

Start up options				Advantages	Disadvantages
1	Key Idea	There are a variety of ways to start a business. Sole Trader Partnership Private Limited Company Public Limited Company Franchise Each option comes with advantages and disadvantages	Sole Trader	Quick and Easy to set up Cheap to set up Keep all profits Make own decisions Work when you want to	Unlimited liability – liable for all debts When you don't work you don't get paid High levels of responsibility Nobody to cover you when you go on holiday Work long hours
2	Key Idea	There are many factors that influence where a business locates as it is such an important decision. <ul style="list-style-type: none"> Proximity to the market (where the product is going to be sold) Where do the workers come from Where are the raw materials coming from Where are the competitors What the business sells 	Partnership	Quick and easy to set up Shared decision making – takes away some of the stress Shared responsibility for debts	Unlimited liability Disagreements over decision making Work long hours Relying on everyone to put their weight so the business can be successful
3	Key Idea	E-commerce is the buying and selling of goods or services using the internet, including the transfer of money and data. E-commerce is any transaction that takes place through the internet. E-commerce and M-commerce allow businesses to choose cheap locations, because there is no requirement to be located near to customers. These businesses are able to sell items online and then send them to customers using couriers. Common examples of businesses that operate online are clothing companies, designers, bloggers and influencers	Private Limited Company (Ltd)	Owners (shareholders) have limited liability Business is a separate legal identity to its owners Large amounts of capital can be raised through selling shares	Profits have to be shared with shareholders (dividends) Owner loses complete control of the business Less privacy – the company has to produce accounts which are available to the public
4	Main benefits of E-Commerce	lower costs flexible working hours access to a much larger market of potential customers ability to be open 24 hours a day, seven days a week relatively low-price marketing and promotion	Public Limited Company (PLC)	Owners have limited liability Large amounts of capital can be raised through selling shares	Same as Ltd Original owners lose control and ownership of the business. Professional directors and manager appointed to run the business may have different aims to those of the shareholders. Must disclose all main accounts to the public . Company can be taken over if a majority of shareholders agree to bid
7	Drawbacks of E-commerce	Customers like to try on clothes, or feel stuff before they buy it Personal shopping experience Internet can be unreliable Internet can be hacked	Franchise	Given support in setting up the business Benefit from being part of a large business establish name Less investment required than setting up a completely new business Proven product, loyal customers to the brand therefore less risky	Cost of buying the franchise Pay a percentage of the profits to the Franchisor Have to follow the Franchise model Other franchisee operations can have a negative effect on yours
Key Vocabulary					
1	Limited Liability	This is when an investor can only lose what they invest. They are not liable for the all the debts the company incurs. This is a less risky option			
2	Unlimited Liability	When the owners of a business are liable for all debts of the business. This means that owners can lose personal possessions to cover the cost of the debts.			
3	E-Commerce	E-commerce is the buying and selling of goods or services using the internet, including the transfer of money and data.			
4	M-Commerce	M-commerce is any transaction that takes place using mobile technologies, for example a mobile phone app			

Marketing Mix

1	Key Idea	The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place. It is a marketing tool used to attract customers to a business, and all four elements should be carefully considered in order for a business to be effective.
2	Key Idea	The right marketing mix should work well together and each element of the marketing mix should complement the rest, for example the type of promotion will be applicable to the product being sold by a business.
3	Key Idea	The most effective marketing mixes constantly adapt to the ever-changing business environment. This could mean a business adapting their price, adopting new types of promotion, updating their product or changing distribution channels as required.
4	Price	Factors that influence price include: competition – a business may need to reduce its prices to compete with other businesses customer opinions – about the product and its worth brand image – some products can have a higher price because customers perceive the business' brand as desirable availability – if a product is in short supply, this can drive up the price
7	Place	Businesses that sell mass-market products may use many different options to make sure that their customers can easily purchase their products. Place can also include the channel of distribution used to get the product from the manufacturer to the final customer. Types of distribution include: manufacturer → customer manufacturer → wholesaler → customer manufacturer → wholesaler → retailer → customer
8	Promotion	A business will use a mix of different promotion methods to increase its sales. Its chosen method will depend on the type of product or service on offer, the relative costs of the different methods and the size of the budget the business has. This is often referred to as the 'promotional mix' for a business. This includes: TV adverts use of billboards social media activity
9	Product	The product element refers to the goods or services the business sells. A business should conduct market research to find out the needs and wants of its target market.
10	Impact of Technology	Technological advances create many opportunities for businesses. This means that a business' promotional mix may need to change to enable it to interact with its customers through increasingly popular technologies (such as online messaging and digital advertising). The use of social media has changed how much many businesses spend on traditional promotional activities (eg TV advertising) and on advertising in other media types (eg newspapers). Sponsorship and influencers on social media are commonly used as a means of promoting products and services.

Key Vocabulary

1	Marketing Mix	A description of marketing–product, price, promotion, place.
2	Product	The good or service a business is selling. A business needs its products to stand out from the products of its competitors so that customers buy from it. To do this, a business creates a unique selling point (or USP)
3	Price	Price is the amount a business charges its customers for its product or service.
4	Promotion	Promotion is the methods a business uses to create interest in its products and services among its customers and potential customers. The main aim of promotion is to either persuade customers to purchase, or inform about products.
5	Place	Where the product is sold. In a shop, online, geographical location
6	Mass Market	A market for products and services that are aimed at large groups of customers with similar characteristics.
7	Promotional Mix	The combination of promotional activities used to build customer awareness of a product to increase sales.
8	Retailer	A store (or person) that sells products directly to customers.
9	Channels of distribution	The channels of distribution are the different ways in which a product gets from the producer to the end consumer.
10	Consumer	A person who uses a product
11	Customer	A person who buys the product
12	USP	The distinctive factors that make a product or brand stand out from rivals.
13	Target Market	A group of people or area of a market that a business aims to sell its products to.

The Product

1	Goods	Goods are a tangible item that a customer can physically touch, for example a mobile phone or a chocolate bar.
2	Services	a service is an intangible product that cannot be touched, such as a spa day experience or having a haircut.

Business Plans

1	Key Idea	A business plan is a document created by a business or entrepreneur that provides details about each element of the business. Creating a business plan means an entrepreneur considers all of the different elements of their business. Having a BP reduces the risk of starting a business and encourages investors.
2	Key Idea	A business plan is usually made up of several sections: the business idea – what product or service the business will be, the business' aims and objectives – using the SMART principles, target market determined through market research, revenue forecast, projected costs and profit, cash flow forecast, sources of finance, location, marketing mix – the four Ps.
3	Key Idea	The purpose of a BP is to reduce risk and obtain finance