**OCR Cambridge National - Enterprise and Marketing RO64 – Topic summary**

**For your PPE and your actual examination 25th May 2022 (50% of overall qualification), you need to know the following**

**1.1 The need for customer segmentation**, i.e. customers vary because of the:  Benefits they require  Amount of money they are able/willing to pay  Quantity of goods they require  Quality of goods they require  Time and location they wish to purchase the goods

**1.2 Types of market segmentation**, i.e.  Age  Gender  Occupation  Income  Geographic  Lifestyle

**1.3 The benefits of market segmentation,** i.e.  Ensures customer needs are matched and met  Potential for increased profits/profitability  Increased customer retention  Allows for targeted marketing  Potential for an increase in market share

**1.4 The purpose of market research**, i.e.  To reduce risk  To understand the market  To promote the organisation  To aid decision making  To gain customers’ views and understand their needs  To inform product development

**1.5 Primary (field) market research methods** (physical or digital) and their benefits, i.e.  Observations  Questionnaires  Surveys  Focus groups  Consumer trials

**1.6 Secondary (desk) market research sources** and their benefits, i.e.  Internal data  Books/newspapers/trade magazines  Competitors’ data  Government publications and statistics  Purchased research material (e.g. Mintel)

**1.7 The types of customer feedback** techniques available to business start-ups, i.e.  Social media/online communities with reviews and comments  Online surveys  Customer comment cards  Comments made to staff members  Telephone/email surveys  Email contact forms

**A range of factors that affect the viability of products or services, i.e.**

**2.1 Cost of producing the product or service**, i.e.  Fixed costs i.e. costs that do not vary with output, i.e. - rent - loan repayment - insurance - advertising - salaries - utilities  Variable costs i.e. costs that do vary with output i.e. - raw materials - components - stock - packaging  Total costs i.e. fixed costs + variable costs

**2.2 Revenue generated by sales of the product or service**, i.e.  How to calculate total revenue (Selling price x Number of sales)

**2.3 Use of break-even as an aid to decision making**, i.e.  Definition of break-even - i.e. the level of output where Total revenue = Total costs  Break-even formula - i.e. Fixed costs Selling price per unit - Variable cost per unit  Break-even graphs - interpretation of a break-even graph in order to identify the break-even point  How break-even information is used

**2.4 Profit level**, i.e.  How profit per unit is calculated - i.e. Revenue (selling price) per unit - Total costs per unit  How profit is calculated for a given level of output - i.e. Sales revenue - Total costs

**3.1 The product lifecycle**, i.e.  Development  Introduction  Growth  Maturity  Decline

**3.2 Extension strategies for products in the product lifecycle and the appropriateness of each,** i.e.  Advertising  Price changes  Adding value (e.g. improving the specification of an existing product)  Exploration of new markets (e.g. new geographic market, new target markets)  New packaging

**3.3 How to create product differentiation**, i.e.  Establishing a strong brand image for goods or services  Design mix model - i.e. the variables that contribute to successful product design - function, cost and appearance  Identifying a clear unique selling point (USP)  Offering improved: - Location - Features - Functions - Design - Appearance - Selling price

**3.4 The impact of external factors on product development**, i.e.  Technological developments (e.g. developments in technology that affect production capabilities and consumer preferences)  Economic issues (e.g. recession, boom and their effects)  Legal issues (e.g. copyright and patent, product safety standards)

**4.1 Factors to consider when pricing a product to attract and retain customers**, i.e.  Income levels of target customers  Price of competitor products  Cost of production

**4.2 Types of pricing strategies and the appropriateness of each**, i.e.  Competitive pricing  Psychological pricing  Price skimming  Price penetration

**4.3 Types of advertising methods used to attract and retain customers and the appropriateness of each**, i.e.  Leaflets  Social Media  Websites  Newspapers  Magazines  Radio

**4.4 Sales promotion techniques used to attract and retain customers and the appropriateness of each**, i.e.  Discounts  Competitions  Buy one get one free (BOGOF)  Point of sale advertising  Free gifts/product trials  Loyalty schemes

**4.5 How customer service is used to attract and retain customers,** i.e.  Product knowledge  Customer engagement (e.g. presentation, communication skills)  After sales service

**5.1 Appropriate forms of ownership for business start-ups**, i.e.  Sole trader  Partnership, including limited liability partnerships  Franchise  Features of each form of ownership, i.e. - Owners - Basic legal requirements to start the business (e.g. business registration, HMRC) - Liability, i.e. o limited o unlimited - Responsibility for decision making - Distribution of profit to the owners

**5.2 Source(s) of capital for business start-ups,** i.e.  own savings  friends and family  loans  crowdfunding  small business grants  business angels

**5.3 The importance of a business plan**, i.e.  Why a business plan is needed, i.e. - to clarify a business idea to others (e.g. to secure funding) - to measure progress towards goals (e.g. timescales, sales forecasts) - to help manage cash flow - to help identify potential problems (e.g. financial shortages)  What the business plan should detail, i.e. - business objectives - business strategies - sales plan - marketing plan - financial forecasts

**6.1 The purpose of each of the main functional activities that may be needed in a new business**, i.e.  Human Resources, i.e. - responsible for all aspects of managing individuals who work within a business  Marketing, i.e. - responsible for identifying the needs and wants of business customers and developing products/services to meet those needs  Operations, i.e. - organising the process that turns inputs into outputs/finished goods that can be sold to customers  Finance, i.e. - managing the financial resources in a small business and reporting on financial performance

**6.2 The main** activities **of each functional area**, i.e.  Human Resources, i.e. - Recruitment and selection of employees - Training and development of employees - Performance management of employees - Responsibility for health and safety in the workplace - Ensuring compliance with employment legislation  Marketing, i.e. - Market research o i.e. to research the market and find out customer opinions - Developing a marketing mix: Product, Price, Place, Promotion (4Ps)  Operations, i.e. - Production planning - Producing the product or service - Quality control - Stock control - Logistics  Finance, i.e. - Organisation and allocation of financial resources - Financial performance reporting - Monitoring of cash flow

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* Revision guide - My Revision Notes: Cambridge National Level 1/2 Enterprise and Marketing Paperback – 25 Oct. 2019by [Tess Bayley](https://www.amazon.co.uk/s/ref=dp_byline_sr_book_1?ie=UTF8&field-author=Tess+Bayley&text=Tess+Bayley&sort=relevancerank&search-alias=books-uk) (Author), [Leanna Oliver](https://www.amazon.co.uk/Leanna-Oliver/e/B0822X21W8/ref=dp_byline_cont_book_2)  (Author)ISBN : **978-1510471719 Hodder Education**
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