Learning outcomes **The Learner will:**	**Teaching content** **Learners must be taught:**	**Exemplification**
Learning Outcome 1: Understand how to target a market	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	1.1 To include the meaning of segmentation and simple problems/challenges that may be encountered if the market is not segmented.
	1.2 Types of market segmentation, i.e. • Age • Gender • Occupation • Income • Geographic • Lifestyle	1.2 To include selecting the most appropriate form of segmentation for a particular business/situation.
	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	1.3 Learners should be able to recognise when market segmentation may not be appropriate for a start-up business, and why the benefits of segmentation may vary for different business situations.
	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	1.4 To include identifying when market research is necessary.

Learning outcomes The Learner will:	Teaching content Learners must be taught:	Exemplification
	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)	1.5 Some of the research methods listed may be paper-based or digital/online – for example, a survey may be paper-based or conducted online. 'Digital' tools might include websites, apps, social media etc. 'The internet' can be used to conduct primary research but would not be classed as a stand-alone research method in itself. 1.5 and 1.6 To include the relative advantages and disadvantages, for a start-up business, of primary and secondary market research methods and recommending a method for a specific business/situation. 1.5 and 1.6 In the examination, the terms 'primary' or 'field' may be used. Similarly, 'secondary' or 'desk' may be used. 1.6 The internet can be used to conduct secondary research but would not be classed as a stand-alone source in itself. 1.6 Internal data refers to any data which may be held within a particular organisation (e.g. sales data, customer profiles). 1.6 Data types (internal and external) can be quantitative and qualitative data.

Learning outcomes **The Learner will:**	**Teaching content** **Learners must be taught:**	**Exemplification**
	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	1.7 To include the value of customer feedback when setting up a new business. To include recommendations of appropriate methods for a given start-up business.
Learning Outcome 2: Understand what makes a product or service financially viable	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 To include definitions of key terms such as fixed costs, variable costs, total costs, revenue and profit. 2.1 Items such as 'salaries' and 'utilities' can sometimes be classified as fixed or variable costs, depending on the scenario. For the purposes of this qualification we are classifying them as fixed costs. Conversely, 'wages' are classified as variable costs for the purposes of this qualification. 2.1 Learners will be expected to be able to complete calculations such as the following: a) Total cost for a given level of output e.g. *At 50 units of output, the fixed costs are £2,000. The variable costs are £500. What are the total costs? (£2,500 = £2,000 + £500)*

Learning outcomes The Learner will:	Teaching content Learners must be taught:	Exemplification
		b) Total cost for an increased level of output e.g. *The number of units increases from 50 to 60 units. The new variable costs are £600. What are the total costs? (£2,600 = £2,000 + £600)* c) Calculating the variable cost per unit from a given total variable cost e.g. *The total variable costs for making 200 pies are £600. What is the variable cost per unit? (£3 = £600/200)*
	2.2 Revenue generated by sales of the product or service, i.e. • How to calculate total revenue (Selling price x Number of sales)	2.1 and 2.2 Questions may ask for answers in a different time period than the data provided, e.g. the data is per month but the question asks for an annual figure.
	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. $\frac{\text{Fixed costs}}{\text{Selling price per unit - Variable cost per unit}}$ • Break-even graphs - interpretation of a break-even graph in order to identify the break-even point • How break-even information is used	2.3 Learners will not be expected to recall the break-even formula in the exam. However, they may be expected to recognise its use when shown and, where it is provided, be able to use it to calculate the break-even point from figures provided. Similarly, learners will not be expected to draw a break-even graph, but may be expected to interpret one to identify the break-even point, and/or label the lines.

Learning outcomes **The Learner will:**	**Teaching content** **Learners must be taught:**	**Exemplification**
	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	2.2 and 2.4 To include rearranging a formula to find a component, e.g. find the value of the total costs if the sales revenue and profit is known. 2.4 Learners should understand the difference between revenue and profit.
Learning Outcome 3: Understand product development	3.1 The product lifecycle, i.e. • Development • Introduction • Growth • Maturity • Decline	3.1 Learners will not be expected to draw a product lifecycle diagram, but may be expected to interpret a product lifecycle diagram to identify the stages of one.
	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	3.2 To include the relative advantages and disadvantages of different extension strategies when considering the appropriateness of each; and make recommendations for a specific situation.
	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	3.3 To include the relative advantages and disadvantages of different ways to differentiate a product and make recommendations for a specific situation.

Learning outcomes The Learner will:	Teaching content Learners must be taught:	Exemplification
	• 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 (i.e. recession, boom and their effects) • Legal issues (i.e. copyright and patent, product safety standards)	3.4 Learners may be asked to consider one or more of the three external factors listed in 3.4, in relation to a specific product development. Learners will not be assessed on other potential external factors (e.g. ethical, social). 3.4 Technological issues may relate to either the business or the consumer. 3.4 Economic issues will be limited to the four stages of the business cycle – recession, growth, boom, decline. Learners should be able to offer a description of the impact of each of the economic stages on the success of a specific business example. 3.4 Legal issues will be limited to 'current legislation' of the legislation specified or its equivalent, should it be revised during the lifetime of the qualification.

Learning outcomes **The Learner will:**	Teaching content **Learners must be taught:**	Exemplification
Learning Outcome 4: Understand how to attract and retain customers	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	4.1 To include which factors are most important when considering a specific start-up situation.
	4.2 Types of pricing strategies and the appropriateness of each, i.e. • Competitive pricing • Psychological pricing • Price skimming • Price penetration	4.2 The pricing strategies which will be examined are limited to the four options listed. Learners should be aware of the relative advantages and disadvantages of each pricing strategy. 4.2 Learners should be able to recommend the most appropriate pricing strategy for a specific situation.
	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	4.3 To include the relative advantages and disadvantages of each of the advertising methods. 4.3 Learners should be able to recommend the most appropriate advertising method for a start-up business in a specific situation.
	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	4.4 To include the relative advantages and disadvantages of each of the sales promotion techniques. 4.4 Learners should be able to recommend the most appropriate sales promotion technique for a start-up business in a specific situation.

Learning outcomes The Learner will:	Teaching content Learners must be taught:	Exemplification
	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	4.5 The use of customer service to attract and retain customers should be considered. Learners may be required to make recommendations to improve a business's performance which may have implications for delivery of customer service.
Learning Outcome 5: Understand factors for consideration when starting up a business	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. ○ limited ○ unlimited - Responsibility for decision making - Distribution of profit to the owners	5.1 To include the advantages and disadvantages of each form of ownership. 5.1 Franchise – while franchise may not be considered a true form of ownership in the same way as the other forms of ownership listed in 5.1, it is important that learners understand the concept of a franchise as it is a realistic operational model for business start-ups. 5.1 To include a definition of limited and unlimited liability and the implications of each for a new business. To include the advantages and disadvantages of limited and unlimited liability for the business and owners. 5.1 To include an identification of which type of liability relates to each form of ownership. 5.1 The responsibility for decision making may belong not only to the owners, but others such as franchisors etc.

Learning outcomes The Learner will:	Teaching content Learners must be taught:	Exemplification
	5.2 Source(s) of capital for business start-ups, i.e. • own savings • friends and family • loans • crowdfunding • small business grants • business angels	5.2 To include the need for capital when a business initially starts-up and the reasons why additional finance may be required during the first few years of operating a typical new business. 5.2 To include a definition and key features of each source of capital/finance. Learners should know the advantages and disadvantages of each source of capital/finance, and their appropriateness to a specific business and/or situation. 5.2 To include friends and family members providing finance by way of a gift or a loan. 5.2 Small business grants may be awarded by banks, the Government and/or charities.
	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	5.3 To include who may wish to see a business plan and for what purpose. 5.3. To include the benefits of demonstrating a healthy cash flow forecast when preparing a business plan. 5.3 To include only a basic understanding of the contents of a business plan.

Learning outcomes **The Learner will:**	**Teaching content** **Learners must be taught:**	**Exemplification**
Learning Outcome 6: Understand different functional activities needed to support a business start-up	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	6.1 It is important that learners understand that these are *functional activities* that will need to be considered and understood when considering a business start-up. All activities may well be carried out by the same person, rather than different departments, when a business starts up, and learners should understand the limitations of this.
	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 ○ 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	6.2 Learners will not be assessed on their understanding of each activity/process listed in 6.2 (e.g. the process of recruitment and selection of employees). Rather, they will be expected to relate a functional area to its activities and vice versa (e.g. know that Human Resources is responsible for the recruitment and selection of employees). 6.2 To include identification of the 4Ps of the marketing mix.

Learning outcomes **The Learner will:**	**Teaching content** **Learners must be taught:**	**Exemplification**
	- 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	