APPLIED

WJEC Level 3 Applied Diploma in BUSINESS

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GUIDANCE FOR TEACHING

Teaching from 2017
For award from 2019



LEVEL 3 APPLIED DIPLOMA IN BUSINESS

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For teaching from September 2018

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1. INTRODUCTION

Welcome to your WJEC guidance for teaching, which has been deigned to assist you in the delivery of the Level 3 Diploma in Business. This resource includes a variety of learning activities, which have been directly matched to the requirements of the specification.

It is the intention of this guidance for teaching to be but one of several ways in which WJEC provides assistance to teachers delivering the specification, sitting alongside the specimen papers and CPD.

WJEC provides the following as part of its support for all specifications:

- examiners' reports on each examinations series
- free access to past question papers via the WJEC secure website
- easy access to the specification and other key documents on the main website
- CPD
- easy access to both the Subject Officer and to administrative sections

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2. COURSE OUTLINE

2.1 Overview

The Diploma in Business consists of three units:

Unit 3 Organisational Strategies and Decision Making *
Unit 4 Strategies and Decision Making for Retail Organisations *
Unit 5 Markets and Customers

* Candidates have the choice of completing **either** Unit 3 **or** Unit 4.

Each unit is of 90 Guided Learning Hours (GLH). Learners must complete both units to achieve the certificate.

The overall grades for the Level 3 Diploma in Business will be recorded as a grade on a scale A* to E.

2.2 Units 3, 4 and 5

These units build on the underpinning knowledge, understanding and skills gained from the learners' study and activities associated with the Certificate units. The approaches to learning and teaching are expected to be similar to those adopted in the first year, i.e., learning and teaching activities should reflect the 'applied' ethos of the qualification relating to learning through acquiring knowledge, understanding and skills in purposeful contexts linked to the local, regional and national business environment.

Learners' knowledge and understanding of the optional Units – Unit 3 (Organisational Strategies and Decision Making) and Unit 4 (Strategies and Decision Making for Retail Organisations) – will be assessed in June of each year. This external assessment will be in the form of a 2-hour terminal examination consisting of both short and extended answer questions based around given contexts. Learners will be expected, where relevant, to apply their knowledge and understanding gained not only from this unit, but also from units 1 and 2.

Learners' knowledge and understanding of Unit 5 (Markets and Customers) will be assessed internally using an assignment conducted under controlled assessment conditions. External moderation will take place each year in June, centres being required to submit a sample of learners' work in May (date to be confirmed annually). WJEC has provided a model assignment for this unit, together with guidance and criteria related to its use. The model assignment may be used as it is, or adapted to fit with the local sector needs and allow the use of local resources available to the centre. The model assignment includes information on which aspects of the assignment can be adapted.

2.3 Influences on course structure

Centres will again need to take both the influences outlined in the Certificate Guidance for Teaching and the nature and timing of the external assessments into account when planning the Diploma course structure.

2.4 Making learning and teaching applied and relevant

This is an Applied General qualification. Applied General qualifications "are rigorous advanced (level 3) qualifications that allow 16 to 19 year old students to develop transferable knowledge and skills. They are for students who want to continue their education through applied learning." Source: Technical and applied qualifications for 14 to 19 year olds (DfE 2016).

Ofqual has defined applied learning as:

> "acquisition and application of knowledge, skills and understanding through tasks set in sector contexts that have many of the characteristics of real work or are set within the workplace. Most importantly, the purpose of the task must be relevant to real work in the sector." Source: http://www.ofqual.gov.uk/501.aspx (archived).

Teachers are therefore expected to ensure that learners appreciate that the knowledge, understanding and skills associated with this qualification are vocationally relevant. The information and activities contained in this Guidance reflect an applied and purposeful approach to learning.

2.5 External resource links

Some of the approaches to learning contained in this Guidance are designed to enable learners to work on 'live' projects. Links with retailers and other sector businesses are recommended in order to make the learning experience as comprehensive as possible. The involvement of different types of organisations will support the development of the learners' knowledge, understanding and skills. The table below gives some examples of the benefits for this qualification arising from working with employers.

Benefits to the learner	**Benefits to the centre**	**Benefits to the external organisation**
• Employment-relevant skills are developed • Learning becomes more focused and interesting • Application-related skills such as research are developed for future use • Greater confidence to undertake the unit assessment	• Learners are more motivated • Teachers learn/stay up-to-date as a result of supervising application-related activities • Attainment/achievement levels are higher • Local involvement • Improved links with employers/external organisations	• Higher skill levels of future employees • Greater awareness of the organisation and its activities • More and better PR/publicity for the organisation

3. DELIVERING THE LEARNING OUTCOMES

3.1 Planning the delivery

Please recognise that **the activities in this Guidance are suggestions only**. Each centre will decide whether or not these activities are appropriate for learners and/also appropriate given the constraints faced, and it is important to emphasise that local conditions must determine the approach adopted. It is strongly recommended that learning involves different types of businesses supported by employer involvement wherever possible. This will enable the learners to apply knowledge and understanding to the given business/retail environment.

Given the importance of relating learning to known local situations and local contacts and resources, the activities are written in such a way that adaptations can easily be made. The activity structure outlined above can be retained even if the specific topic area is changed: for example, an activity on customers could easily be amended to focus on competitors; or the suggested context of a private sector for-profit business could easily be altered to that of, for example, a charity with its income-generating work.

Many of the activities include suggestions of organisation types from which one could be selected. Suggesting such a range reflects the belief that a wide range of organisations studied can only help learners to gain knowledge and understanding of the business/retail world that they are studying, and will better equip them when making decisions concerning future employment.

3.2 Delivering the learning outcomes

The Certificate Guidance for Teaching document acknowledged that the study of business/retail content and concepts rarely takes learners fully along a linear path: in practice, the business/retail subject-matter is often closely interlinked with other related areas of study. As a result, although each activity is cross-referenced to at least one relevant and specific assessment criterion (AC) in the unit to which it relates, the activity will often expect learners to draw upon their knowledge and understanding of other ACs in the given unit, and quite possibly other units. Delivery of the unit content should reflect, where relevant, the interlinked nature of the content being studied.

Although the activities are designed primarily to take place within the classroom learning environment, external involvement is encouraged. Examples of the latter activity include: employer/entrepreneur involvement through, for example, interview or invited talks; customer-based research, for example,

by questionnaire; and visits to see organisations in operation. This and similar externally-led work and research is encouraged because such involvement adds effectively to class-based research and creates a more 'applied' learning environment.

Peer learning should also take place. The activities can be undertaken individually, in pairs, or in small or large groups. It is likely to be advantageous to learners if they are given access to the work undertaken by their peers through, for example, individual/group presentation of findings.

3.3 Assessing the activities

The activities are normally structured following an 'incline of difficulty' approach, which is a feature that teachers will need to discuss with their learners. Learners are typically asked to:

- collect information – typically relating to an organisation and some aspects of its operation (such as its products, its employees and/or the external environment in which it operates);
- research into the identified aspect(s) of the organisation – which normally includes the skill of selecting meaningful information;
- analyse the selected information – for example, in terms of the set task/focus; and
- make judgements – by, for example, reviewing findings in the context of the likely future success of the organisation.

Command words **typically** used in the activities, the completion of which should lead to **formative assessment** of learner achievement using these activities, are:

- **Obtain information**
  The learner's performance and achievement is judged on the range, quality and amount of information obtained, coupled with using the normal criteria for reviewing the suitability of any information: for example, is it up-to-date? complete? unbiased? Is the learner aware of the strengths and weaknesses of the information used as a basis for the activity?

- **Research into**
  The learner's performance and achievement is judged on the degree of effectiveness and efficiency that has been displayed in terms of selecting, extracting and applying the information to the set task(s)

- **Analyse**
  The learner's performance and achievement is judged on how thoroughly and accurately the learner has managed to 'take apart' the information selected and used for research, together with the quality and relevance of comments made about the elements that have been identified, plus the quality of argument presented and underpinned by relevant business/retail 'theory'.

- **Assess**
  The learner's performance and achievement is judged on the level of detail and balance of the arguments and conclusions, the degree to which these are supported by relevant research and analysis, together with the clarity of awareness of any limitations or weaknesses of the arguments/conclusions presented.

3.4 Assessing the overall performance

Command words **typically** used for the **summative assessment** of unit performance, using the formal assessment instruments for each unit, are:

Lower level (knowledge, understanding and application)

- **Name, State**
  The learner is expected to provide a brief clarification or exact meaning.
- **Describe, Outline, Suggest, What is . . .?**
  The learner is expected to give a full account or main features of the word, phrase or term.
- **Comment on [given information], Explain, Using [given information] explain . . . (also 'How?' and 'Why?')**
  The learner is expected to make something fully clear by giving detailed information about it.
- **Apply**
  The learner is expected to relate actual knowledge/information to the given situation.
- **Calculate, Create**
  The learner is expected to structure/use numerical information.
  Higher level (analysis and judgement)
- **Identify, Select [from given information] (also 'Why?')**
  The learner is expected to choose something from information that has been presented.
- **Compare**
  The learner is expected to note the similarities or differences between items.
- **Analyse**
  The learner is expected to break information down into its component elements and comment on these elements.
- **Assess, Evaluate, Judge, Recommend with reasons . . . To what extent . . .**
  The learner is expected to make decisions or judgements, giving reasons for and against.

4 UNIT 3 PROGRAMME OF STUDY

4.1 Unit 3 and its learning outcomes

The purpose of Unit 3 **Organisational Strategies and Decision Making** is for learners to recognise and understand the necessity for organisations of establishing a strategy and making decisions to support that strategy. This unit introduces learners to various ideas, models and techniques that in practice help people who work in finance, marketing and related areas when asked to make important decisions. Teachers will need to revisit some of the key business/retailing content and concepts already introduced to learners by the first two units. The Guidance for this unit invites teachers to provide the settings for an applied approach to learning. It focuses on business decision making activities, including investigation that requires consideration of both practice and theory.

This unit considers decision making and related strategies in a variety of applied business contexts. Leaners will apply their understanding by considering how the gathering, processing and analysis of information in organisations and the efficient management of organisational resources supports effective decision making across financial, marketing and related functions. They will examine either:

- how the key tools used in financial decision making are applied, how the results they generate can be interpreted, and how risks can be minimised through the development and use of systems to control and direct the financial effects of business operations in the achievement of long-term goals; or
- how marketing strategies help organisations gain a competitive advantage over the competition by price, value or service, and the relevance of marketing models and theories to the organisation's market situation

LO 1: Understand how organisations might use different business information to help formulate suitable strategy asks learners to consider the purpose of organisations in formulating major strategies, the role and importance of reviewing key financial concepts within operational activity, the influence of size on organisational costs and efficiency, and the role of index numbers as a statistical technique for undertaking valid comparisons over time.

LO 2: Understand how using or applying different techniques, models and concepts can support organisational decision-making focuses on the nature of decision making in organisations, and asks learners to review the value of three decision making techniques – SWOT analysis, product lifecycle analysis and breakeven analysis – within business/retailing contexts.

- ***LO 3 (Finance section route): Understand how using or applying specific financial techniques and concepts can support organisational decision making***

- ***LO 3 (Marketing section route): Understand how using or applying specific marketing-related techniques, models and concepts can support organisational decision making***

These learning outcomes require learners to focus on specific business functions/areas. Whether they pursue the finance or marketing routes, learners will be expected to assess the relevance of three different elements within each route to organisations, in terms of how such organisations benefit or otherwise from using each element within their overall business activities.

4.2 Possible teaching approach for unit 3

LO 1 and LO 2 (common core of study)

Weeks	Content	Suggestions
1 – 8	Organisational strategy: • examples • factors influencing the choice of strategy Key finance-related concepts: • profitability, liquidity and solvency • budgets and budgeting	Utilise learners' experiences of budgeting and handling money. Learners select different organisations (size, markets, sector) to compare their perceived financial, marketing and related strategies, and then explore how these organisations' strategies relate to their approaches to budgeting and assessing financial performance.
9 – 18	Using information: • budgetary control basics • index numbers • economies of scale • SWOT analysis • breakeven analysis • product life cycle analysis	Utilise learners' experiences of buying products and experiencing how costs, etc change over time. Learners explore how different organisations do or do not gain from internal and external economies of scale. Learners undertake SWOT analyses for their centre and a range of organisations.
19 - 30	Finance/Marketing: • relevance to organisational decision-making (see below)	See below.
31 onwards	Revision time for Unit 3 external assessment	

LO 3 Finance

Weeks	Content	Suggestions
19 – 23	Historical financial performance: financial statements and related concepts ratio analysis of past performance	Utilise learners' experiences of handling own financial documents. Learners use actual accounts as a basis for calculating ratios and reaching conclusions.
24 – 28	Future financial performance: • cash flow forecasting • budgetary control and flexible budgeting • costing	Utilise learners' experiences of own forecasting and budgeting. Learners calculate variances using flexible budgeting, then compare when fixed budgeting is used.
29 - 30	Improving financial performance: • investment appraisal, choice and methods	Utilise learners' experiences of concepts of payback and discounting. Learners undertake calculations and review the effects of time on the value of money.

LO 3 Marketing

Weeks	Content	Suggestions
19 – 22	Applying marketing models: • Porter, Ansoff, BCG • market positioning	Utilise learners' experiences of being customers in markets. Learners use case studies of market positioning and apply Ansoff and BCG to given situations.
23 – 26	Forecasting sales: • time series and other methods • sampling	Utilise learners' experiences of choosing (sampling). Learners design questionnaires to choose and then carry out sampling in order to analyse the results and appraise the effectiveness of the sampling.
27 - 30	Digital marketing: • range and features • social media analytics • challenges faced	Utilise learners' experiences of digital marketing. Learners share experiences and explore examples available to them.

4.3 Suggested learning and teaching activities for Unit 3

Suggested learning/teaching activity for LO 1:

Activity: Organisational strategy

Investigate the organisational strategy being carried out by an organisation – for example, the:

- marketing strategy of a mass-market manufacturer of pharmaceutical products
- financial or marketing strategy of a niche market business in your local area
- financial strategy of a medium-sized business supplying another business
- marketing strategy of a major 'high street' retailer or a largely/exclusively online business
- financial strategy of a local authority or other public sector organisation service

You will need to:

a) obtain relevant information about your chosen organisation and its chosen strategy
b) research into how the organisation currently applies this strategy through its various activities: by, for example, reviewing its financial policies or its approaches to promoting and selling its product(s), investigating how it uses the 'marketing mix' elements or its short-term/long-term finance to benefit its work
c) assess how effective the organisation's application of the chosen strategy is in meeting the specific demands/needs of its environment

(AC 1.1)

Suggested learning/teaching activities for LO 2:

Activity: PESTEL

Investigate the influence of two PESTEL-related factors on the work of an organisation – for example, the influence of:

- demographic and legal factors on a mass market manufacturing business
- economic and ethical factors on a private or public sector organisation offering a range of products (goods or services) to a regional market
- environmental and political factors on a small or medium-sized enterprise offering products to a local market
- technological and social factors on a business with mainly online customers

You will need to:

a) obtain information about the chosen organisation, with particular reference to its external environment
b) research into how any two PESTEL factors influence the organisation's work: for example, the effect of changing social attitudes, developments in technology, changing competition, new laws, government initiatives or changing ethical views
c) analyse how the organisation's work practices are responding to these two PESTEL factors: this might include (for example) how it is changing its recruitment procedures, product lines or product labelling, the levels of wages/salaries, approaches to advertising/promotion, and/or production processes

d) assess the extent to which the organisation could strengthen its market situation by reconsidering these responses to the influence of the two PESTEL factors: for example, by evaluating whether or not the organisation's responses are proactive or reactive in nature, and whether or not they are being, or likely to be, successful

(AC 2.1)

Activity: Product portfolio

Investigate an organisation's current product portfolio. You will need to:

a) obtain information about the chosen organisation and its current product portfolio
b) research this portfolio - for example, review the apparent product life cycle stages for products/product lines, their growth rates and market shares, and the influence of these factors on the type and level of research and/or investment being undertaken
c) analyse this product portfolio by measuring it against relevant criteria (which might include, for example, considering factors such as the degree of completeness of product choice/range within the portfolio, the quality/quantity of information about these products, the quality and range of additional features and/or product support, and the responsible marketing of these products)
d) assess the extent to which the organisation could strengthen its market situation by reconsidering its existing product portfolio strategy

(AC 2.2; also unit 2, AC 3.1a)

Suggested learning/teaching activities for LO 3:

Activity: Financial statements

Research into the published financial statements (final accounts) of a public limited company. You will need to:

a) obtain relevant information about your chosen PLC
b) review its financial statements, concentrating on the income statement and the balance sheet
c) analyse its performance over the time period of the statements, for example, applying your knowledge and understanding of ratio analysis, and extracting relevant figures and comments from any accompanying reports

(AC 3.1 Finance)

Activity: Social media

You are presently on work experience in a local hotel. The hotel's management team is aware that it must communicate effectively with local people through using ICT or other communication methods. However, the hotel does not have a major social media presence.

Your manager wants you to make notes on how two competitor hotels use social media sites (e.g. Twitter, Facebook) as a method of communicating with actual or potential customers.

You are asked to include specific illustrations of the competitor hotel's use of social media in your notes, and to use these illustrations when making an assessment of probable benefits and drawbacks to your hotel should it decide to increase its social media presence.

(AC 3.3 Marketing)

Activity: Use of the internet

Investigate the use of the internet for marketing purposes by an organisation that provides an individual product (good or service) or a product range. You will need to:

a) obtain information about the chosen organisation: in particular, the nature and characteristics of its product(s) or service(s)
b) research into how the internet is being used by the organisation for the main marketing mix elements: for example, a website giving product details, special 'web-based' prices and other offers, the use of video and other images to promote items, showing product lists and technical advice, describing after-sales service and guarantees, selling direct, the applicability of social media, providing email facilities for queries and contact
c) analyse how the use of the internet meets the organisation's marketing mix needs
d) assess whether and how the organisation should alter/develop its internet usage in order to strengthen its market position

(AC 3.3 Marketing)

4.4 Unit 3 external assessment

Detailed information on Unit 3 learning outcomes, assessment criteria, related mark bands and weightings is given in the specification.

5 UNIT 4 PROGRAMME OF STUDY

5.1 Unit 4 and its learning outcomes

The purpose of Unit 4 **Strategies and Decision Making for Retail Organisations** is for learners to recognise and understand the necessity for these organisations of establishing a strategy and making decisions to support that strategy. This unit introduces learners to various ideas, models and techniques that in practice help people who work in retailing when asked to make important decisions. Teachers will need to revisit some of the key business/retailing content and concepts already introduced to learners by the first two units. The Guidance for this unit invites teachers to provide the settings for an applied approach to learning. It focuses on retail-based business decision making activities, including investigation that requires consideration of both practice and theory.

This unit considers decision making and related strategies in a variety of applied retail business contexts. Leaners will apply their understanding by considering how the gathering, processing and analysis of information in such organisations and the efficient management of organisational resources supports effective decision making across the retailing function. They will examine how these retail organisations use strategies to get their products to customers by designing and setting up retail channels, how these channels are supported by organisational resources and how they can be evaluated

LO 1: Understand how retail organisations might use different business information to help formulate suitable strategy in the retail sector asks learners to consider the purpose of retail organisations in formulating major strategies, the role and importance of reviewing key financial concepts within the operational activity of these retailers, the influence of size on organisational costs and efficiency, and the role of index numbers as a statistical technique for undertaking valid comparisons over time within the context of retail.

LO 2: Understand how using or applying different techniques, models and concepts can support organisational decision-making in the retail sector focuses on the nature of decision making in retail organisations, and asks learners to review the value of three decision making techniques – SWOT analysis, product lifecycle analysis and breakeven analysis – within retailing contexts.

LO3 (Retailing route): Understand how using or applying specific retailing-based concepts and techniques can support organisational decision making

These learning outcomes require learners to focus on specific issues and developments in retail business. Within this retail route learners will be expected to assess the relevance of three different issues/developments to retail organisations in terms of how these organisations are influenced by each issue/development within their overall retailing activities.

5.2 Possible teaching approach for unit 4

Weeks	Content	Suggestions
1 – 8	Organisational strategy: • examples • factors influencing the choice of strategy Key finance-related concepts: • profitability, liquidity and solvency • budgets and budgeting	Utilise learners' experiences of budgeting and handling money. Learners select different organisations (size, markets, sector) to compare their perceived business/retailing strategies, and then explore how these organisations' strategies relate to their approaches to budgeting and assessing financial performance.
9 – 18	Using information: • budgetary control basics • index numbers • economies of scale • SWOT analysis • breakeven analysis • product life cycle analysis	Utilise learners' experiences of buying products and experiencing how costs, etc change over time. Learners explore how different retail organisations do or do not gain from internal and external economies of scale. Learners undertake SWOT analyses for their centre and a range of organisations.
19 – 21	Development and location: • retailing types, principles and theories • location strategy	Utilise learners' experiences of visiting stores and retail sites. Learners visit an out-of-town retail site and a high street, and compare locations.
22 – 26	Retail activities: • buying and supply chain • selling and the customer • merchandising and retail security	Utilise learners' experiences of buying, selling and merchandising. Retail buyer talks to learners about her/his role. Learners role play the act of selling.
27 – 30	E-tailing: • growth and trends • supporting e-commerce	Utilise learners' experiences of buying and/or selling using e-commerce. Learners share experiences and explore examples available to them. Learners visit a store to review how retail security operates.
31 onwards	Revision time for Unit 4 external assessment	

5.3 Suggested learning and teaching activities for Unit 4

Suggested learning/teaching activity for LO 1:

Activity: Organisational strategy

Investigate the organisational strategy being carried out by a retail organisation – for example, the:

- trading strategy of a niche market retailer in your local area
- marketing strategy of a major 'high street' retailer
- retailing strategy of a largely/exclusively online retailer

You will need to:

a) obtain relevant information about your chosen retail organisation and its chosen strategy
b) research into how the organisation currently applies this strategy through its various activities: by, for example, reviewing its financial policies or its approaches to promoting and selling its product(s), investigating how it uses the 'marketing mix' elements or its short-term/long-term finance to benefit its retail work
c) assess how effective the retail organisation's application of the chosen strategy is in meeting the specific demands/needs of its environment

(AC 1.1)

Suggested learning/teaching activities for LO 2:

Activity: PESTEL

Investigate the influence of two PESTEL-related factors on the work of a retail organisation – for example, the influence of:

- demographic and legal factors on a 'high street' retailer
- environmental and political factors on a retailer offering products to a local market
- technological and social factors on a retailer with mainly online customers

You will need to:

a) obtain information about the chosen retail organisation, with particular reference to its external environment
b) research into how any two PESTEL factors influence the retail organisation's work: for example, the effect of changing social attitudes, developments in technology, changing competition, new laws, government initiatives or changing ethical views
c) analyse how the retail organisation's work practices are responding to these two PESTEL factors: this might include (for example) how it is changing its recruitment procedures, product lines or product labelling, the levels of wages/salaries, approaches to advertising/promotion, and/or production processes
d) assess the extent to which the retail organisation could strengthen its market situation by reconsidering these responses to the influence of the two PESTEL factors: for example, by evaluating whether or not the responses are proactive or reactive in nature, and whether or not they are being, or are likely to be, successful

(AC 2.1)

Activity: Product portfolio

Investigate a retail organisation's current product portfolio. You will need to:

a) obtain information about the retail organisation and its current product portfolio
b) research this portfolio - for example, review the apparent product life cycle stages for products/product lines, their growth rates and market shares, and the influence of these factors on the type and level of research and/or investment being undertaken
c) analyse this product portfolio by measuring it against relevant criteria (which might include, for example, considering factors such as the degree of completeness of product choice/range within the portfolio, the quality/quantity of information about these products, the quality and range of additional features and/or product support, and the responsible marketing of these products)
d) assess the extent to which the retail organisation could strengthen its market situation by reconsidering its existing product portfolio strategy

(AC 2.2; also unit 2, AC 3.1a)

Suggested learning/teaching activities for LO 3:

Activity: Location

Investigate the location(s) of a retail business with substantial physical location(s). You will need to:

a) obtain information about the chosen retailer: in particular, the location of its sites and characteristics of its product(s) or service(s)
b) research into one specific location of the retailer: for example, its location in terms of customer density/catchment area, facilities such as parking, nature of build (new or existing), opportunity for expansion or development, anticipated running costs
c) assess the suitability or otherwise of this specific location to the retailer's future

(AC 3.1 Retailing)

Activity: Use of e-tailing

Investigate the use of e-tailing by a retail organisation that provides an individual product (good or service) or a product range. You will need to:

a) obtain information about the retail organisation: in particular, the nature and characteristics of its product(s) or service(s)
b) research into how this organisation is using e-tailing: for example, trading via online social networks, the use of click and collect, support of its website through providing product details, any special 'web-based' prices and other offers, the use of video and other images to promote items
c) analyse how e-tailing meets the retail organisation's business needs
d) assess whether and how the retail organisation should alter/develop its use of e-tailing in order to strengthen its market position

(AC 3.3 Retailing)

5.4 Unit 4 external assessment

Detailed information on Unit 4 learning outcomes, assessment criteria, related mark bands and weightings is given in the specification.

6. UNIT 5 PROGRAMME OF STUDY

6.1 Unit 5 and its learning outcomes

Unit 5 **Markets and Customers** relate to the nature, needs, influences and behaviour of customers and markets. It builds upon the knowledge, understanding and skills that leaners have gained mainly from previously studying Unit 1 and, in particular, Unit 2. It is therefore appropriate for teachers to review earlier learning activities and content studied with a view to using this as a stepping stone for activities and study in this unit. The Guidance suggests an applied approach to learning. It focuses on a work that reflects business/retail in terms of research and activities that are market-based, including investigation that draws on both practice and theory.

In Unit 5, learners will consider how organisations respond to these factors when pursuing their long-term goals. The purpose of this unit is for learners to understand the importance of having a detailed knowledge of, and being able to respond quickly and appropriately to the needs of, an organisation's customers and markets. As a result, learners are expected to apply their understanding in the context of how business/retail organisations use traditional and contemporary approaches to marketing and marketing communications with a view to meeting customer needs and competing in the marketplace.

LO 1: Understand the nature and importance of customers to the organisation focuses on the relationship between organisations and their customers, why these customers need to be researched and the extent to which they are researched. It also requires learners to consider the influence of customer wants, needs and expectations on an organisation, together with an evaluation of the importance of good customer service.

LO 2: Understand how and why organisations undertake research into their competitors broadens learners' outlook concerning 'research' by requiring them to review the role and importance of researching into an organisation's competitors and potential new products.

LO 3: Understand the nature and effects of domestic and global markets returns to the theme of 'market', broadening learners' understanding by considering factors that influence operations within a domestic market, and evaluating the nature of, and benefits from, operating globally.

6.2 Possible teaching approach for unit 5

Weeks	Content	Suggestions
1 – 10	Organisations and customers: • product and market orientation • researching customers, their wants and needs • supporting and monitoring customer service	Utilise learners' experiences of being customers and dealing with organisations as customers. Learners review understanding of customer service, and undertake comparisons of customer service being offered by a range of local businesses.
11 – 15	Organisations and competitors: • researching competitors • market intelligence	Utilise learners' experiences of experiencing competition. Learners identify competitors for local businesses and review how competitor/market intelligence could be obtained.
16 - 20	Organisations and products: • product development and marketing	Utilise learners' experiences of buying newly marketed products. Learners to review core and other attributes of given products. Learners review company reports to find reference to research and development.
21 – 30	Domestic and global marketing: • operating domestically: influences, government support • operating globally: influences, government support • international trade organisations	Utilise learners' experiences of buying domestic and globally-supplied products. Learners select a range of businesses trading locally and globally, and compare their marketing activities. Learners review the websites relating to government support and international trade organisations.
31 onwards	Additional time to complete unit 4 internal assessment	

6.3 Suggested learning and teaching activities for Unit 5

Suggested learning/teaching activities for LO 1:

Activity: Customer segmentation

Investigate the segmentation of customers by an organisation. This organisation could be, for example:

- Toyota, Honda or other mass market manufacturing vehicle company
- a locally-based private or public sector organisation that offers a product (good or service) to a local market in your area
- a retail business such as Amazon or Argos with many, most or all of its customers online
- a television and/or radio broadcasting organisation

You will need to:

a) obtain information about your chosen organisation's business environment, its aims/objectives, the nature and characteristics of its product(s) or service(s), and the nature and characteristics of its target audience
b) investigate into how the organisation segments its customers by key characteristics: for example, by age, sex/gender, lifestyle, socio-economic status, location, and/or other valid characteristic(s)
c) analyse how the organisation uses product differentiation, or any other relevant feature(s) of its marketing, to support the way that it is segmenting its customers/market
d) assess whether the organisation could strengthen its market situation by further differentiating (or otherwise adapting) its products when considering its segmentation strategies

(AC 1.1)

Activity: Customer database

You are presently on work experience at a leisure centre. You are enjoying this and hope to get paid work at the centre in the future. Whilst on your work experience, your manager has mentioned that your centre has to use ICT and other communication methods efficiently. The centre offers a *Rewarding Fitness* membership scheme for individual members. In return for paying a small fee to join this 'rewards' scheme, members are awarded points each time they use the centre's facilities. These points are then redeemed in various ways: examples include discount vouchers for sports/leisure clothing, and priority when booking visits to sporting and other events arranged by the centre for members. *Rewarding Fitness* members are also able to book exercise classes online, download the centre's timetable of activities, and give feedback to the centre's management team.

A separate database is kept of the *Rewarding Fitness* members. The centre's website has a *'Rewarding Fitness Club'* online magazine especially for these members: they log in to access this magazine and can then read about the various offers made to *Rewarding Fitness* members, thereby encouraging them to stay loyal to the centre.

Your manager has asked you to complete, for new managers at your centre, a set of notes that:

- outlines the benefits and drawbacks of:

- keeping a dedicated database of *Rewarding Fitness* members
- using an online magazine to communicate with *Rewarding Fitness* members;

- considers how successful this overall approach is likely to be in achieving the aim of establishing or improving membership loyalty at your centre

Your notes will be used to aid discussion and will be given to the new managers as part of their induction to the work of the Centre.

(AC 1.2)

Suggested learning/teaching activities for LO 2:

Activity: Competition

Investigate an organisation's competitors. You will need to:

a) obtain information about the chosen organisation – in particular, the nature and characteristics of its product(s) or service(s) and its competitors
b) research into the strategies/policies presently used by the organisation – for example, focusing on factors such as pricing strategy, promotion strategy, market location, distribution policies, investment – and those of at least one competitor
c) analyse how the organisation's strategies/approaches influence the competitor(s), and how competitor actions in turn influence the organisation
d) assess the extent to which the organisation could strengthen its market situation by reconsidering these strategies/approaches

(AC 2.1)

Activity: Research and Development

The Aspro Group (http://www.asproparks.com/?lang=en) was founded in 1991 and is a European leisure operator. Aspro operates in various segments of the leisure market sector, such as water parks, marine zoos, amusement parks and holiday/leisure establishments.

ASPRO's mission is "To offer fun in parks which are safe and environmentally friendly, and guarantee a high quality of service, with customers served by a motivated team, to ensure that they are satisfied and want to return. "

Aspro and other leisure operators are keen to both gain and retain customers. They know that meeting customer needs will have positive effects on their businesses. Customers can quickly become bored with the offerings of a venue, and so these businesses realise the need to continually improve product features.

Aspro endeavours to meet its customer needs by ensuring the ongoing improvement of their parks, keeping its current premises in pristine condition and continually updating its offers with new contents and attractions. The difficulty lies in ensuring that these new contents and attractions are what the customer wants.

In your role as Assistant to the Customer Services Manager prepare a written document that:

- describes and explains the ways in which in a leisure-based business such as Aspro do or could undertake research and development to improve product features
- analyses and evaluates how investment in research and development can contribute to business success

(AC 2.2)

Suggested learning/teaching activity for LO 3:

Activity: Government support

Investigate government support for business. You will need to:

a) obtain information about an organisation that benefits from government support/assistance – in particular, the nature and characteristics of its product(s) or service(s), its market(s) and its competition
b) research into the nature and range of government support/assistance for this organisation: for example, financial assistance, information about market statistics, advice on exporting, availability of government training schemes/support for employees
c) assess the effectiveness and value of this support to the organisation

(AC 3.1)

6.4 Unit 5 internal assessment

Detailed information on Unit 5 learning outcomes, assessment criteria, related mark bands and weightings is given in the specification.

7. RESOURCES

7.1 Unit 3 resources

Generic resources for the unit

Whilst learners need a detailed understanding of the various business-related models, theories and concepts, their local business environment remains important in terms of providing illustrative material, against which these various 'textbook' ideas can be reviewed and interpreted. Textbooks and web-based resources remain important as support to the applied learning that is expected.

Books/resource packs

Most mainstream Business Studies textbooks will include valuable information on the major financial, marketing and retailing topics/concepts. Examples of dedicated textbooks include:

Blick D, The Ultimate Small Business Marketing Book (Filament 2011) ISBN-13 978-1905493770

Harvard Business Review, HBR Guide to Finance Basics for Managers (Harvard Business Review Press 2012) ISBN-13 978-1422187302

Harvard Business Review, Finance Basics (Harvard Business Review Press 2014) ISBN-13 978-1625270856

Levis S, Match Selling Commerce (Kindle 2016) ASIN B01F11EFXU

Masterson R and Pickton D, Marketing: An Introduction (Sage Publications 3rd ed 2014) ISBN-13 978 1446296424

Scott DM, The New Rules of Marketing and PR (John Wiley 5th ed 2015) ISBN-13 978-1119070481

Warner S, Finance Basics (Collins 2010) ISBN-13 978-0007328093

Welfare A, The Retail Handbook (Ecademy Press 2011) ISBN-13 978-1907722363

Other resources

As commented on elsewhere (in the resource section for Unit 1), current developments in finance and/or marketing can be found in the major newspapers, magazines and e-magazines.

Business and business education-related websites will provide relevant information. These include (2017):

- **for Finance**

Investopedia (includes access to newsletters) http://www.investopedia.com/

Khan Academy (education) https://www.khanacademy.org/

Financial Times, company information and reports http://www.ft.com/home/uk

Accounting education site http://www.accountingcoach.com/

- **for Marketing**

Marketing education site http://www.marketingteacher.com/

British Chambers of Commerce http://www.britishchambers.org.uk/

KPMG (for its Retail Sales Monitor) https://home.kpmg.com/uk/en/home.html

Interactive Media in Retail Group: seeking to improve online retail performance through, for example, benchmarking, data analysis, insight, best-practice sharing; provide information on online and mobile sales, delivery trends, marketing ROI and channel performance http://www.imrg.org/

Specialist sites, e.g:

Association of Art and Antique Dealers http://lapada.org/

http://businesscasestudies.co.uk/case-studies/by-industry/retail.html#axzz4H147Avqs

Online analysts and statistics are also available for study and learning support. Examples include Mintel http://www.mintel.com/retail-market-research

Websites for LO 1

AC 1.1
http://formicio.com/index.php/archives/6914
http://richtopia.com/effective-leadership/business-strategy-can-enabler-success-knowledge-management
AC 1.2
http://www.tutor2u.net/business/reference/financial-ratios-explained
http://www.tutor2u.net/business/topics/ratio-analysis
http://www.s-cool.co.uk/a-level/business-studies/ratio-analysis
AC 1.3
http://www.tutor2u.net/business/reference/using-budgets
http://www.tutor2u.net/business/reference/budgets-and-budgeting
http://www.tutor2u.net/business/reference/calculating-budget-variances-video
AC 1.4
http://www.tutor2u.net/economics/reference/internal-economies-of-scale-1
http://www.tutor2u.net/economics/topics/economies-of-scale
http://www.tutor2u.net/economics/reference/external-economies-of-scale-1
http://www.economicshelp.org/microessays/costs/diminishing-returns/
AC 1.5
http://www.tutor2u.net/economics/reference/handling-economic-data-using-index-numbers
https://www.ons.gov.uk/methodology/methodologytopicsandstatisticalconcepts/indexnumbers

Websites for LO 2

AC 2.1
http://www.marketingdonut.co.uk/marketing-strategy/swot-analysis/swot-analysis
http://pestleanalysis.com/swot-analysis-of-microsoft/

http://pestleanalysis.com/swot-analysis-of-amazon/
http://www.simplybusiness.co.uk/knowledge/articles/2016/12/how-to-create-a-business-swot-analysis/
AC 2.2
http://www.tutor2u.net/economics/blog/product-life-cycle-product-extensions-and-the-ipad
http://www.learnmarketing.net/Types%20of%20%20product%20life%20cycles.htm
https://www.nibusinessinfo.co.uk/content/development-stage-product-life-cycle
https://www.nibusinessinfo.co.uk/content/growth-and-maturity-stage-product-life-cycle
AC 2.3
http://www.tutor2u.net/business/topics/breakeven-analysis
http://www.tutor2u.net/business/reference/breakeven-analysis-margin-of-safety-explained
https://gmbusiness.wikispaces.com/file/view/2-break-even-worksheet.pdf

Websites for LO 3: Finance

AC 3.1
file:///C:/Users/welcome/Downloads/businessfinance.pdf
http://www.tutor2u.net/business/reference/income-statement-revision-presentation
http://www.tutor2u.net/business/reference/balance-sheet-introduction
http://www.tutor2u.net/business/reference/balance-sheet-introduction
http://accountingclarified.com/accounting-topics/accounting-concepts-and-principles
AC 3.2
http://www.tutor2u.net/business/reference/introduction-to-the-cash-flow-forecast
https://www.mygov.scot/manage-cashflow/cashflow-forecasting/
http://www.accountantnextdoor.com/strengths-weaknesses-different-budget-systems/
http://www.accaglobal.com/gb/en/student/exam-support-resources/professional-exams-study-resources/p3/technical-articles/costing.html
http://www.osbornebooksshop.co.uk/files/ect2016samplechapter.pdf
AC 3.3
https://www.mygov.scot/investment-appraisal/
http://www.tutor2u.net/business/reference/introduction-to-investment-appraisal-revision-presentation
http://www.tutor2u.net/business/reference/payback-period-explained
http://www.david-hillier.com/2016/11/15/three-important-reasons-firms-should-use-payback-period/

Websites for LO 3: Marketing

AC 3.1
http://research-methodology.net/bmw-porters-five-forces-analysis/
http://research-methodology.net/british-airways-porters-five-forces-analysis/
http://research-methodology.net/red-bull-porters-five-forces-analysis/
http://www.tutor2u.net/business/topics/porters-generic-strategies
http://www.tutor2u.net/business/reference/porters-generic-strategies-revision-quiz
http://blog.oxfordcollegeofmarketing.com/2016/08/01/using-ansoff-matrix-develop-marketing-strategy/
http://www.managementcentre.co.uk/fundraising/ansoffs-matrix/
http://www.learnmarketing.net/bcg.htm
http://study.courseworkshub.com/assets/uploads/course_work_hub1508_12_151449560775.pdf
http://www.learnmarketing.net/positioning.htm
http://www.tutor2u.net/business/reference/marketing-the-market-positioning-map
AC 3.2

https://www.salesforce.com/uk/blog/2017/01/how-to-forecast-sales-accurately-every-time-smes-guide.html
http://www.tutor2u.net/business/topics/sales-forecasting
http://research-methodology.net/sampling-in-primary-data-collection/convenience-sampling/
http://research-methodology.net/sampling-in-primary-data-collection/stratified-sampling/
http://research-methodology.net/sampling-in-primary-data-collection/quota-sampling/
http://www.understandinghealthresearch.org/useful-information/sampling-methods-1
AC 3.3
https://www.digitalimpact.co.uk/what-is-digital-marketing/
http://www.expressandstar.com/business/2017/01/03/andy-hill-blog-how-to-make-the-most-of-digital-marketing-in-2017/
https://econsultancy.com/blog/68706-ashley-friedlein-s-marketing-and-digital-trends-for-2017/
http://digitalmarketingmagazine.co.uk/social-media-marketing/brave-new-world-social-media-analytics-trends-in-2017/3982
http://www.vuelio.com/uk/blog/why-social-media-analytics-should-be-a-key-part-of-your-strategy/

7.2 Unit 4 resources

Generic resources for the unit

Whilst learners need a detailed understanding of the various business-related models, theories and concepts, their local business/retail environment remains important in terms of providing illustrative material, against which these various 'textbook' ideas can be reviewed and interpreted.

As with Unit 3, current retailing developments can be found in the major newspapers, magazines and e-magazines.

Textbooks and web-based resources remain important as support to the applied learning that is expected.

Books/resource packs

Most mainstream Business Studies textbooks will include valuable information on the major business and retailing topics/concepts. Examples of dedicated textbooks include:

Blick D, The Ultimate Small Business Marketing Book (Filament 2011) ISBN-13 978-1905493770

Levis S, Match Selling Commerce (Kindle 2016) ASIN B01F11EFXU

Masterson R and Pickton D, Marketing: An Introduction (Sage Publications 3rd ed 2014) ISBN-13 978 1446296424

Welfare A, The Retail Handbook (Ecademy Press 2011) ISBN-13 978-1907722363

Other resources

Business and business education-related websites will provide relevant information. For retailing, these include (2017):

British Retail Consortium http://www.brc.org.uk/brc_home.asp

BRC Global Standards (worldwide safety and quality certification programme guaranteeing standardisation of safety, quality and operational criteria ensuring manufacturers meet their legal obligations; now a fundamental requirement of leading retailers)
http://www.brcglobalstandards.com/

British Independent Retailers Association http://www.bira.co.uk/

British Chambers of Commerce http://www.britishchambers.org.uk/

KPMG (for its Retail Sales Monitor) https://home.kpmg.com/uk/en/home.html

Interactive Media in Retail Group: seeking to improve online retail performance through, for example, benchmarking, data analysis, insight, best-practice sharing; provide information on online and mobile sales, delivery trends, marketing ROI and channel performance
http://www.imrg.org/

Specialist sites, e.g:

National Federation of Retail Newsagents https://www.nfrnonline.com/

Charity Retail Association http://www.charityretail.org.uk/

Online retail sector case studies are particularly valuable in bringing the 'real world' into the business classroom. Such websites include:

https://www.ipsos-retailperformance.com/resources/case-studies/

Online analysts and statistics are also available for study and learning support. Examples include:

Verdict Retail http://www.verdictretail.com/

http://www.retaileconomics.co.uk/library-retail-stats-and-facts.asp

Websites for LO 1

AC 1.1
http://formicio.com/index.php/archives/6914
http://richtopia.com/effective-leadership/business-strategy-can-enabler-success-knowledge-management
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http://www.tutor2u.net/business/topics/ratio-analysis
http://www.s-cool.co.uk/a-level/business-studies/ratio-analysis
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http://www.tutor2u.net/business/reference/budgets-and-budgeting
http://www.tutor2u.net/business/reference/calculating-budget-variances-video
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http://pestleanalysis.com/swot-analysis-of-microsoft/
http://pestleanalysis.com/swot-analysis-of-amazon/
http://www.simplybusiness.co.uk/knowledge/articles/2016/12/how-to-create-a-business-swot-analysis/
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http://www.tutor2u.net/economics/blog/product-life-cycle-product-extensions-and-the-ipad
http://www.learnmarketing.net/Types%20of%20%20product%20life%20cycles.htm
https://www.nibusinessinfo.co.uk/content/development-stage-product-life-cycle
https://www.nibusinessinfo.co.uk/content/growth-and-maturity-stage-product-life-cycle
AC 2.3
http://www.tutor2u.net/business/topics/breakeven-analysis
http://www.tutor2u.net/business/reference/breakeven-analysis-margin-of-safety-explained
https://gmbusiness.wikispaces.com/file/view/2-break-even-worksheet.pdf

Websites for LO 3

AC 3.1
https://www.prospects.ac.uk/jobs-and-work-experience/job-sectors/retail/overview-of-the-retail-sector-in-the-uk
https://econsultancy.com/blog/68216-six-iconic-retailers-and-their-digital-transformation-journeys/
http://gbievents.com/blog/Reinventing-Retail
http://www.economist.com/news/britain/21700699-many-shops-are-struggling-survive-britains-fast-changing-and-ruthlessly-competitive
http://digitalmarketingmagazine.co.uk/articles/retailers-must-wake-up-to-changing-customer-demands/3479
AC 3.2
http://www.drapersjobs.com/article/retail-buyers-roles-and-responsibilities/
http://www.raconteur.net/business/5-supply-chain-management-tips
http://www.achilles.co.uk/en/about-achilles/industry-insights/4038-5-things-you-can-wave-goodbye-to-with-better-supply-chain-management
http://muddassirism.com/2016/03/jit-system-and-supply-chain-management/
https://www.accenture.com/gb-en/insight-bpo-just-in-time-marketing
http://www.ttmginternet.com/sales-process/aida-model-sales/
AC 3.3
https://www.retail-week.com/technology/online-retail/etail-power-list-who-are-the-ones-to-watch-in-online-retail/7012772.article
http://www.tutor2u.net/business/blog/buss4-ecommerce-impact-of-ecommerce-on-functional-areas
https://www.theguardian.com/media-network/2016/jul/07/bricks-and-mortar-ecommerce-retail-digital
https://www.netedi.co.uk/edi/

7.3 Unit 5 resources

The topics of customers and markets is another accessible one for learners, again as the result of their everyday lives and experiences. It is therefore appropriate that learner experience should form a key resource for the learning process in this unit.

Books/resource packs

Examples include:

Harrison M et al, Market Research In Practice (Kogan Page 3rd ed 2016) ISBN-13 978-0749475857

Heppell M, How To Deliver Exceptional Customer Service (Perason, 3rd ed 2015) ISBN-13 978-1292100203

McManus S, Customer Service Pocketbook (Management Pocketbooks, 2nd ed 2013) ISBN-13 978-1906610555

Nash S, Delivering Outstanding Customer Service (How To Books, 2nd ed 2002) ISBN-13 978-1857037838

Other resources

The internet websites (2017) of the market research organisations mentioned in the Unit 2 resources section can be revisited to be further utilised in research activities.

Websites of global organisations provide a useful source of market- and customer-based information, as will their annual reports and social media outlets.

Websites for LO 1

AC 1.1
http://study.courseworkshub.com/assets/uploads/Is-Dyson-Product-or-Market-Oriented-.pdf
http://www.tutor2u.net/business/topics/product-orientation
http://www.vmcg.co.uk/blog/the_journey_to_market_orientation
AC 1.2
https://www.twobirds.com/~/media/pdfs/gdpr-pdfs/21--guide-to-the-gdpr--data-protection-principles.pdf?la=en
http://www.mycustomer.com/marketing/data/customer-data-collection-how-to-be-trustworthy-and-transparent
https://www.pisano.co/en/blog/what-is-the-best-way-of-collecting-customer-feedback/
AC 1.3
http://www.marketingdonut.co.uk/customer-care/understanding-your-customers
http://www.nextplc.co.uk/corporate-responsibility/our-customers-and-products
http://is4profit.com/how-to-negotiate-a-sale-by-understanding-your-customers-needs/
http://www.experian.co.uk/blogs/latest-thinking/customer-experience-king-survey/
AC 1.4
https://www.theguardian.com/money/blog/2017/jan/07/key-to-good-customer-service-just-do-it-timpson
https://econsultancy.com/blog/68481-seven-guiding-principles-for-implementing-social-customer-service/

Websites for LO 2

AC 2.1
https://www.spellbrand.com/research-your-competition-brand-success
http://www.freshbusinessthinking.com/tips-for-performing-competitor-research/

http://www.tutor2u.net/business/blog/qa-what-are-the-main-ways-in-which-a-business-can-obtain-information-on-a-m
AC 2.2
http://www.tutor2u.net/business/blog/qa-what-are-the-main-stages-of-new-product-development
http://www.tutor2u.net/business/topics/research-and-development

Websites for LO 3

AC 3.1
http://www.tutor2u.net/business/blog/government-support-for-small-business-cutting-red-tape
http://www.tutor2u.net/business/blog/government-spending-interactive-guide-to-where-it-goes
http://www.businesszone.co.uk/deep-dive/leadership/a-guide-to-government-support-for-small-businesses-in-2017
https://www.gov.uk/business-support-helpline
https://abta.com/news-and-views/news/uk-government-support-for-tourism-businesses
AC 3.2
http://store.iccwbo.org/content/uploaded/pdf/ICC_Global_Trade_and_Finance_Survey_2016.pdf
https://www.worldfirst.com/uk/blog/currency-transfer-news/seize-moment-think-global/
http://www.tutor2u.net/economics/blog/international-trade-agreements
http://www.tutor2u.net/business/blog/john-lewis-takes-the-low-risk-approach-to-international-growth
AC 3.3
http://www.bbc.co.uk/guides/zgjwtyc
http://cep.lse.ac.uk/pubs/download/brexit02.pdf
http://www.tutor2u.net/business/reference/the-world-trade-organisation
http://www.tutor2u.net/economics/reference/world-bank
http://www.opec.org/opec_web/en/
https://www.thebalance.com/nafta-definition-north-american-free-trade-agreement-3306147

8. GLOSSARY OF TERMS

Above-the-line (promotion)
Using independent/mass media to target consumers

Absorption costing
A costing method that takes into account both direct and indirect costs, which are 'absorbed' into the total cost of the product

Accounting rate of return (average rate of return) (ARR)
An investment appraisal method that calculates the return from the net income of the proposed investment

Advertising
Paid methods used by a sponsor to communicate the product to actual/potential customers

AIDA
The Attention-Interest-Desire-Action model, used to describe the stages of customer awareness and action

Appraisal
Reviewing an employee's overall contribution to the organisation, for individual growth/development

Allocation and apportionment of costs (overheads)
The identifying of specific costs (allocation) or the sharing of a general cost (apportionment) relating to a product

Assets
Items owned by a business

Asset turnover
The value of sales generated by the business's assets

Base year
The year chosen for an index and normally given the value of 100, against which the performance in all other years is compared

Below-the-line (promotion)
Controlling promotion of a product using non-mass methods, e.g. trade shows, direct mail, targeted search engine

Benchmarking
Measuring the quality of an organisation's policies and products, and comparison against standard measurements/measurements of its competitors

Breakeven analysis
The objective of determining the minimum number of units to sell in order to avoid making a loss, and to review the interrelationship between output, costs and profit

Breakeven point
The output level at which neither a profit nor a loss is being made

Brick and click (clicks and bricks, or click and mortar)
A business model in which the business is both online and has a physical operation

British Independent Retailers Association (BIRA)
A trade association representing UK independent retailers

British Retail Consortium (BRC)
A trade association representing UK retailers

Budget
A plan expressed in financial terms: also, an allocation of a set amount of money for a particular use

Budgetary control
The comparison of actual results against budgeted figures to establish the efficiency or otherwise of the specific product/activity/location in the business

Budgeting
The act of preparing and implementing a series of individual budgets

Business aim
A long-term statement of intent, which is not easily measured as it stands

Business objective
A short-term statement of intent that is measurable, e.g. using the SMART approach

Capital
The amount invested or employed in a business

Capital expenditure
Purchase of long-term assets for use by a business to make profit

Catchment analysis
The process of identifying the best location for an outlet

Clicks and bricks
See 'Brick and click'

Competitor array
A form of competitor analysis based on reviewing the industry, the competition and the customers, followed by rating the competitors

Competitor profiling
A form of competitor analysis based on establishing areas/factors where the business has an advantage over its competitors

Concepts (Accounting)
Assumptions, conditions or 'rules' that help determine financial values and/or policies

Consumer panel
A group of people asked by a business to comment on a chosen product

Contribution
The amount by which the product's selling price exceeds its variable cost, this amount being a 'contribution' towards the fixed costs that have to be paid regardless of sales levels

Contribution analysis
Used in decision making, a review of products based on the contributions they make towards meeting the fixed costs of the business, rather than making decisions based purely on profit figures

Contribution pricing
Setting a price so, at the very least, such a price will contribute to overall gross income even if there is no contribution to net income (therefore the price at least covers the product's share of fixed costs)

Cost of sales (cost of goods sold)
The direct costs linked to the items sold

Cost-plus pricing
A fixed profit factor is added to the cost of a product to establish its price

Current assets
Cash, and other 'short-term' assets that are expected to be turned quickly into cash

Customer retention
When the business seeks to reduce the number of customers who do not repeat purchase its product

Delphi method
Structured communication involving a panel of experts who answer questions and/or complete questionnaires

Digital marketing
Marketing products through using digital channels to reach consumers

Direct costs
Those costs that can be directly linked to a product

Direct (channel of) distribution
Moving the product from seller to buyer without the intermediate stages of wholesaler and/or retailer

Direct marketing
Selling products directly to the public, e.g. via mail order

Discounted cash flow (DCF)
An investment appraisal method using the time value of money, i.e. appraising the proposed investment by estimating future cash flows, discounted to give their present values (PV)

Diseconomies of scale
Economies of scale no longer apply, normally through size, resulting in an increase in marginal costs for the business (increasing average costs of production)

Economies of scale (external)
These positive externalities arise from activities outside the control of the business, relate to the industry or area as a whole and result in declining marginal production costs (falling average costs of production)

Economies of scale (internal)
Arising from the growth of the business, they are business-specific and occur when unit costs fall as output increases (declining marginal costs of production)

Efficient consumer response (Efficient customer response) (ECR)
A supply chain strategy employed to improve/increase the services available to consumers through close co-operation at each stage of the chain

Enterprise
Activity undertaken for profit/growth but having a risk element

Equity
The value of (ordinary) shares in a company

Exclusive distribution channel
An agreement where the seller gives the retailer exclusive rights to distribute the product

Expenses
Costs of a business that will be set against its revenue to calculate profit or loss

Financial statements
The 'final accounts' of a business, i.e. the income statement showing profit or loss, the balance sheet displaying assets and liabilities (plus the statement of cash flows and statement of changes in equity)

Fixed assets
See 'Non-current assets'

Fixed base index
The stated price at any time is compared against the original base (normally having a value of 100), and this base date/value does not change throughout the lifetime of the index

Fixed cost (finance)
A cost that stays the same regardless of changes in output

Flexible budgeting
Setting budgets that are adjusted ('flexed') for changes in activity/output so that actual and budget figures can be validly compared

Focus group
A group of people brought together to discuss a product before launch

Franchisee
The buyer/operator of a franchise

Franchisor
The seller of a franchise

Functions
The different sets of activity carried out, often by departments such as Marketing or Finance

Gearing
The ratio of a company's debt (loan capital) to its equity (ordinary share capital)

Gross profit
The amount by which sales exceeds cost of sales

Gross profit margin (percentage)
Gross profit expressed as a percentage of sales

ICT
Information and Communication Technology, incorporating devices, services and applications linked to communication/communicating information

Index number
A number that shows the price/cost of something compared with its price at a specific earlier date (usually having a value of 100 to assist the comparison)

Indirect costs (overheads)
Those costs that cannot be traced to a specific product, and therefore have to be apportioned

Indirect distribution
The product passes through at least one other stage in addition to seller and buyer

Induction training
Introductory activities for new employees to enable them to become settled and efficient as quickly as possible

Innovation
A new method, process or procedure that helps business efficiency/growth

Intensive distribution channel
Selling through as many outlets as possible

Inventory
Stock items for use in production or available for resale

Just-In-Time (JIT)
An inventory strategy used by a business to control stockholding and related costs, by receiving the stock only as it is needed in the production process

Kaizen
The philosophy of continuous improvement of working practices and personal efficiency

Liabilities
Items owed by a business

Liquid assets
Cash and assets that can easily be turned into cash, e.g. trade debts, but not inventory (stock)

Liquidity
A measure of the extent to which a business can meet immediate/short-term debts

Loss
The amount by which a business's expenses exceed its revenue

Margin of safety
The volume of sales above the breakeven point, i.e. the number by which sales can fall before the business starts making a loss

Market research
Research undertaken by a business into the market for its products

Market-based (market-led) price strategy
Also known as competition pricing, the seller sets the price at or near the prices of competing products

Marketing mix
The various factors/inputs that a seller uses to influence consumers to buy the product

Marketing models
Theoretical models, e.g. Ansoff Matrix, BCG Matrix, used to analyse the market situation of a business/product

Marketing research
Research undertaken by a business into the efficiency of its marketing function

Mark-up
A percentage is added to the cost of a product to establish its price

Margin
Expressing the profit as a percentage of the selling price

Marginal costing
Using marginal costs (in practice, the variable costs) as the basis for decision making by distinguishing between fixed and variable costs

Mass market
A market for goods produced in large quantities

Merchandising
Promoting the sale of products, particularly in retail outlets

Mission statement
Formal summary of the aims and values of an organisation

Moving average
A sequence of averages calculated from successive figures, the average 'moving' as the sequence moves step by step

Mystery shopper
A person paid by a business to visit a shop/outlet incognito and to comment on aspects of the outlet

Needs (customer)
The desire a customer has for the benefits from a product that will fulfil a requirement the customer has

Net current assets
Current assets less current liabilities

Net present value (NPV)
The difference between the present value of cash inflows and the present value of cash outflows, closely linked to the discounted cash flow investment appraisal method

Net profit
See 'Profit for the year'

New product development (NPD)
The complete process of bringing a product to market

Niche market
A specialised market for a product

Non-current assets
Long-term assets used by the business to generate profit

Non-profit making organisation (non-business entity)
An organisation established to provide a service or activity, having a goal other than to make profit

Off-the job training
Training activities undertaken away from the employee's normal place of work

On-the-job training
Training activities undertaken at the employee's normal place of work

Open to buy (OTB)
The activity of planning merchandise sales and purchases; also merchandise budgeted for purchase by a retail store during a certain time period that has not yet been ordered

Overheads
See 'Indirect costs'

Payables collection period
Creditors compared with credit purchases

Payback method
An investment appraisal method based on the time it takes to recoup the original investment

Personal selling
Face-to-face selling where the seller attempts to persuade the potential customer to buy the product

PESTEL
Analysis undertaken of a business's external influences, categorised into (e.g.) political, economic, social, technological, environmental and legal

Physical distribution
The handling, storage and movement of products from the point of origin to the final consumer

Point-of-sale (POS)
The place where sales are made, e.g. a local area, a checkout till

Predatory pricing
A price is initially set so low as to force competitors out of the market

Price penetration strategy
The initial price is set low to attract customers to the brand

Price skimming strategy
The seller sets a high price, normally before other competitors enter the market, the price falling over time

Product lifecycle
The different stages a product typically goes through during its existence in the marketplace

Product portfolio
The range of products sold by a business

Profit
The excess of revenue over expenses

Profit for the (financial) year
The 'net' profit, i.e. the profit after all expenses have been deducted from revenue

Profitability
The measurement of profit against some other figure, e.g. capital employed or turnover, to establish the financial success of the business

Promotion (marketing)
The advancement of a product through publicity and/or paid methods of communication

Psychometric test
A standardised procedure used to measure attributes such as aptitude, personality or intelligence

Public relations
Maintaining a favourable public image for a business through professional activities

Qualitative research
Collecting information about opinions, views, beliefs and intentions

Quality assurance
Systematic checking to ensure a product maintains the desired level of quality

Quality circles
Groups of employees who meet regularly to consider how to resolve problems/improve production

Quality control
Maintaining quality standards through sample testing

Quality engineering
Analysing management systems at all stages in order to improve the quality of the production process

Quantitative research
Numerical-based research, normally into a sample representing the consumer population

Quick response (QR)
A technique used in retailing to reduce order response time, and to obtain greater accuracy in despatching goods (e.g. through using computerised equipment)

Receivables collection period
Debtors compared with credit sales

Recruitment
The act of attracting new employees to a post

Research and development (R&D)
Innovative work directed towards introducing new (research), and improving existing (development), products

Return on capital (employed)
A measure of how efficiently the capital employed in the business is generating profit

Revenue
Income of a business, against which expenses are charged

Revenue expenditure
'Day-to-day' expenses met by a business

Sales forecasting
The process of estimating future sales, using techniques such as time series analysis that incorporates trends, seasonal and cyclical variations, and random variations

Sales promotion
Normally a short-term tactic used to stimulate product sales through merchandising and related activities

Sampling
The process of selecting a representative proportion of the population, typically those who are actual and/or prospective customers

Sector
Businesses operating in a part of the economy that are identifiable either by activity, ownership (public/private/voluntary), legal status, frequency or location (local/national/global)

Selection
The act of obtaining new employees via interview or related process

Selective distribution channel
Using more than one, but not all, channels available to the seller

Semi-variable cost
A cost that contains both fixed and variable elements and so changes as output changes, but not in direct proportion

Shrinkage
The loss of inventory through activities such as employee/customer theft, damage in store and damage in transit

SME
Abbreviation used for small and medium-sized enterprises, defined by either number of staff, balance sheet total or turnover

Social media analytics
Gathering data/information from various blogs and social media websites, often stakeholder-based

Solvency
The degree to which a business's current assets exceed its current liabilities

Stakeholder
Relationship a business has to an internal or external person, group or organisation

Standard costing
A costing method using standard (predetermined) costs, i.e. target costs under normal operating conditions

Stepped cost (Step cost)
A cost that does not change steadily as output changes, but will change at a set output (e.g. renting a second delivery vehicle once sales reach a certain point)

SWOT analysis
Analysis undertaken in a business to judge its strengths and weaknesses (internal factors), and to anticipate its opportunities and threats (external factors), to aid decision making

Test marketing
Using a representative segment of the total market to test the success or otherwise of a new product about to be launched

Time series analysis
Using statistical methods to predict future performance (sales)

TQM
Total quality management, a structural approach to improve product quality through refinements arising from feedback

USP
Unique selling proposition (or point), a factor that differentiates a product from competing products

Value analysis
The business reviews and judges every feature of a product in order to ensure the lowest cost for its functionality, by eliminating all unnecessary costs that contribute nothing to the product's quality or functionality

Variable cost
A cost that varies directly with a change in output

Variance
The difference between the actual and budgeted figure

Virtual distribution
The electronic (internet) connection between seller and buyer

Virtual product development (VPD)
Developing and prototyping a product in a digital environment (2D or 3D)

Wants (customer)
The desire for a product that is not necessary but one that the customer wishes to buy

Web(site) audit
Analysing the factors that affect the visibility in search engines of a business's website

Working capital
See 'Net current assets'

Zero defects
Ensuring quality and seeking to reduce defects to zero through a 'right first time' approach