

Year 11 revision - week beginning February 24th



Revision book - read through and refresh your knowledge of pages 10-15 and 39-46

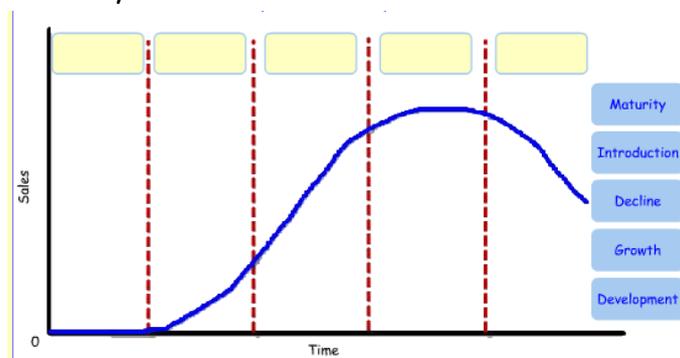
1/ Learn the meaning of the following key words:-

Match It-

Product portfolio, product life cycle, patent, product trial, repeat purchase, calculated risk, deliberate creativity, entrepreneur, Boston matrix, innovation

	A business person who comes up with a new idea and puts it into practice. They are a risk taker. E.g. Richard Branson
	Taking an already established idea, writing down its key points and changing certain areas,
	Weighing up with the chance of success outweighs the chance of failure, can look at the costs involved, Can you afford for the idea to fail.
	Putting a new idea into practice, changing an original idea. Product innovation is new ideas and process innovation is new ways of working
	Makes it unlawful for anyone to copy your idea for 20 years, but they are expensive. If you have a patent you can charge a higher price as you will have no competition
	A way to plan the development and monitor products - cash cow, dogs, problem child, stars
	Shows the stages which a product will go through - introduction, growth, maturity and decline.
	Helps a business to make decisions about its products. E.g. when to launch, what products are doing well or badly.
	Aiming to keep customers loyal so they buy the product again e.g. loyalty card, customer service, special promotions
	Ways to encourage a customer to try the product - low prices, advertising, free samples, viral marketing e.g. facebook

2/ Label the product life cycle



3/A business has fixed costs of £100,000. It sells jumpers for £50 each and it costs them £30 to make the jumpers. How many jumpers do they need to sell to break even?

.....

.....

4/ Exam Technique

1/ Identify **two** methods Amazon might use to differentiate its service from its rivals.
(2 marks)

2/ Identify **two** possible extension strategies a chocolate manufacturer might use.
(2 marks)

3/

Which **two** of the following are key features of enterprise?

Select **two** answers:

- A Employing at least one worker.
- B Having the right qualifications to run a business.
- C Being prepared to take risks.
- D Having a willingness to take on new ventures.
- E Registering as a private limited company.

4/

Marcus used the idea of deliberate creativity to develop his ideas for the business.

Deliberate creativity involves which **two** of the following techniques?

Select **two** answers:

- A Starting a business which provides a service.
- B Brainstorming business ideas.
- C Drawing lists to compare options.
- D Producing a cash flow forecast.
- E Preparing a business plan.

5/

In setting up his business Mark knows he will have to take a calculated risk.

Which **one** of the following would be an example of a calculated risk for Mark?

Select **one** answer:

- A His fixed costs are 50% of his total costs.
- B There is a 40% chance of the business surviving the first year.
- C Mark's variable costs rise by 25% in the first six months.
- D 10% of his customers will be over 65 years old.

6/

Bringing a new product to the market is called:

Select **one** answer:

- A invention
- B enterprise
- C innovation
- D franchise

7/

Sanjay has applied for a patent for his product.

The main purpose of a patent is:

Select **one** answer:

- A to make it easier for Sanjay to pay any taxes due
- B to ensure that Sanjay gets repeat purchases
- C to place a limit on the number of people who can copy Sanjay's idea
- D to register a new invention so Sanjay has sole rights to its use.

8/

Gail prefers to use lateral thinking techniques as a way of developing new business ideas.

Which **two** of the following are examples of lateral thinking techniques?

Select **two** answers.

- A Mind mapping
- B Brainstorming business ideas with a group
- C Producing a business plan
- D Providing a wide range of products
- E Producing a cash flow forecast

9/

Explain one reason why a strong brand might be important to Apple.

(3)

(Remember your answer must be in context - link to Apple - technology, phones, ipad, competitors e.g. Samsung, high quality)

A strong brand is important because.....

.....

This means that

.....

This leads to

10/ Two methods that Next could use to maintain profits when faced with falling sales in stores could be reduced prices or increasing advertising. Which of these two methods do you think would be more effective in allowing Next to maintain its profits and why? (Remember your answer must be in context) (6 marks)

EXAM ALERT

Here is a plan you could use for your answer:

- For advertising, think about customer loyalty, market size, added value, competition and cost.
- For reducing prices, think about customer perceptions, revenue in total and per item, and competition.
- Consider the effect in the short and long terms on profit.

Students have struggled with exam questions similar to this - **be prepared!** ResultsPlus

For this type of question you must make a judgement about which is the better option. There is no right or wrong answer, but you need to **justify** your choice.

I think the best method is...

The first reason for this is ... This means that... This leads to.....

The second reason it is better is This means that... This leads to....

It is better than the other method because...

However it depends upon

Parent Help Sheet and Answers

Answers

1/

Entrepreneur	A business person who comes up with a new idea and puts it into practice. They are a risk taker. E.g. Richard Branson
Deliberate Creativity	Taking an already established idea, writing down its key points and changing certain areas,
Calculated risks	Weighing up with the chance of success outweighs the chance of failure, can look at the costs involved, Can you afford for the idea to fail.
Innovation	Putting a new idea into practice, changing an original idea. Product innovation is new ideas and process innovation is new ways of working
Patent	Makes it unlawful for anyone to copy your idea for 20 years, but they are expensive. If you have a patent you can charge a higher price as you will have no competition
Boston Matrix	A way to plan the development and monitor products - cash cow, dogs, problem child, stars
Product life cycle	Shows the stages which a product will go through - introduction, growth, maturity and decline.
Product portfolio	Helps a business to make decisions about its products. E.g. when to launch, what products are doing well or badly.
Repeat purchase	Aiming to keep customers loyal so they buy the product again e.g. loyalty card, customer service, special promotions
Product trial	Ways to encourage a customer to try the product - low prices, advertising, free samples, viral marketing e.g. facebook

2/ - Development, introduction, growth, maturity, decline

3/The break even calculation is :-

Fixed costs / contribution

Contribution = Selling price per item - variable cost per item

Contribution = £50 - £30 = £20

Breakeven = £100,000 / £20 = 5000 jumpers to break even

4/ Exam Technique

1/

1 mark for each appropriate response.

Possible answers include:

- Giving the product a USP.
- Improve quality.
- Branding/advertising.
- Packaging.
- More convenience.
- More choice.
- Faster delivery speed.
- Lower prices.

Accept any appropriate response.

(1)

2/

Answer	Mark
<p>AO2=2</p> <p>1 mark for each appropriate response.</p> <p>Possible answers include:</p> <ul style="list-style-type: none">• Promotional offers e.g. BOGOF.• Lowering prices.• Improving the product.• Advertising.• Increasing the number of distribution outlets (place).• Re-positioning the brand name.• Changing the product in some way/new flavours/varieties, etc. <p>Candidates can score 1 mark for any reasonable answer that will boost sales of a chocolate manufacturer. Watch out for awarding two marks for points that are virtually identical. E.g. two types of advertising.</p>	(2)

3/ C and D

4/ B and C

5/ B

6/ C

7/ D

8/ A and B

9/

Answer	Mark
<p>For 3 marks, the description will make three relevant points associated with why strong branding might be important to <i>Apple</i>. Development will clearly show the importance of strong branding to <i>Apple</i>.</p> <p>Possible reasons include:</p> <ul style="list-style-type: none">• Makes the business stand out from its competitors (differentiation).• Increases the chances of repeat purchase.• Enables the business to add value.• Allows the business to charge higher prices with limited loss of demand.• Makes it harder for new businesses to set up in competition. <p>E.g. Branding allows Apple to differentiate its products in the market (1 mark). This makes its products, such as the iPod; stand out from its competitors who make cheaper MP3 players (1 mark) and this can lead to an increase in sales (1 mark).</p>	(3)