Promotion

Promotion is the attempt to draw attention to a product or business to gain new customers or to retain existing one.

Merchandising – point of sale literature including displays

Sponsorship – such as motor racing

Sales promotion gives short term boosts to sales and is often targeted to existing/previous customers to ensure loyalty/return.

Personal selling – Door to door

Direct mail (post and email)

Choice of promotion

Cost;
Size of the market being targeted;
Nature of market being targeted (business to business, consumer to business, business to consumer);
Nature of the product (disposable);

Technology

We can produce more dens to advance in technology such as GM Crops

So what are the factors that have the supply to shift.

Lower costs

Such as reduce the cost of labour

Good harvest.

Plenty of rain and sun

Deregulation

What are zero-hour contracts?

Zero-hour contracts are a form of work which allows companies to hire staff with no assurance of work. This means that companies require the people to work only when required, often having little security and benefits such as sick pay.

Per the Office for National Statistics, 2.3% of all workers in the UK workforce is on zero-hour contacts, aka 697,000, as a main job during October to December of 2014. This has increased from 1.9% (586,000) in the same period in 2013.

The amount of contacts not to guarantee a minimum number of hours was 1.8 million as of August 2014, a survey of companies by the Chartered Institute of Personnel and Development saw that 1/3 of charitable sector bodies.

They are controversial as they don't offer enough financial stability and security. These sorts of contracts were found to have an average pf 25 hours per week. It was reported that one in three would like their contract have more hours.

These sorts of contact don't have the same rights as those using more traditional contracts. It tends to create a form of bias and is known to be abused as management tools, by offering different hours for employees who

Cymraeg

Beth yw contractau sero awr?

Contractau dim oriau yn fath o waith sy'n galluogi cwmnïau i gyflogi staff gyda dim sicrwydd o waith. Mae hyn yn golygu bod cwmnïau yn gofyn am bobl i weithio dim ond pan fo angen, yn aml ar ôl ychydig o ddiogelwch a budd-daliadau megis tâl salwch.

Y Swyddfa Ystadegau Gwladol, yw 2.3% o'r holl weithwyr yn y gweithlu UK ar gysylltiadau sero awr, a elwir hefyd yn 697,000, fel swydd Prif yn ystod mis Hydref a mis Rhagfyr 2014. Mae hyn wedi cynyddu o 1.9% (586,000) yn yr un cyfnod yn 2013.

Faint o gysylltiadau ni i warantu isafswm nifer yr oriau roedd 1.8 miliwn o fis Awst 2014, arolwg o gwmnïau gan y Sefydliad Siartredig Personél a datblygu yn gweld bod 1/3 o gyrff y sector elusennol.

English

What are zero hour contracts?

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Different types of enterprises

Sole trader

Characteristics

- Only one person who run the business.
  - AKA self employed
- Unlimited Liability

Advantages

- Be your own boss
- Complete control of the business
- Keep all your profits

Disadvantages

- Lose all your assets including
  - Personal
  - Professional
- Totally self-reliant
  - A jack of all trades

Partnership

Characteristics

- Between 2 and 20 partners
- Deed of partnership
  - If someone dies
  - Etc. etc.
- Sleeping partners
  - They don't do anything/Don't play an active role

Advantages

- Can cover for each other
- More skills
- Greater input of capital

Disadvantages

- Unlimited Liability in most cases
- Share profits
- May cause disagreement
  - Slow decision making

Company

Characteristics

- Limited Liability
    - Only liable for what you invest
- Separate legal entity
- Diverse of ownership

Advantages

- Only limited exposure to what you invest
- Bigger sources of finance which are cheaper to raise
- Relevantly easy to sell shares

Disadvantages

- Complex to setup
- Can be taken over

Private Limited companies

Characteristics

Shares are traded privately

Advantages

- Easier to keep control
- Slightly less public scrutiny

Disadvantages

- Business is public and open for scrutiny
- Lots of legalities

Public Limited Companies

Characteristics

Shares are contracted on the global exchange

Advantages

Easier to buy and sell shares

Disadvantages

- Lots of public scrutiny
- Can be taken over.

Factors which can influence the choice of location

- Accessible to the market
  - Especially shops
- Accessible to raw materials
  - E.g. steel
- Accessible to transport facilities
  - E.g. airports and docks
- Accessible to populations
  - Such as call centres
- Good communications
  - Internet
  - Phone
- Proximity to rivals
  - Depends on the type of business
- Government funding

Markets

Definition

Markets

A place where buyers and sellers interact physically but can also be done electronically

Market size

The overall size of the market either measured by the total quantity of sales or volume

Market share

It is the proportion of the market owned by a company or product in a period of time.

Market growth

The change in the size of the market from one time period to another time period.

Formulas

Market size

$$\frac{Market\ size}{Sum\ of\ all\ sales\ in\ the\ market\ (Sales\ or\ volume)}$$

Market share

$$\frac{Sales\ of\ product\ or\ company}{Total\ market\ share} \times 100$$

Market Growth

$$\frac{New\ market\ sales - old\ market\ sales}{Old\ market\ sales} \times 100$$

Examples

Example 1

Sales are 20,000 for company A. the total sales is 120,000.

Market share

$$\frac{20{,}000}{120{,}000} \times 100 = 16.\dot{6}\%$$

Example 2

Total market sales were £35,000, it's now £42,000

Market share

$$42{,}000 - 35{,}000 = 7{,}000$$

Market growth

$$\frac{35{,}000}{7{,}000} \times 100 = 20\%$$

Price elasticity of demand

Definition

It's the percentage change in quantity of demand over the percentage in price.

If it's positive, it's elastic
If it's negative, it's inelastic

Examples of elastic goods are plenty of subsidies, that compete for a price and goods which are necessities

Example

If the price goes up from 10p to 15p, therefore sales from 100 units to 90 units.

Workout the change in total revenue

10p * 100 = £10.00 Old revenue

15p * 90 = £13.50 New revenue

So, the change in revenue is £3.50

Types of goods

Normal goods

It's a good which positively responds to income. So, as income rises, the demand increases.

Inferior goods

It's a good where income rises, demand fails, such as camping

Public goods

It's a product that one individual can consume without reducing its availability to another individual, and from which no one is excluded.

Merit goods
It’s goods and services that the government feels that people will under-consume, and which ought to be subsidised or provided free at the point of use so that the consumption does not depend primarily on the ability to pay for the good or service. Such as free milk for primary school students.

Characteristics of effective entrepreneurs
- Risk taker
- Problem solver
- Innovator
- Motivator
- Driven
- Got to have a vision
- Numerical skills
- Organisation
- Hard skills
- Confident
- Resilient
- Determined
- Enthusiastic
- Prescience
- Self-motivated

Market segmentation
- Age
- Sex
- Gender
- Social class
- Behaviour
    - Spontaneous
- Psychographic
    - Intervertial
    - Extrovert

Market research
Primary research
Definition
It is first hand research

Advantages
- Up to date
- Relevant
- Specific
- Correctly targeted

Disadvantages
- Can’t track trends over time

- Costly
- Time consuming

Secondary research

Definition

It is second-hand research

Advantages

- Often, it's free
- Saves time

Disadvantages

- Out of date
- Not relevant
- Certain databases can be expensive

Qualitative research

Definition

It is data based on attitude and opinions

Advantages

- It's often good at finding out, why peoples like for a product
- Good for understanding motivation

Disadvantages

- Can be very time consuming
- Can be very expensive
- Difficult to draw conclusions

Quantitate research

Definition

Its research aimed at finding out facts such as how many people would purchase a product.

Advantages

- Cheap
- Can draw statically reliable conclusions

Disadvantages

- You need to understand how to draw up the survey.
- Time consuming

Random sampling

Definition

It's where everyone has an equal chance of being selected

Advantages

- Can draw statistical conclusions
- Can be replicated

Disadvantages

- Very time consuming
- Expensive to collect data

Quota sampling

Definition

When you chose a sample size to represent a group, such as left-handed women. 50 of these live-in Penarth

Advantages

Good for targeting specific groups and understanding their needs

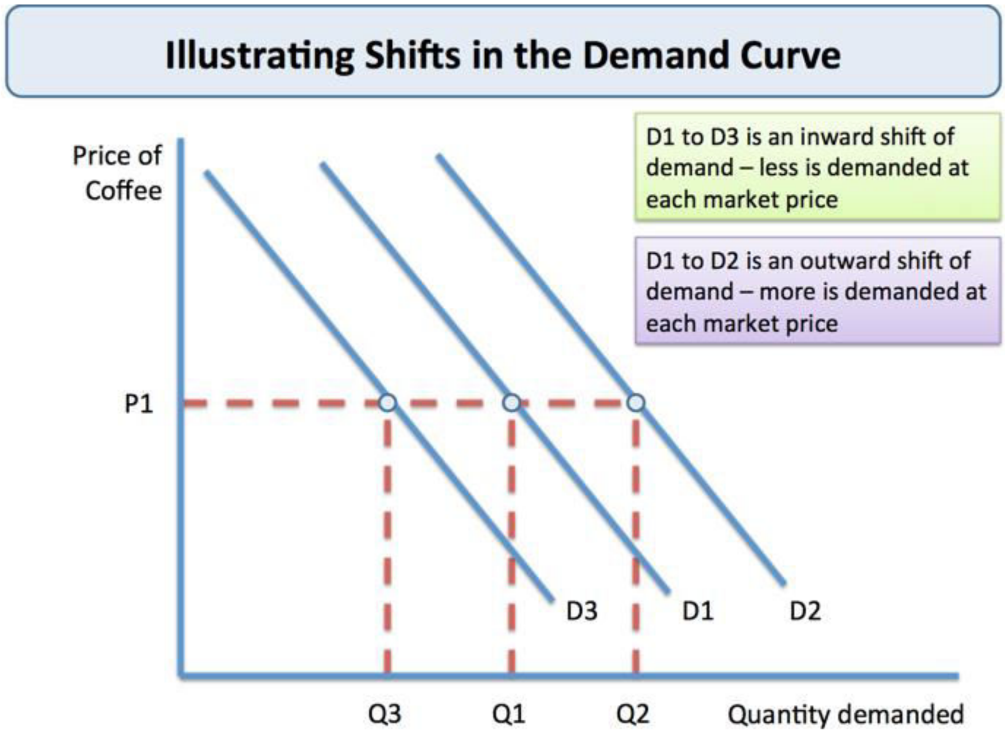
Disadvantages

- Difficult in identifying the group.
- Would not be valid.

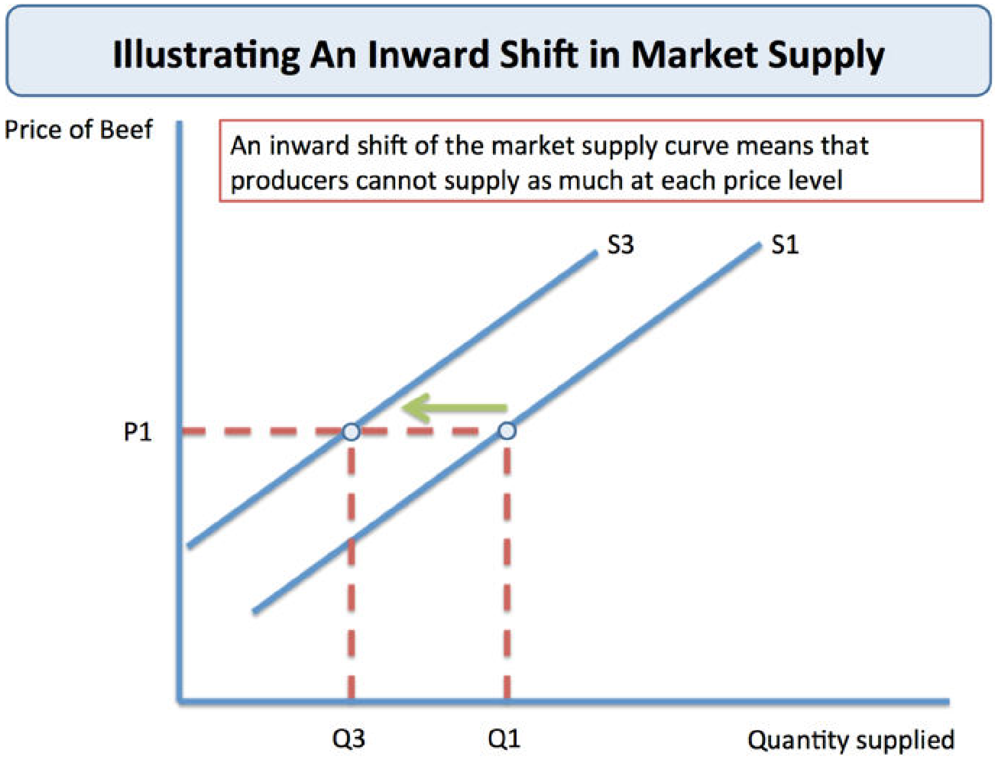
Factors which cause demand to change

- Price
    - High prices mean demand to drop [normally]
    - Low prices mean demand to increase [normally]
- Income
    - More income mean more money to spend on products and services
    - Less income mean less money to spend on products and services
- Promotion/Advertising
    - More advertising means more awareness, an increase demand.
- Fashion
    - The more popular a good, the greater the demand.
- Demographic
    - So, changes to population make up will cause changes to demand
- Competition
    - More competition could cause demand to fall
- Legislation/regulations
    - Might reduce benefits, thus decreased demand.
- Population
    - The greater the population, the more demand for staple goods.

Shift in demand



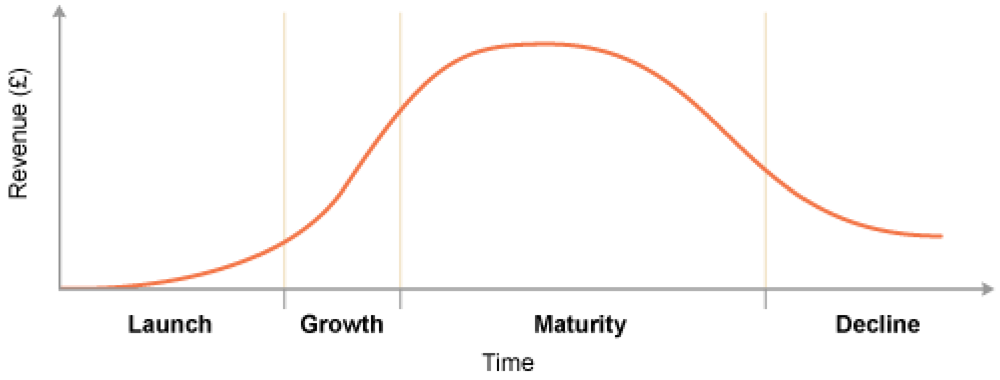
Shift in supply



Business Studies

Marketing

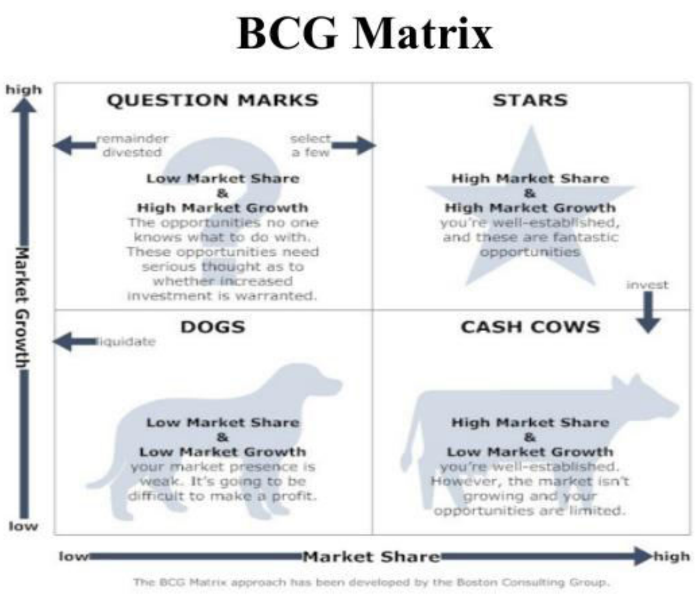
Product



How can we improve the life cycle of a product?

- Find more distribution outlet
    - More places to sell it
- Find new methods of payment such as "Click and collect".
    - Advertising
- Extend the life cycle by finding new users
- Though promotional push
- By reducing prices
- By targeting new products

The benefits of having a product portfolio



What is meant by multi-channel distribution?

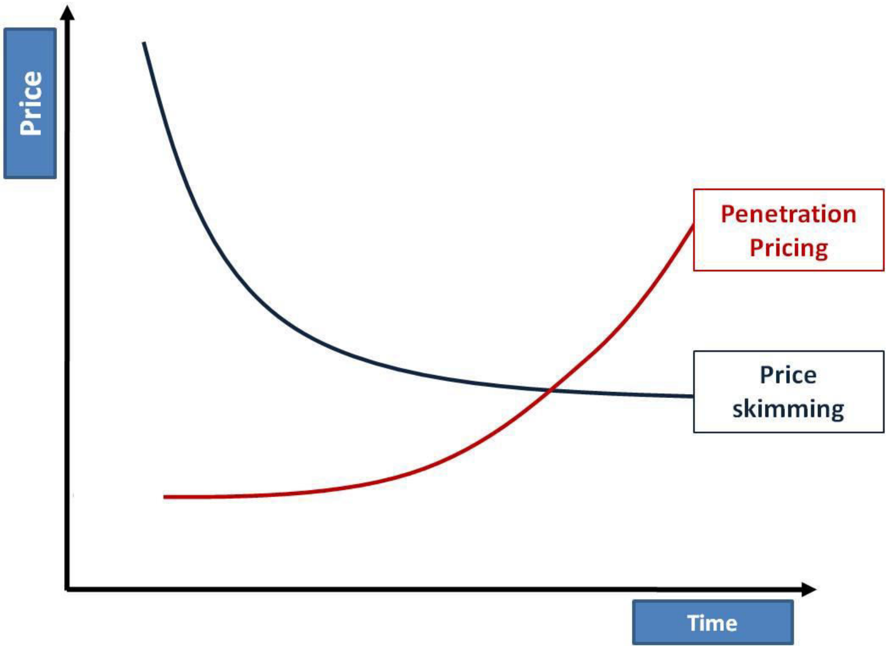
Selling a product over different mediums, such as online, in shops, etc.

What are the forms of promotion?

- Sales promotion
    - These are good for firms that need to increase sales or defend market shares.
    - Examples are BOGOF offers, which give people an incentive to buy.
- Public relation
    - There are good for firms to develop a good image for themselves.
    - Such as sponsoring a local team and writing a press release
- Personal selling
    - This is good for firms that sell expensive door to door products
    - Examples include the KIRBY Vacuum
- Advertising
    - This is good for large firms especially those that need to reach a large audience as it is very cost effective if you advertise using the TV. For local firms, an advert in the local new paper would be good.
    - Mass markets
- Publicity
- Packaging
- Merchandising
    - Adding things to the shop
    - This improves the appearance of the shop.

Pricing strategies

Penetration pricing and price skimming



Cost-plus pricing

Charge more than the production of a product

Competitive pricing

Going rate price of a product with your competitors

Psychological

Pricing so it looks attractive, such as 99p instead of £1

Contribution

Covering variable costs and contribution towards profit and fixed costs

E-Tailing/M-Commerce

Using the internet to sell stuff. Basically.

People

Examples of flexible working

- Part time employment
- Hot desking
- 0-hour contract
- Working from home
- Job sharing
- Temp employment
- Flexible hours
- Multi-skilling

Sources of employment

- Newspapers

- Careers office
- Word of mouth
- Job centre
- Online

Advantages of internal employment

- People are already trained
- Don’t need to spend money on external advertising
- Already known them
- Provide incentives
- Reduces staff turnover

Advantages of external employment

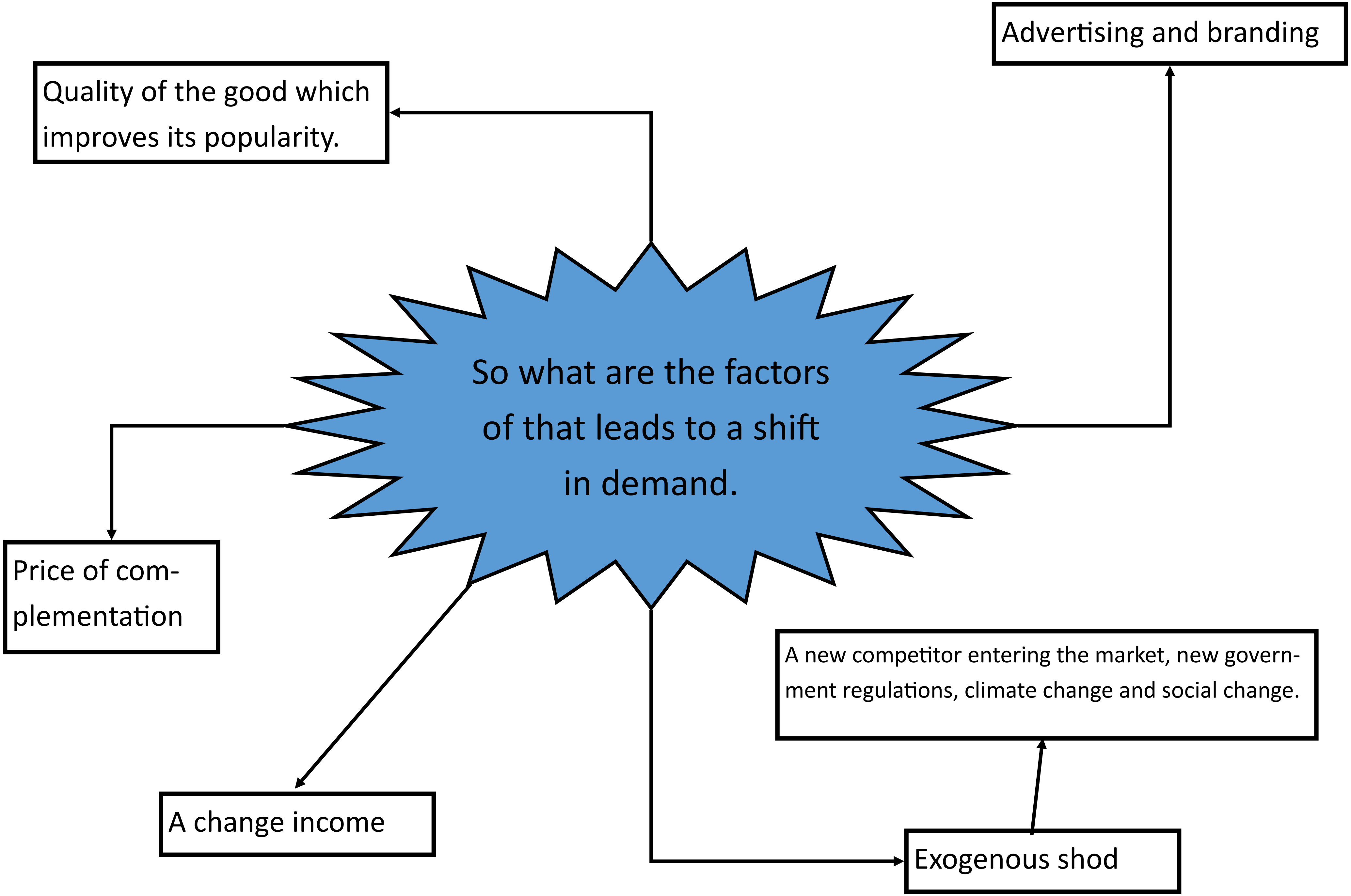
- New ideas
- Better quality of staff

On the job training

- Mentoring
-

Off the job training

Training outside of workplace, e.g. courses.


Quality of the good which improves its popularity.
Advertising and branding
So what are the factors of that leads to a shift in demand.
Price of com-plementation
A new competitor entering the market, new govern-ment regulations, climate change and social change.
A change income
Exogenous shod

Revision – Wednesday April, 19	Rm 234
10:00 to 3:30 (30 minute assigned lunch)	Unit 1 revision

Empowerment

It’s the process of giving staff responsibility and authority to make decisions. If the staff feel empowered they have a sense of ownership and a feeling of control over their remit. This can happen in flat hierarchies.

Control is at the top, and senior management fully understand exactly who does what, and their responsibilities.

Path of communication and responsibility are clearly defined.

Departments understand their position in relation to the other departments within the organisation.

Each worker knows how they are doing in the organisational structure.

Communication between different departments is hampered by the lack

However, there are disadvantages

Senior management are distanced from those who implement decisions. What senior management perceive as being may be very different.

Vertical communication is difficult, with information on is received by management distorted by the layers it must be very tough. Very long chains of communication could even mean that instructions are out of date by the measures they are received.

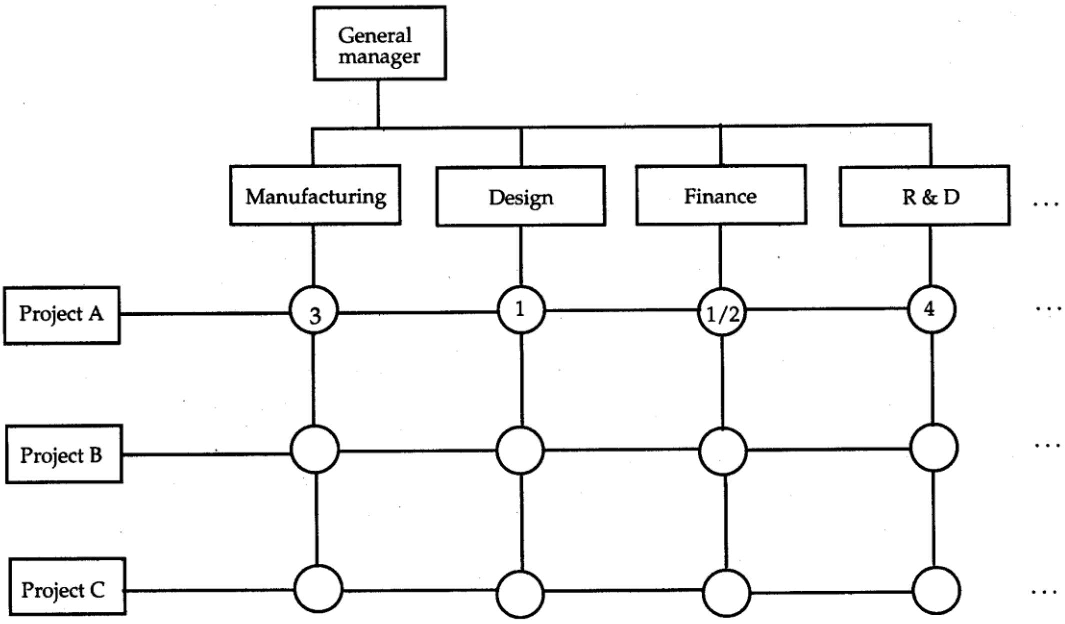
Advantages of a flat/wide organisational structure

- Increased motivation because of the delegation of authority;
- Decisions are made more quickly by those nearest to the ‘ground’;
- Communication is quicker and there is less distortion;
- There is a great empowerment of workers.

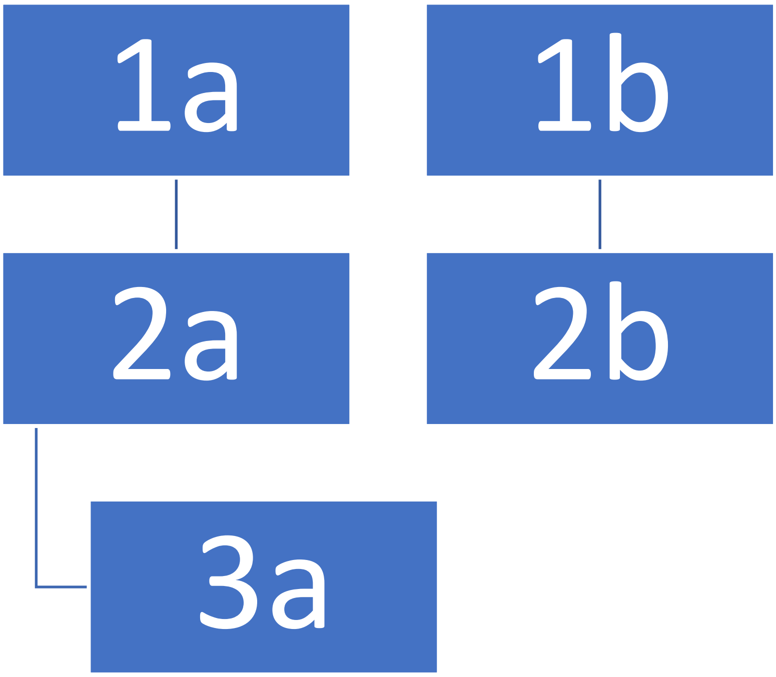
Disadvantages are

- Loss of central control of the workforce
- Different departments may not be working to the same objective.
- Inconsistencies may develop
- Lack of standardisation

The matrix structure has several advantages


General manager
Manufacturing
Design
Finance
R & D
Project A
Project B
Project C
3
1
1/2
4

Delayering is the process of reducing the layers in the hierarchy



Advantages

Faster responses

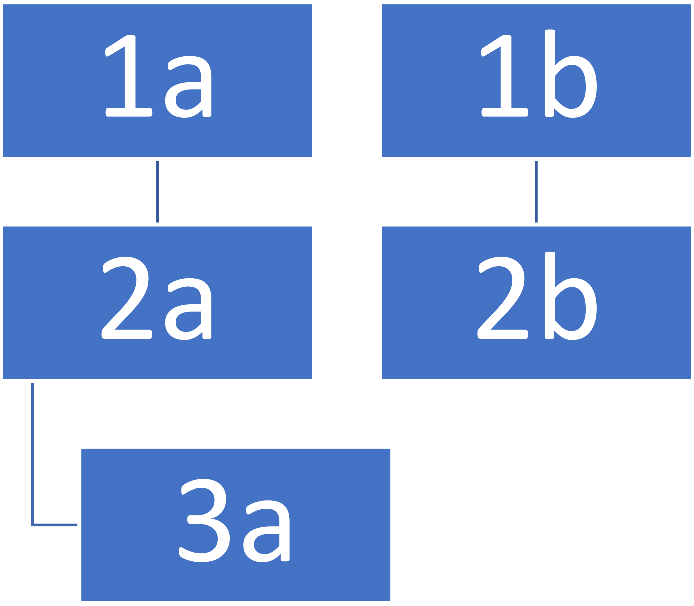
Disadvantages

Save money

Some decisions are ill advised

Some staff lose status or demotivated

a) The term "wide span of control," as a ratio between manager and direct reports, refers to a manager's authority over many subordinates. A manager with a wide span of control has direct authority over a lots of staff members.



b) The advantages to organisations such as Forestry Commission, of delayering is that it offers opportunities for better delegation, empowerment, and motivation as the number of managers is reduced and more authority passed down the hierarchy. It can also improve communication within the business as messages must pass through fewer levels of hierarchy. It as well as can remove departmental rivalry if department heads are removed and the workforce is organised more in teams. It likewise can reduce costs as fewer (expensive) managers are required. It in addition to can encourage innovation. It can finally bring managers into closer contact with the business' customers – which should (in theory) result in better customer service.

However, not all organisations are suited to flatter organisational structures - mass production industries with low-skilled employees may not adapt easily. As well as, delayering can have a negative impact on motivation due to job losses, especially if it is just an excuse for redundancies and a period of disruption may occur as people take on new responsibilities and fulfil new roles in addition to those managers remaining will have a wider span of control which, if it is too wide, can damage communication within the business. There is also a danger of increasing the workload of the remaining managers beyond that which is reasonable. Finally, delayering may create skills shortages within the business – a danger is that delayering means that the business loses managers and staff with valuable experience.

E-tailing

Online shopping (sometimes known as e-tailing, from 'electronic retail' or E-Shopping) is a form of electronic commerce which allows consumers to directly buy goods or services from a seller on the internet. The internet has changed buying habits and E-Tailing is now a very important part of the retail industry, and is continuing to grow.

The internet, and the use of search engines, has made accessing customers a great deal easier than in the past. All a business needs to sell its products is a decent website, some form of payment processing and 'shop' software. All of this can be created for less than £500. In fact, there are 1000s of entrepreneurs running their business throughout action sites such as EBay, with hardly any fixed costs. These businesses mean extra competition for existing traditional businesses – as well as lowering pricing for customers.

To businesses the growth of social media is important as increasingly firms are using it as a direct form of communication.

To stake holders, we look at how other stakeholders are affected.
For workers, the use of social media has meant that many workers now must be followers using Facebook and Twitter.
For customers, the use of click and collect and e-commerce has meant that many purchase products using on-line. Consumers must scan products.

Cash flow

What is cashflow?

Cash flow is the movement of money into and out of the business. So we need to look at important terms.

Cash in flow

This is the money that goes into the business. Examples include, bank loans; sales; cash or card; interest; rental; owner's capital;

Cash out flow

This is money going of the business. Examples are, wages; rent; insurance; stock; electricity; gas; water; internet; building; life insurance; product liability; fuel; tax; MOT; services; stationary; Loan repayments; sundries.

Net Cash flow

It's the difference between cash inflow and cash outflow.

Opening balance

It is at the beginning of every month. It's the amount of cash that we have.

Closing balance

It is adding up net cash flow and opening balance.

Cash Inflow	Jan	Feb	Mar	Apr
Cash sales	0	6000	9000	12000
Sales from credit	5000	5000	8000	9000
Rental income	7000	0	7000	0
Investment income	2000	2000	2000	2000
Total cash flow inflow	14000	13000	26000	23000

Cash inflow	Jan	Feb	Mar	Apr
Stock	3000	3000	4000	6000
Wages	2000	2000	2000	2000
Utilites	1000	500	2000	3000
Insurance	2000	2000	2000	4000
Motors	1000	5000	6000	2000
Sundries	1000	4000	1000	500
Total cash outflow	10000	16500	17000	17500

Cash inflow	Jan	Feb	Mar	Apr
Net cash flow	4000	-3500	9000	5500
Opening Balance	12000	16000	12500	21500
Closing Balance	16000	12500	21500	27000

So, what is the purpose of a cash flow forecast to identify the timing of cash surpluses and shortages.

- So, this will help when we need to borrow funds. This is especially the case when the business is seasonal, such as a toy shop.
- To support an application
- For finance, this cash flow forecast can show the viability of the business and whether it can afford to meet loan repayments.
- It can help the business plan. So, that it can identify all costs and revenues.
- Monitor actual cash flow with projected cash flow and act.

Limitations

Some of the data will be based on estimates. Especially for new businesses.

A lot of businesses activity is dependent on outside forces such as changes to interest rates and exchange rates which could adversely affect cash flow forecasts.

A business users up valuable resources such as time and money when drawing up and monitoring a cash flow forecast. This could be at the expense of running a business.

A cash flow forecast only forecasts cash and not other variables, such as profit margins, productivity. It is a one-dimensional tool in helping a business

Markets
Markets is a place where buyers and sellers meet to exchange goods and services using money as medium of exchange.

Global brands and marketing

What is a global brand?
A global brand is one which is used internationally, that would be being worldwide.

Global Markets
With global markets, we have seen the need to establish an identifiable global brand – making promotion as homogenous as possible. Utilising the same advert with a local voiceover is typical of many global marketing campaigns. Where global advertising often differs in its relation to pricing. The level of income of the target market may vary from country to country and pricing needs to reflect this.
In some circumstances penetration pricing needs to be used to establish a product or service, especially when strong domestic brand dominates the market.

The benefits of using a global brand
- Saves money in terms of promotion
- Means, we can send a consistent message about the brand.
- Helps us to standardised it.

The disadvantages of using a global brand
- It assumes that we are all the same, it doesn't consider local differences in terms of culture and taste.
- Some crises in one country may affect the whole brand.

The marketing mix in different contexts
How the marketing mix is applied will differ in a variety of contexts: -

- Local markets
- National markets
- Global markets
- Goods or services markets
- Niche markets
- Mass markets
- Market structure

Different types of markets
Local markets allow specific marketing tactics to be used, adapting the 4Ps to local taste and incomes.
The advantage is that we can be adaptive.
The disadvantage is that the market can be very small and be insufficient.

National markets need more consistency. A national marketing strategy needs to be developed, allowing a brand to become known and understood.
The advantage is that it saves money.
The disadvantage is that it requires a lot of money to promote the money nationally.

Goods and services

Goods are perhaps easier to market than services. With goods, there is a tangible product, but with services it is perhaps more difficult to identify what the customer needs.

The focus on marketing for many services, for example insurance, holidays, car hire, professional services is often based on simplicity and clarity. 'This is what we do, we do it effectively and quickly, and we will make clear the benefits.'

Mass and niche marketing

Often for businesses mass marking is not an option – after all appealing to and developing products for a mass market is an expensive business. There are huge product development costs, massive expenditures.

On promotion and constant competition. Smaller businesses will therefore have to accept aiming for a specific niche may be their only option. With niche marketing a business will target will target a single niche within the market, ignoring the rest of the marketplace.

Niche Vs Mass

Niche marketing is based on designing goods or services specifically tailored for the needs of a relatively small target market. Therefore, there must be a full understanding of the desires and the needs of the niche. The internet has allowed businesses selling niche products to access markets far more readily. In the past, one of the major problems facing niche product businesses has been the unable to economically target customers who are likely to be geographically dispersed. Now the interview removes this problem and raising awareness is much simpler. There is no need to list in local *Yellow Pages* throughout the country or use magazine ads that may be irrelevant to most readers. Instead, potential customers can access the niche product/service providers by quickly searching websites.

Manpower planning which is also called Workforce Planning consists of putting the right number of people, the right kind of people, the right kind of place, right time, doing the right thing for which are sited for the achievement of goals of the organisations.

Task

- Polite
- Friendly
- Got a qualification in Maths
-

Email to: mwilson@cavc.ac.uk

Louis Davies

i) Primary market research is new research, while secondary market research is the collection and summary of existi ng research.

Pricing

The money charged for a product or service.

Everything that a customer must give up to acquire a product or service.

We should distinguish a between cost to the supplier of producing/ providing the product and price

Four view of prices

The economist's view – price is set by the forces of supply and demand.
The accountant's view – price should cover costs so that a profit can be shown
The customers' view – price should represent good value.
Marketer's view – pricing is an opportunity to gain a competitive advantage.

Pricing strategies

Penetration pricing

Introducing a new product at a low price to attract large numbers of buyers and to gain a large market share.

Penetration prices involve the setting of lower rather than higher prices to achieve a large, if not dominant, market share.

Objective.

- To secure a large market share
- To maximise sales revenue.

Skimming Pricing

You charge a high price initially for a brand-new product in a brand-new market. Then the price falls, as the firms recovers research and development costs and rivals enter the market place.

Contribution

This means, a price which covers its variable costs and a contribution to fixed costs and profit. This allows for flexibility in its pricing. So, it can be very price competitive.

Competitive pricing

Setting a price which aligns with its rivals, this is known as the "Going Rate" pricing.

Psychological Pricing

This means pricing a product, which seems to be attractive for consumers. Such as pricing a product at 99p instead of £1.00

Cost-plus pricing

This adds a mark-up to the full-cost of a product. For example, a colour TV is bought from a supplier for £200, the mark-up price is 50%. This is equal of £300. A problem with this method is that the prices might be too high and it might fail to sell many products.

1. When deciding on which marketing strategy to follow, a firm will have to examine its existing products range. Only by assessing how they are preforming will it be able to decide what to do next. The Product Life Cycle is one technique for this. Just as a human is born, matures and eventually dies, so too does a product or service. After a period of development it is introduced into the market; its sales figures grow and eventually the market stabilises and the product becomes mature. A firm will seek to maximise the length of this profitable period though extension strategies.
2.

A	2.5
B	2.1
C	2.3
D	2.2
E	2.4

3. Explain why?
    a. Cash flow can be a problem in the early growth stage of a product's life cycle as it's development can be reduced or halted if the product doesn't get the funding required for it to work.
    b. New products should be developed while existing ones are in the growth stage as the process takes time and a cash flow from existing products will quickly help develop the product.
    c. 'Buy One Get One Free' is not an extension strategy as it is a promotional stragegy.
4.

1	B
2	E
3	A
4	C
5	D

1. While the Product Life Cycle shows the stages, a service goes though from birth to withdrawal, the product portfolio shows the range of brands or items that a company has on the market at any one time. These products may all be in different stages of the life cycle. It is crucial for a business to have a balanced portfolio, with products at different stages, as it has major implications for a firm's cash flow. The Boston Matrix analyses the products portfolio by looking at the rate of market growth and market share.
2. I really don't know.
3.

Low Sales Growth High

Problem child – is a product with high growth, but low market share	STARS – are products with high sales and high growth. They become very successful.
DOGS – Are products which have a low market share and low growth rate. These products are normally in decline stage of product life	CASH COWS – Are products with low growth rates but high market share. They are very profitable and dominate most of the product portfolios.

LOW MARKET SHARE HIGH

Profit or loss account

Also, known as income statement

The profit and loss account is a financial statement which shows…

1. The income that the business has received over a given period of time,
2. And the expenses which has been paid.

It also shows the profit that the business has made over a period of time (usually 12 months) and how the profits has been used.

Revenue

Revenue is the inflow of money to the business that is earned from the ordinary activities of the enterprise.

There are lots of different types of revenue;

1. Cash sales
2. Credit sales
   (i.e., where the business has sold goods to customers, but has not yet received the cash)
3. Interest
4. Royalties.
5. Dividends that the business receives on its investments
6. Fees for hiring out goods or services.

Expenses

An expense is the money that has been paid out. Examples include wages, raw material, and utility bills often known as revenue expenditure.

Expenses are not necessarily the same as costs.

Example

If a business purchases a new fixed asset (such as a machine) then it must pay the costs of purchasing the machine (Say £50,000).
However, this £50,000 will not be written-off as a one off-cost, because the benefits will last for a long period (i.e. for more than 12 months).
Therefore, the cost of the machine will be spread out over a few years.

Explanation

The first line giving the Sales Revenue (or sales) for the business from selling its good and services. We take off the "Cost of the goods sold" (e.g. the cost of the raw material, the labour charges associated with the production, and the production overheads).

These are sometimes referred to as direct materials, direct labour, and direct overheads.
Sales revenue less C.o.G.S. is known as Gross profit.

The trading or operating profit

When the costs are deducted from the gross profit, the result is known as trading or operating profit. These are the profit made from normal trading activities.

The next step…

The next adjustment is to add on any income from other activities, non-operating income e.g. renting out premises.
The resulting figure is also known as the profit before interest and tax.
We then deduct a figure for interest charges.
The resulting figure is known as profit before tax or net profit.

The final section…

The appropriation account.
This is where the company explains how the profits are to be used.