

GCSE Business

“At a Glance” Analysis Points

	Advantages	Disadvantages
Primary Market Research	<ul style="list-style-type: none"> Information can be collected that is specific to your needs The data is up to date and valid 	<ul style="list-style-type: none"> Relatively expensive Time consuming to collect and interpret
Secondary Market Research	<ul style="list-style-type: none"> Quick and easy to access Lots of information available and already analysed 	<ul style="list-style-type: none"> Information may not be exactly what you need Information may be out of date
JIT	<ul style="list-style-type: none"> Business can reduce the huge costs of holding stock Money tied up in stock can be used for other things, improving cash flow. 	<ul style="list-style-type: none"> Possibility of running out of raw materials and production being halted Have to work closely with suppliers and install expensive ICT systems
TQM	<ul style="list-style-type: none"> Workers might be motivated by the responsibility for quality No need to employ a “quality controller” 	<ul style="list-style-type: none"> All employees must want to be involved The process needs constant monitoring which might be expensive
Automation	<ul style="list-style-type: none"> Business can reduce wage costs Machines can work 24 hours a day without breaks and are more accurate than workers 	<ul style="list-style-type: none"> Initial costs to buy machinery can be high Some highly skilled (expensive) workers will still need to be employed
Penetration Pricing	<ul style="list-style-type: none"> Encourages trial purchase Prices can be raised once product has developed brand loyalty 	<ul style="list-style-type: none"> Product might have to be sold at a loss for a period of time Consumers might question the quality of the product
Skimming	<ul style="list-style-type: none"> Helps the business to cover costs of producing the product Potentially higher profit margins 	<ul style="list-style-type: none"> New products might enter the market quickly meaning prices have to be dropped Consumers might find the price too high (recession)
R&D	<ul style="list-style-type: none"> Can give the business “first mover advantage” Develops the business’ product range and potential market share 	<ul style="list-style-type: none"> Very expensive Products can be copied by competitors after patent expires

Using Break Even Analysis	<ul style="list-style-type: none"> Shows the business how much has to be sold, over a period of time, for its costs to equal its revenues Gives the business a target to aim for i.e. the number of sales it needs to make a profit 	<ul style="list-style-type: none"> It is only an estimate, some figures may be incorrect. External factors might change and affect the BEP e.g. fuel costs might increase
Teamwork	<ul style="list-style-type: none"> More ideas can be generated Workers develop a sense of responsibility for each other and therefore work harder 	<ul style="list-style-type: none"> Conflicts can arise Unhealthy competition may result
Bank Loans	<ul style="list-style-type: none"> Large sums of money available, in a short period of time Re-payments can be spread over time 	<ul style="list-style-type: none"> Money has to be paid back with interest Banks unwilling to lend to businesses in the current recession, so difficult to get hold of
Share Equity	<ul style="list-style-type: none"> Large sums of money can be raised Members of the public can buy shares on the stock market 	<ul style="list-style-type: none"> Profits have to be shared in the form of dividends Loss of control and open to takeover
Membership of the EU	<ul style="list-style-type: none"> Directives that improve working conditions for workers and better products for consumers 	<ul style="list-style-type: none"> Directives usually represent higher costs for the business
International Trade	<ul style="list-style-type: none"> Bigger markets and export opportunities for UK business Cheaper raw materials to be used in production 	<ul style="list-style-type: none"> More competition for UK businesses from cheap imports
Piece Rate (PRP)	<ul style="list-style-type: none"> Workers might work more quickly and efficiently Competition can be introduced 	<ul style="list-style-type: none"> Lower quality products Can lead to arguments between workers
Social Responsibility (Being ethical)	<ul style="list-style-type: none"> Good PR and can be used as a USP Can charge a higher price 	<ul style="list-style-type: none"> Increases the business' costs Consumers might not accept the higher price being charged
Improving Cash Flow: Reducing Costs	<ul style="list-style-type: none"> Reducing costs will improve profit levels No need for other sources of finance to finance cash flow deficits 	<ul style="list-style-type: none"> Reducing staff levels will mean redundancy costs Using cheaper raw materials might mean lower quality products