

GCSE Business

Planning a two-year course

Paul Clark



Welcome to this Professional Development Course

This event is for teachers delivering the Pearson Edexcel GCSE Business specification.

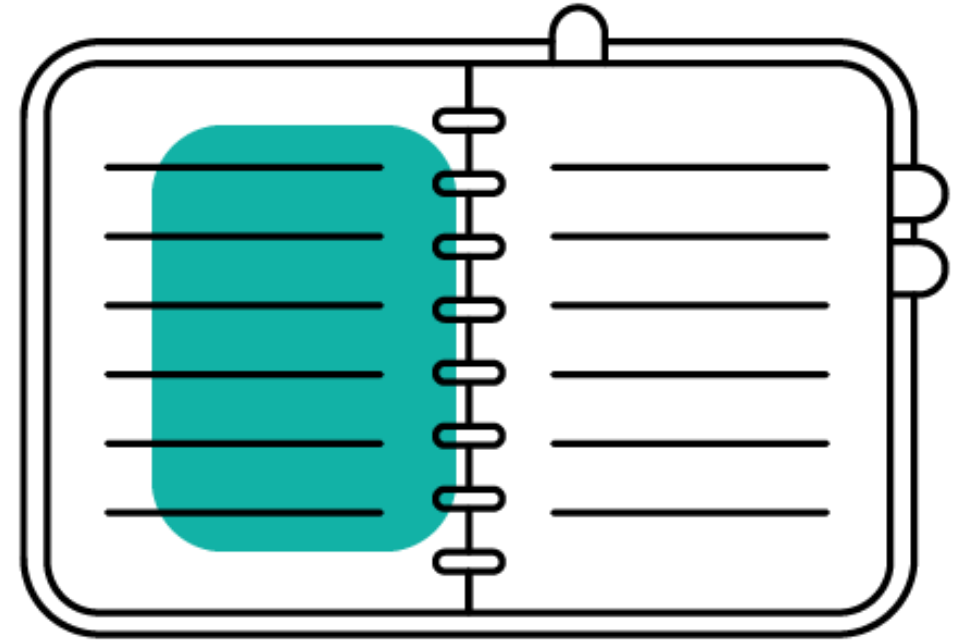
This session will look at possible ways to plan for the two-year A Level Business course and the different resources that are available when planning for it.

The session will identify key material that can be used and the support offered to teachers delivering this specification.



Agenda

- The structure of the GCSE Business course
- How the course is assessed
- Pearson resources available to help with delivery
- Other resource ideas
- Networking opportunities



Resource links in this event

- On various slides you will notice the icon displayed in the top right corner of the screen.
- Clicking this icon in the PDF version of this presentation will take you directly to the discussed resource.

 [Example link to resources](#)



The course



Specification



GCSE Business Specification

Pearson Edexcel GCSEs Business (2017)



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Specification



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Course materials

- **Specification and sample assessments (2)**
- **Exam materials (44)**
- **Teaching and learning materials (158)**



GCSE at a glance



Theme 1: Investigating small business (*Paper code: 1BS0/01)

Written examination: 1 hour and 45 minutes

50% of the qualification

90 marks

Content overview

- Topic 1.1 Enterprise and entrepreneurship
- Topic 1.2 Spotting a business opportunity
- Topic 1.3 Putting a business idea into practice
- Topic 1.4 Making the business effective
- Topic 1.5 Understanding external influences on business

Assessment overview

The paper is divided into three sections:

Section A: 35 marks

Section B: 30 marks

Section C: 25 marks.

The paper will consist of calculations, multiple-choice, short-answer and extended-writing questions.

Questions in Sections B and C will be based on business contexts given in the paper.

Calculators may be used in the examination. Information on the use of calculators during the examinations for this qualification can be found in *Appendix 4: Calculators*.

Theme 2: Building a business (Paper code: 1BS0/02)

Written examination: 1 hour and 45 minutes

50% of the qualification

90 marks

Content overview

- Topic 2.1 Growing the business
- Topic 2.2 Making marketing decisions
- Topic 2.3 Making operational decisions
- Topic 2.4 Making financial decisions
- Topic 2.5 Making human resource decisions

Assessment overview

The paper is divided into three sections:

Section A: 35 marks

Section B: 30 marks

Section C: 25 marks.

The paper will consist of calculations, multiple-choice, short-answer and extended-writing questions.

Questions in Sections B and C will be based on business contexts given in the paper.

Calculators may be used in the examination. Information on the use of calculators during the examinations for this qualification can be found in *Appendix 4: Calculators*.



Inside the Specification

Topic 1.1 Enterprise and entrepreneurship

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Subject content	What students need to learn:
1.1.1 The dynamic nature of business	<p>Why new business ideas come about:</p> <ul style="list-style-type: none">• changes in technology• changes in what consumers want• products and services becoming obsolete. <p>How new business ideas come about:</p> <ul style="list-style-type: none">• original ideas• adapting existing products/services/ideas.
1.1.2 Risk and reward	<p>The impact of risk and reward on business activity:</p> <ul style="list-style-type: none">• risk: business failure, financial loss, lack of security• reward: business success, profit, independence.
1.1.3 The role of business enterprise	<p>The role of business enterprise and the purpose of business activity:</p> <ul style="list-style-type: none">• to produce goods or services• to meet customer needs• to add value: convenience, branding, quality, design, unique selling points. <p>The role of entrepreneurship:</p> <ul style="list-style-type: none">• an entrepreneur: organises resources, makes business decisions, takes risks.

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Theme 1: Investigating small business

Overview

Theme 1 concentrates on the key business concepts, issues and skills involved in starting and running a small business. It provides a framework for students to explore core concepts through the lens of an entrepreneur setting up a business.

In this theme, students will be introduced to local and national business contexts and will develop an understanding of how these contexts impact business behaviour and decisions. Local contexts refer specifically to small businesses or those operating in a single UK location and national contexts relate to businesses operating in more than one location or across the UK.

Students must develop an understanding of the interdependent nature of business activity through interactions between business operations, finance, marketing and human resources, as well as the relationship between the business and the environment in which it operates. Students must understand how these interdependencies and relationships underpin business decisions. Teaching approaches to the content must reflect this.

Content

Theme 1 comprises five topic areas.

- Topic 1.1 Enterprise and entrepreneurship – students are introduced to the dynamic nature of business in relation to how and why business ideas come about. They also explore the impact of risk and reward on business activity and the role of entrepreneurship.
- Topic 1.2 Spotting a business opportunity – students will explore how new and small businesses identify opportunities through understanding customer needs and conducting market research. They will also focus on understanding the competition.
- Topic 1.3 Putting a business idea into practice – this topic focuses on making a business idea happen through identifying aims and objectives and concentrating on the financial aspects.
- Topic 1.4 Making the business effective – students will explore a range of factors that impact on the success of the business, including location, the marketing mix and the business plan.
- Topic 1.5 Understanding external influences on business – students are introduced to a range of factors, many of which are outside of the immediate control of the business, such as stakeholders, technology, legislation and the economy. Students will explore how businesses respond to these influences.

Quantitative Skills

Students must draw on their knowledge and understanding of Theme 1 topics to apply a range of quantitative skills relevant to business contexts. This includes calculations and the interpretation, use and limitation of quantitative and qualitative data in business contexts to support, inform and justify business decisions. These will be embedded within the examinations for this qualification. Please see *Appendix 2: Quantitative Skills* for full details of quantitative skills and examples of their application within this qualification. Formulae for use in this qualification can be found in *Appendix 3: Formulae*. Formulae will not be provided in the examinations. Information on the use of calculators during the examinations for this qualification can be found in *Appendix 4: Calculators*.



Specification – Other useful bits!

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Appendix 1: Command word taxonomy and definitions of business terms

Command word taxonomy

The table below lists the command words that may be used in question papers for GCSE Business and an outline of what each type of question requires students to do.

Command word	This type of question will require students to:
Multiple choice question	select one or more correct answer from a choice of answers. These questions test recall of knowledge from the specification content
Define	define a term from the specification content
Give	give an answer testing recall of knowledge from the specification content
State	give an answer, no longer than a sentence, referring to a piece of contextual information from which students must select the answer
Identify	select the correct answer from reading a graph or table of data
Calculate	use mathematical skills to reach the answer, based on given data. Calculators may be used and workings should be given
Complete the table	work out the values missing from the presented table of data
Outline	give two linked points about a business concept or issue, placed in context in the question
Explain	give a statement of fact, with two further expansion points. These may expand on each other, or both from the same fact. There is no context in these questions
Discuss	write an extended answer, requiring expansion and exploration of a business concept or issue. These questions will not have context but students may bring one in for illustration purposes
Analyse	write an extended answer, requiring expansion and exploration of a business concept or issue. The answer will be placed in context by the question
Justify	write an extended answer, using information provided in order to recommend one of two options to a business owner
Evaluate	write an extended answer, using knowledge of specification content to reach a supported conclusion about a business situation.

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Appendix 2: Quantitative skills

The list below states the range and extent of mathematical skills that students are required to know for this qualification. Students must be able to draw on the knowledge and understanding learned from the subject content to apply these skills to relevant business contexts.

This list is taken from the document *Business GCSE subject content* published by the Department for Education (DfE) in December 2015.

The minimum level of mathematics in the question papers will be equivalent to Key Stage 3 mathematics.

Calculation

Calculations in a business context, including:

- percentages and percentage changes
- averages
- revenue, costs and profit
- gross profit margin and net profit margin ratios
- average rate of return
- cash-flow forecasts, including total costs, total revenue and net cash flow.

Interpretation

Interpretation and use of quantitative data in business contexts to support, inform and justify business decisions, including:

- information from graphs and charts
- profitability ratios (gross profit margin and net profit margin)
- financial data, including profit and loss, average rate of return and cash-flow forecasts
- marketing data, including market research data
- market data, including market share, changes in costs and changes in prices.

These quantitative skills will be assessed in both Papers 1 and Paper 2, totalling 10% of the marks available for the qualification. Questions involving quantitative skills will always be in a business context.

These skills will be sampled in the question papers but all will be covered over the lifetime of the qualification. Examples of questions rewarding quantitative skills are Paper 1 Q3(b) and Paper 2 Q5(a) in the *Pearson Edexcel Level 1/Level 2 GCSE (9–1) in Business Sample Assessment Materials (SAMs)*.



Specification – Other useful bits!

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Appendix 3: Formulae

The list below gives formulae for use in this qualification. Formulae will not be provided in the examinations for Paper 1 or Paper 2.

Total costs

TC (total cost) = TFC (total fixed costs) + TVC (total variable costs)

Revenue

Revenue = price \times quantity

Break even

Break even point in units = $\frac{\text{fixed cost}}{(\text{sales price} - \text{variable cost})}$

Break even point in costs / revenue = break even point in units \times sales price

Margin of safety

Margin of safety = actual or budgeted sales – break even sales

Interest (on loans)

Interest (on loans) in % = $\frac{\text{total repayment} - \text{borrowed amount}}{\text{borrowed amount}} \times 100$

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Net cash-flow

Net cash-flow = cash inflows – cash outflows in a given period

Opening and closing balances

Opening balance = closing balance of the previous period

Closing balance = opening balance + net cash-flow

Gross profit

Gross profit = sales revenue – cost of sales

Gross profit margin

Gross profit margin (%) = $\frac{\text{gross profit}}{\text{sales revenue}} \times 100$

Net profit

Net profit = gross profit – other operating expenses and interest

Net profit margin

Net profit margin (%) = $\frac{\text{net profit}}{\text{sales revenue}} \times 100$

Average rate of return

Average rate of return (%) = $\frac{\text{average annual profit (total profit / no. of years)}}{\text{cost of investment}} \times 100$



Getting Started Guide

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1.3.2 Business revenues, costs and profits

Students are required to understand the concept and know how to calculate the following:

- Revenue
- Fixed and variable costs
- Total costs
- Profit and loss
- Interest
- Break even level of output (from formula or diagram)
- Margin of safety (from formula or diagram)

The formulae for all these calculations are provided in the specification (in Appendix 3 on page 30).

Students will be expected to know how to calculate the total amount of interest as the percentage of total repayment for a mortgage or loan. Students are not required to calculate compound interest.

Students are also required to identify the break even level of output and margin of safety on a break even diagram and interpret the impact of changes in revenue and costs on break even charts. They will not be required to draw a break even diagram.

Students should be encouraged to show the workings for their calculations even though full marks are awarded for correct answers. Students should also ensure the correct units are included in their responses to calculate questions where these are required in the question.



GCSE (9-1) Business

Getting Started Guide



Delivery Order



Two-year course planner

Term 1	1.1 Enterprise and entrepreneurship	14 weeks
	1.2 Spotting a business opportunity	
	1.3 Putting a business idea into practice	
Term 2	1.4 Making the business effective	10 weeks
	1.5 Understanding external influences on businesses	
Term 3	1.5 Understanding external influences on businesses (cont.)	12 weeks
	Revision and practice assessment	
	2.1 Growing the business	
Term 4	2.2 Making marketing decisions	14 weeks
	2.3 Making operational decisions	
	2.4 Making financial decisions	
Term 5	2.5 Making human resource decisions	10 weeks
	Revision and practice assessment	
Term 6	Revision and final exams	12 weeks

GCSE (9-1) in Business 2017

Contents

Introduction	1
Course planner: outline	2
Two-year course planner	2
Three-year course planner: outline	2
Detailed course planner	3
Approaches to ordering topics	18

Alternative Delivery Order



Business start-ups and growth	<ul style="list-style-type: none"> 1.1.1 The dynamic nature of business 1.1.3 The role of business enterprise 1.1.2 Risk and reward 1.2.4 The competitive environment 1.4.1 The options for start-up and small business 1.3.1/2.1.2 Business aims and objectives 1.4.4 Business plans 1.5.2 Technology and business 2.1.1 Business Growth 2.1.3 Business and globalisation
Marketing	<ul style="list-style-type: none"> 1.2.1 Customer needs 1.2.2 Market research 1.2.3 Market segmentation 1.4.2 Business location 2.2.1 Product 2.2.2 Price 2.2.3 Promotion 2.2.4 Place 2.2.5 Using the marketing mix to make decisions

Business finance	<ul style="list-style-type: none"> 1.3.2 Business revenues, costs and profits 1.3.3 Cash and cash flow 1.3.4 Sources of business finance 2.4.1 Business calculations 2.4.2 Understanding business performance
Human resources	<ul style="list-style-type: none"> 2.5.1 Organisational structures 2.5.2 Effective recruitment 2.5.3 Effective training and development 2.5.4 Motivation
Business operations	<ul style="list-style-type: none"> 2.3.1 Business operations 2.3.2 Working with suppliers 2.3.3 Managing quality 2.3.4 The sales process
External influences	<ul style="list-style-type: none"> 1.5.1 Business stakeholders 1.5.3 Legislation and business 1.5.4 The economy and business 1.5.5 External influences 2.1.4 Ethics, the environment and business



Approximate Time Allocated to Each Theme

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Two-year course planner

Term 1	1.1 Enterprise and entrepreneurship 1.2 Spotting a business opportunity 1.3 Putting a business idea into practice	14 weeks
Term 2	1.4 Making the business effective 1.5 Understanding external influences on businesses	10 weeks
Term 3	1.5 Understanding external influences on businesses (cont.) Revision and practice assessment 2.1 Growing the business	12 weeks
Term 4	2.2 Making marketing decisions 2.3 Making operational decisions 2.4 Making financial decisions	14 weeks
Term 5	2.5 Making human resource decisions Revision and practice assessment	10 weeks
Term 6	Revision and final exams	12 weeks

Scheme of Work



Scheme of Work

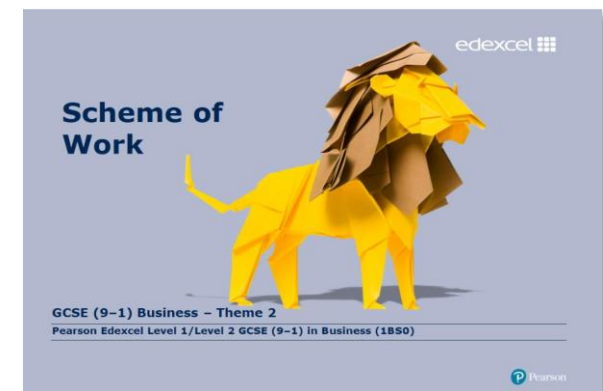


Theme 2 Scheme of Work

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Year 1 (2-year Scheme of Work)

Week	Content coverage	Learning outcomes	Exemplar activities	Exemplar materials and resources
Term 1 Week 1	Course introduction	<ul style="list-style-type: none"> Introduction and overview to small businesses. How and why are small businesses created? Overview of key features of small businesses and recognition that small businesses operate in all economic and geographical areas. Overview of assessment structure of the course. 	<ul style="list-style-type: none"> Students debate and discuss issues involved in spotting a business opportunity. Students use different resources, including Internet research, to look at what businesses do. For example, they discuss what different businesses produce using photographs. Students investigate a local small business. Produce a report explaining the nature of business, its resources, its customers, and evaluating why it might be successful. Collate class results and create a display of the local business environment. 	<ul style="list-style-type: none"> See the Edexcel GCSE Business Studies Student Book <i>Introduction to Small Business</i>, Chapter 1. 'Introduction to Business Activity' - local study of businesses within one mile radius of school. Create a display and categorise the results.
2	Topic 1.1 Enterprise and entrepreneurship 1.1.1 The dynamic nature of business	<p>Why new business ideas come about:</p> <ul style="list-style-type: none"> Changes in technology. Changes in what consumers want. Products and services becoming obsolete. <p>How new business ideas come about:</p> <ul style="list-style-type: none"> Original ideas Adapting existing products/services/ideas 	<ul style="list-style-type: none"> Teacher distinguishes between 'why' and 'how' new business ideas come about. Teacher provides students with different examples of small businesses. Why - student groups research local high street/town centre and collate types of businesses that exist. With the full list examples can be considered of new business ideas being created due to: (i) changes in technology; (ii) changes in what consumers want; (iii) products and services becoming obsolete. How - examples of products that are original and those that are adapted from existing. 	<ul style="list-style-type: none"> How - use Cambridge Satchel Company video (www.youtube.com/watch?v=MM4HyXaYTPY) as stimulus for a new business idea. Review the Swoon Editions case study, available on the Pearson GCSE (9-1) Business webpage
3	1.1.2 Risk and reward	<p>The impact of risk and reward on business activity:</p> <ul style="list-style-type: none"> Risk: business failure, financial loss, lack of security Reward: business success, profit, independence 	<ul style="list-style-type: none"> Introduce the idea of risk in a general sense - what does it mean for young people? Consider 'risks' they may face on a typical day... Use a business example to introduce an entrepreneur - Cambridge Satchel Company. What risks does the owner of this business face? Encourage students to elicit the risks listed in the specification - business failure, financial loss, lack of security. 	<ul style="list-style-type: none"> See the Edexcel GCSE Business Studies Student Book <i>Introduction to Small Business</i>, Chapter 11 (p52). Review the Swoon Editions case study, available on the Pearson GCSE (9-1) Business webpage.



Assessment



Assessment

- Summative assessment at the end of Year 11. Two papers of near identical set-up. (Except for 7a)
- The assessment is 1 hour and 45 minutes.
- The assessment is out of 90 marks.
- The paper is divided into three sections.
 - Section A: 35 marks
 - Section B: 30 marks
 - Section C: 25 marks.
- Students must answer all questions.
- The paper will consist of calculations, multiple choice, short answer and extended writing questions.
- The paper will include questions that target mathematics at a minimum of Key Stage 3 level.
- ***Questions in Sections B and C will be based on business contexts given in a Source Booklet.**

Assessment Criteria



Assessment Objectives

Students must:		% in GCSE
AO1	Demonstrate knowledge and understanding of business concepts and issues	35
AO2	Apply knowledge and understanding of business concepts and issues to a variety of contexts	35
AO3	Analyse and evaluate business information and issues to demonstrate understanding of business activity, make judgements and draw conclusions	30
Total		100%

Breakdown of Assessment Objectives

Paper	Assessment Objectives			Total for all Assessment Objectives
	AO1 %	AO2 %	AO3 %	
Paper 1	17.2	17.8	15	50%
Paper 2	17.8	17.2	15	50%
Total for GCSE	35%	35%	30%	100%

NB: totals have been rounded either up or down to one decimal point.

Command Word Taxonomy



Command word	This type of question will require students to:
<i>Multiple choice question</i>	select one or more correct answer from a choice of answers. These questions test recall of knowledge from the specification content
Define	define a term from the specification content
Give	give an answer testing recall of knowledge from the specification content
State	give an answer, no longer than a sentence, referring to a piece of contextual information from which students must select the answer
Identify	select the correct answer from reading a graph or table of data
Calculate	use mathematical skills to reach the answer, based on given data. Calculators may be used and workings should be given
Complete the table	work out the values missing from the presented table of data
Outline	give two linked points about a business concept or issue, placed in context in the question
Explain	give a statement of fact, with two further expansion points. These may expand on each other, or both from the same fact. There is no context in these questions
Discuss	write an extended answer, requiring expansion and exploration of a business concept or issue. These questions will not have context but students may bring one in for illustration purposes
Analyse	write an extended answer, requiring expansion and exploration of a business concept or issue. The answer will be placed in context by the question
Justify	write an extended answer, using information provided in order to recommend one of two options to a business owner
Evaluate	write an extended answer, using knowledge of specification content to reach a supported conclusion about a business situation.



Other Resources to Help Delivery



Key Term Lists



Theme 1 – Key Terms

Key term	Definition
Adapting existing products	Finding new products based on the original one.
Aims	An overall or long-term target for an individual or a business.
Aims/Objectives	A clear, measurable goal, so success or failure is clear to see.
Asset	Any item of value that a business owns, such as its machinery or premises.
Branding	The process of creating a distinct identity for a product or business which highlights how it is different from competing products or businesses, through using a logo, name or creating a personality.
Break-even level of output	The point where revenue received meets all of the costs of a business.
Business decisions	Choices that have to be made by a business, usually within a short time period.
Business failure (insolvency)	The collapse of a business, probably leading to its closure.
Business plan	A detailed document setting out the marketing and financial thinking behind a proposed new business.

Key Term Lists





Theme 2 – Key Terms

Key term	Definition
Aesthetics	The visual attractiveness of something.
Application form	A document completed by a potential employee when they apply for a job.
Autonomy	Independence or the freedom to make your own decisions.
Average rate of return	Average annual profit as a percentage of the cost of the investment. This shows profitability and can be compared with the interest rates available on bank deposit accounts.
Bar gate stock graph	A diagram which shows changes in the stock level of a business over a period of time.
Barrier to communication	Anything which prevents the flow of accurate information within a business.
Batch production	Producing a limited number of identical products.
Buffer stock	The minimum level of stock held by a business.
Centralised organisational structure	An organisation in which most decisions are made at head office.
Commission	Being paid a percentage of the value of a sale.



Knowledge Retrieval and Practice Booklets



Retrieval Quiz - 1.1.1: The dynamic nature of business

Questions:

1. Identify **three** reasons why new business ideas come about:

.....

.....

.....

2. Products and services can become 'obsolete'. Circle the correct definition of 'obsolete':

a. A product that is fashionable and in demand

b. A product that is out of date

c. A product which obstructs other products in the market

3. Define the term **consumer**.

.....

4. Give **two** examples of changes in consumer tastes and preferences in recent times.

.....

.....

5. Give **one** reason why a business might decide to adapt one of its products.



.....

.....

.....

.....

2



Answers:

1. Identify **three** reasons why new business ideas come about:

Changes in technology

Changes in what consumers want

Products and services becoming obsolete

2. Products and services can become 'obsolete'. Circle the correct definition of 'obsolete':

a. A product that is fashionable and in demand

b. A product that is out of date

c. A product which obstructs other products in the market

3. Define the term 'consumer'.

Someone who buys and uses goods and services.

4. Give 2 examples of changes in consumer tastes and preferences in recent times.

Internet shopping/decline of High Street

Food delivery

Use of social media

Accept any other valid examples

5. Give **one** reason why a business might decide to adapt one of its products.

To maintain market position

Competition/rival products

New technology

Existing product becomes obsolete

3





Exam Questions on Each Topic

GCSE Business 1BS0 01

1.1.1 The dynamic nature of business

1 Explain one reason why new business ideas come about.

(3)

2 Which two of the following are examples of services?

Select two answers:

(2)

- A Train journey
- B Magazine
- C Headphones
- D Haircut
- E Mobile phone

3 Explain one way an entrepreneur might identify a new business idea.

(3)

GCSE Business 1BS0 01 Markscheme

1.1.1 The dynamic nature of business

Question Number	Answer	Mark
1	<p>Award 1 mark for identification of a reason, plus 2 further marks for explaining this reason up to a total of 3 marks.</p> <p>A new business idea may come about because consumers want something new (1). Existing products may not meet customer needs (1). This can lead to an entrepreneur spotting a new business opportunity in the market (1).</p> <p>A new business idea may come about because of changes in technology (1). This allows new products to be created (1). Entrepreneurs will therefore look to create demand for this new product (1).</p> <p>Accept any other appropriate response. Answers that list more than one reason with no explanation will be awarded a maximum of 1 mark.</p>	(3) AO1a=(1) AO1b=(2)

Question number	Answer	Mark
2	A Train Journey D Hair Cut	(2) Ao1a

Question number	Answer	Mark
3	<p>Award 1 mark for identification of a way that business ideas can come about, plus 2 further marks for explaining this way up to a total of 3 marks.</p> <p>The entrepreneur may have a completely original idea (1) which is based on knowledge of the market (1). This can lead to the development of a totally new product that does not have any competition in the market (1).</p> <p>Observing existing products (1) can lead to ideas about how these might be improved (1). As a result of these ideas an entrepreneur can innovate an existing product (1).</p> <p>Accept any other appropriate response. Answers that list more than one way with no explanation will be awarded a maximum of 1 mark.</p>	(3) AO1a=1 AO1b=2



Additional Assessment Materials
Summer 2021

Pearson Edexcel GCSE in Business
1BS0 01

Resource Set 1

1.1 Enterprise and entrepreneurship

1.1.1 The dynamic nature of business

1.1.2 Risk and reward

1.1.3 The role of business enterprise

Pearson Booklets



How this case study illustrates/exemplifies the specification content:

The case study illustrates 'Business location' in a number of ways:

- The new practice is more conveniently located for patients, being accessible by public transport and having a car park.
- Being located in the city centre means that the surgery is more easily accessed by employees – labour. This may make Eden Dental Practice more attractive to potential applicants for jobs. As Eden Dental Practice is looking to take on an additional 14 employees, this may help recruitment.
- As a business that is responsible for dental services, there is limited opportunity to move towards e-commerce.

Check your knowledge:

1. Give two advantages of a business locating close to good public transport links.
2. State one advantage to a business of using e-commerce.
3. What is the difference between e-commerce and fixed premises?

Check your knowledge: recall questions (previous unit):

1. Give two advantages of franchising?
2. What is the difference between a sole trader and a partnership?
3. What is a disadvantage of starting a new business as a private limited company?

Activity - Now try this!

Use the list below to complete the table showing the advantages and disadvantages of e-commerce and fixed premises

- Lower operating costs, such as not paying rent on premises.
- Customers can see and experience physical products.
- Ability to reach a wider audience.
- Ability to trade 24 hours a day, 7 days a week.
- Higher costs. Premises can be very expensive, especially in popular locations.
- Customers can meet sales assistants and experts face-to-face.
- The internet may 'go down' which would interrupt sales.
- Cannot try out products.

Key terms – examples

In the space below, write examples to illustrate the key terms:

Key term	Examples
e-commerce	
Labour	
Proximity	

Summary of the topic

The nature of the business will influence the location decision and you need to consider the implications of the proximity to market, labour, materials and competitors on business location decisions. For example, a plumbing business may choose to locate close to an area with a high population to be close to its market. Consideration also needs to be given to how e-commerce might affect location decisions and whether fixed premises are even needed. Increasingly, through the internet, it is easier to set up and run a business as the physical location is less important than the product being offered.

Synoptic links to this topic

This topic links with the following areas of the specification:

- 1.1.1 The dynamic nature of business
- 1.1.2 Risk and reward
- 1.1.3 The role of business enterprise
- 1.2.1 Customer needs
- 1.2.4 The competitive environment
- 1.3.2 Business revenues, costs and profits
- 1.3.3 Cash and cash-flow

Although this is quite a short topic, it actually has direct links with many areas of the specification. Location decisions are based partly on customer needs and on the nature of competition in a market. If the market is very competitive, a business may need to. Strive to keep down costs to ensure cash-flow is strong. The business may choose not to have fixed premises and opt for an e-commerce approach as a way of keeping down costs.

GCSE Business

Theme 1.4.2 – Business location

Booster Booklet Specification

Subject content	What students need to learn:
1.4.2 Business location Factors influencing business location: <ul style="list-style-type: none">• proximity to: market, labour, materials and competitors• nature of the business activity• the impact of the internet on location decisions: e-commerce and/or fixed premises	This is the second booklet in Topic 1.4 – Making the business effective. This booklet examines the importance of business location. Choosing the right location is an important decision for a business. Students need to understand the different factors that influence a business location decision. This topic introduces the idea of e-commerce and how this affects business in terms of location decisions. Students should understand the benefits and drawbacks for a business of both fixed premises and e-commerce methods.

Key terms in this topic:

- **E-commerce** – using the internet to carry out business transactions.
- **Labour** – workers or the workforce.
- **Proximity** – nearness. How close a business is to competitors, workers, customers.

Case Studies



Case study

Next targets wealthier shoppers as focus shifts to 'fewer, better quality' items



Financial Times case studies
www.ft.com/schools

This abstract has been adapted from the Financial Times, written by **Laura Onita** on the 19th of September 2024 and can be accessed via the link below:

[Click here to access the article](#)

Abstract

Leading UK retailer Bellwether Next is planning to target wealthier shoppers as consumers increasingly buy "fewer, better quality" items, its chief executive said, as the company raised its annual profit forecast to nearly £1bn.

Next, which has 458 stores in the UK, is launching a separate website for third-party brands such as APC, which sells clothing that costs hundreds rather than tens of pounds, as well as Ganni, Joseph and Rixo. Chief executive Lord Simon Wolfson told reporters on Thursday that over the past 18 months "we're definitely seeing more traction at the mid and higher end of our price ranges than at the base, and I think that people are buying fewer, better-quality things".

He added that of Next's 8mn online customers, "there is a significant number interested in more premium products".

Wolfson said Next had shown over the years a consistent "ability to weather the storm" and sell the right products across the right platforms, as well as "rigorous financial discipline". Next is widely acknowledged as having adapted deftly to major changes such as the shift to online shopping, while other well-known names have disappeared from the high street.

Clive Black, head of consumer research at Shore Capital, said: "Despite a challenging backdrop in the UK for consumer goods including apparel, Next has cleverly set expectations over a sustained period of time that means it at least meets and more often than not exceeds expectations. "That sense of control, downside resilience, boosted by more often than not small beats, underpins the stock market's move from affection to love for Next's equity."

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Next targets wealthier shoppers as focus shifts to 'fewer, better quality' items

Links to Specification

- 1.1.1 The dynamic nature of business
- 1.1.3 The role of business enterprise
- 1.2.3 Market segmentation
- 1.4.3 The marketing mix
- 2.2.1 Product
- 2.2.5 Using the marketing mix to make business decisions
- 2.3.3 Managing quality

Recommended research activities

Who are the main competitors to Next? What would you suggest Next do to try and gain a competitive advantage?

Exam style questions*

1. [Outline one way Next is adapting its product offering to keep up with changing tastes and trends \(2 marks\)](#)
2. [Analyse the impact on Next of using market mapping to target customers \(6 marks\)](#)

Additional question using the full article

- Analyse the impact on Next of operating in global market (6 marks)

*Exam style questions are not necessarily the exact format of those that will appear in the qualification examination papers but are written to elicit student responses that meet the assessment criteria, which are exemplified by the answers provided. The length of response in the answers is not indicative of expected student responses, and are provided to support centre teaching, student practice and self-assessment.

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Next targets wealthier shoppers as focus shifts to 'fewer, better quality' items

Model Response - ([Return to question page](#))

Exam style question 1

Outline one way Next is adapting its product offering to keep up with changing tastes and trends (2 marks)

Answer

One way Next is adapting its product offering to keep up with changing tastes and trends is by improving the quality of the clothes they are selling. This means customers will be willing to pay a higher price if the quality of the clothing they are buying is higher and therefore the items will last longer.

Mark/Level awarded and commentary

The response is awarded 1 mark as an accurate way is identified - 'improving the quality of the clothes...'. However, it is important to note that the development is not linked to the 'way' referred to in the question. The response instead drifts into the benefits for Next of this approach - 'pay a higher price'. As a result, the response is awarded one mark.

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Resource Map



Resource Map

Need	Solution	Student or teacher?	Explanation	Free or paid for?
Exam questions and case studies	Financial Times for Schools Case Studies >	Teacher	Under the tab 'Case Study' and released every Tuesday as of November 2022, these resources provide up-to-date case studies with example questions for exam practice purposes.	Free
	GCSE Business Studies (Paper 1 & Paper 2) Case Studies >	Teacher	In August 2022, six resources were released under the tab 'Case Study'. These consist of three Paper One and three Paper Two examples. Designed for exam practice, they include: <ul style="list-style-type: none"> a case study; range of exam questions; a mark scheme; model answers. 	Free
	REVISE Pearson Edexcel GCSE (9-1) Business Revision Workbook >	Student	Our Revision Workbooks help students develop vital skills in preparation for the exam with: <ul style="list-style-type: none"> a plethora of practice questions in the style of the exams; plenty of practise at problem-solving and reasoning skills; case studies to encourage retrieval skills and practise heavy-weighted exam questions. 	Paid for
	REVISE Pearson Edexcel GCSE (9-1) Business Practice Papers Plus >	Student	This book contains three sets of both papers (six papers in total), offering further exam practice. This book will help students: <ul style="list-style-type: none"> prepare students for their exam by familiarising themselves with the approach of the papers and the exam-style questions; practise answering questions by writing straight into the book; perfect their responses with targeted hints, guidance, and support for every question, including fully worked solutions. 	Paid for
Model answers	GCSE Business Studies (Paper 1 & Paper 2) Case Studies >	Teacher	In August 2022, six resources were released under the tab 'Case Study'. These consist of three Paper One and three Paper Two examples. Each resource contains model answers for the heavier-weighted questions. In addition, model answers are annotated to highlight the use of the AOs, and are accompanied by an examiner commentary for further explanation and guidance.	Free
	REVISE Pearson Edexcel GCSE (9-1) Business Model Answer Workbook >	Student	Designed to show students how to answer Business GCSE exam questions, this book will help: <ul style="list-style-type: none"> prepare students for exams by engaging with the full range of Pearson Edexcel GCSE Business question types; understand what a good exam answer looks like and how to execute this; improve exam technique; simplify revision by writing straight into the book just as students would in an exam. 	Paid for

* You do not need to purchase our resources to deliver this qualification.
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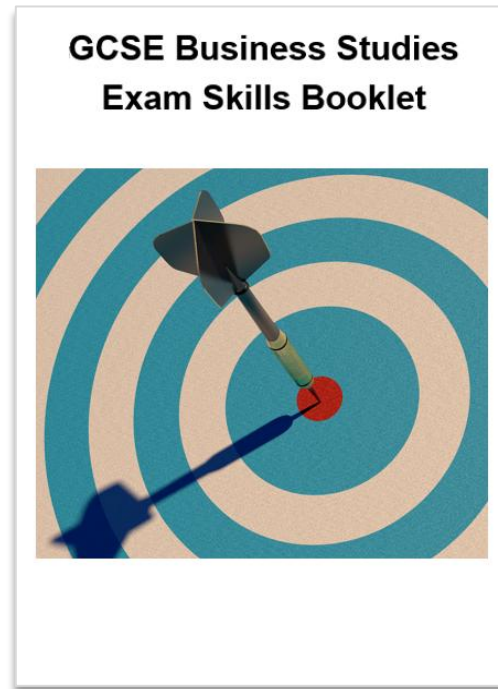
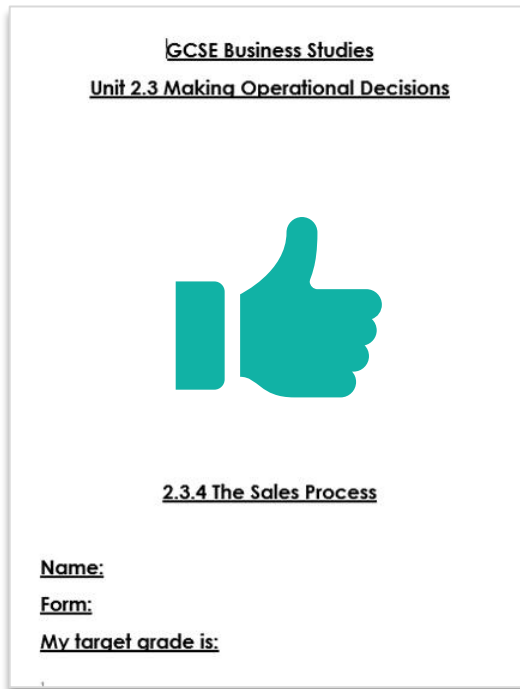
Need	Solution	Student or teacher?	Explanation	Free or paid for?
Exam tips	REVISE Pearson Edexcel GCSE (9-1) Business Revision Workbook >	Student	Our Revision Workbooks also help students develop exam skills in preparation for the exam, with: <ul style="list-style-type: none"> guided questions to demonstrate good technique and build confidence; practice questions with plenty of opportunity to develop problem-solving and reasoning skills; hints and tips to help students avoid common pitfalls. 	Paid for
Teaching and learning resources	Edexcel GCSE (9-1) Business Student Book >	Teacher	The Student Book will enable students to explore the key themes of business that are aligned to Edexcel Business GCSE exam. In addition to content, it also includes: <ul style="list-style-type: none"> exam-style questions and exam tips; a 'Checkpoint' feature to help review understanding and provide opportunities for further challenge; activities to embed understanding of the content and key terms. 	Paid for
	Edexcel GCSE (9-1) Business ActiveLearn Subscription >	Teacher	The ActiveLearn Digital Service can be bought as a 1-year or 3-year subscription. Linked closely with the Student Book, it provides a bank of practical teaching resources to help you plan and deliver engaging lessons, including: <ul style="list-style-type: none"> a front of class ActiveBook (an online version of the Student Book); PowerPoint presentations to aid understanding of core content and introduce class activities; video case studies to motivate your students and stimulate discussion and debate; editable worksheets with differentiated tasks for classwork or homework; interactive knowledge-check quizzes for revision support; answers to the exam questions from the Student Book. 	Paid for
Revision	REVISE Pearson Edexcel GCSE (9-1) Business Revision Cards >	Student	Our Revise Pearson Edexcel GCSE (9-1) Business Revision Cards can be used to assist students in independent learning. Each pack includes access to a free online edition of the REVISE Pearson Edexcel GCSE (9-1) Business Revision Guide and contains: <ul style="list-style-type: none"> 100 Revision Cards and three organising dividers; multiple choice questions and answers worked examples topic summaries and key facts to remember. 	Paid for

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Other Ideas

Other ideas to explore:

- Creating your own workbooks
- Creating your own guides



Subject Advisor Support

Our subject advisors are experts in their fields and are here to support you throughout the year.

Business Studies

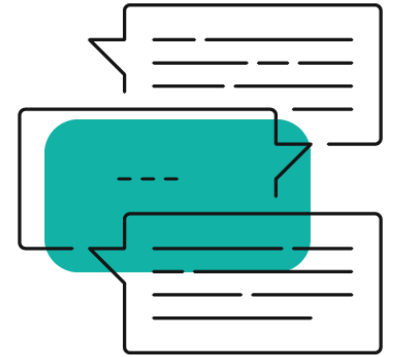
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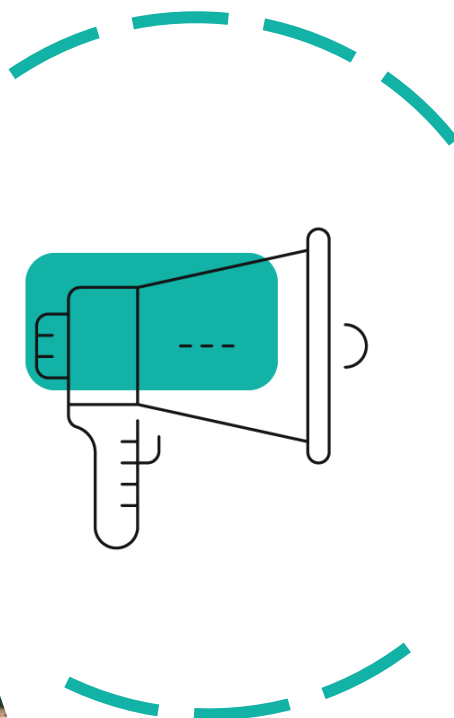
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Q&A

