out of the business.

→ Cash inflow: Sales
→ Cash outflow: Buys

Net-cash flow: difference between cash inflow and outflow.

Cash flow forecast: Help predicts how much money will be needed in the future.