Edexcel GCSE Business (9-1)
First teaching from 2017

1.2.1. Customer needs

Starter

• Which of these products do you need?

How about these products?

• Aftershave
• Body scrub
• Toner
• Chapstick
• Washing machine cleaner
• Tumble dryer sheets
• Can you think of others?
Customer needs - price

- Customers need a product or service that is the right price
- Customers will have expectations about the price that they will pay for the goods

Customer needs - quality

- Customers need products that are of a satisfactory quality
- For example the more you pay for a watch the more you expect it to last, keep time, look smart and for the strap not to break
Customer needs - choice

How many types of yoghurt can you see in a supermarket?

Choice

• Not every customer wants the same product or service, so businesses may produce a range

Choice

• Not every customer wants the same product or service, so businesses may produce a range

Plenary

• Have a look at this Tweet – what do you think is going on here?
Sample question 1

Whilst at college Jasvinder Kaur made teddy bears for friends and relatives. She wants to start a business but needs to decide between setting up as a sole trader or buying into a franchise. The market for teddy bears is very competitive but Jasvinder produces a teddy bear that is made to customers’ exact requirements.

Which two of the following are most likely to give Jasvinder a competitive advantage?

Select two answers:

- [ ] A Having unlimited liability
- [ ] B Providing a unique product
- [ ] C Operating in a competitive market
- [ ] D Developing a strong brand image
- [ ] E Identifying different market segments

(Total for Question 1 = 2 marks)

Answer question 1

- Answers are B and D
- One mark for each correct answer
Risk and reward

1. Which **one** of the following is a factor that could increase the level of risk in a business?

Select one answer:

- **A** Seasonal demand
- **B** Having a large target market
- **C** Having low fixed costs
- **D** Employing a large number of employees

Having low fixed costs is an advantage for a business because it will need to sell fewer products before it starts to make a profit, so it does not increase risk.

(1 mark)

2. Explain one reason why running a business can involve high levels of risk.

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(3 marks)

3. Discuss a method that a business owner may use to reduce the level of risk in the running of their business.

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(6 marks)
The role of business enterprise

1 Which **one** of the following is the purpose of a business?
Select **one** answer:

- A To produce goods and services
- B To minimise profit
- C To meet the needs of suppliers
- D To only work for the government

(1 mark)

2 Which **one** of the following is **most** likely to be a customer for a marketing agency that produces brochures for tour operators?
Select **one** answer:

- A The public sector
- B The general public
- C The business that supplies the agency with paper
- D A business selling adventure holidays in Africa

(1 mark)

3 Explain **one** way that a business can meet the needs of its customers.

Some customers buy products and services because they have a specific function or solve a certain problem. Often customers prioritise price over all other features, but they may also value quality and good customer service too.

(3 marks)
Ellie Harrison owns the Witney Flower Shop, located in the high street in Witney, Oxfordshire. The business is established and successful. Ellie believes the success is the result of her unique selling point: Ellie imports exotic flowers such as orchids for her customers. No other flower shop in the area provides this service.

1. State the Witney Flower Shop's USP.

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   (1 mark)

2. Outline one method the Witney Flower Shop could use to add value to its products.

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   (2 marks)

3. Analyse the impact on the Witney Flower Shop of the business's location.

   Being located on a high street means the business is more visible to passing trade. This adds value because ..........................................................................................................................................

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   Furthermore, being located on a high street makes it easier for customers to visit the shop when buying from other local businesses. This adds value because ..........................................................................................................................................

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   (6 marks)
The role of entrepreneurship

1 Which one of the following best defines the role of an entrepreneur?
Select one answer:

☐ A Someone who enjoys working in the service sector
☐ B Someone who wants to avoid paying income tax
☐ C Someone who owns and runs their own business and takes risks
☐ D Someone who runs a business while the owner is away on holiday

(1 mark)

2 Which two of the following are characteristics of an entrepreneur?
Select two answers:

☐ A A willingness to undertake a new venture
☐ B A very wealthy family background
☐ C A preparedness to take risks
☐ D Not willing to take financial risks
☐ E An education at least up to A-level

It isn’t option E because people do not need academic qualifications to be an entrepreneur.

(2 marks)

3 Discuss an impact that entrepreneurs have on the economy.

The economy refers to society, people, businesses and the government. Select two of the following words to help you answer this question:
- jobs
- tax
- exports
- spending.

(6 marks)
Customer needs 1

Samit Singh works as a bus driver for a local transport company in Stratford-upon-Avon. He is keen to start his own business providing an express bus service between Stratford-upon-Avon and Birmingham Airport. He spent a week doing market research. Samit interviewed 200 airport users in Stratford-upon-Avon town centre and some of the results are shown below.

<table>
<thead>
<tr>
<th>Return fare</th>
<th>% of people prepared to pay</th>
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<tbody>
<tr>
<td>£14-£16</td>
<td>94%</td>
</tr>
<tr>
<td>£17-£18</td>
<td>76%</td>
</tr>
<tr>
<td>£19-£20</td>
<td>59%</td>
</tr>
<tr>
<td>£21-£24</td>
<td>31%</td>
</tr>
<tr>
<td>£25-£28</td>
<td>12%</td>
</tr>
<tr>
<td>£29+</td>
<td>3%</td>
</tr>
</tbody>
</table>

Table 1: The proportion of people interviewed prepared to pay different fares

1. Identify the percentage of people willing to pay more than £20. (1 mark)

2. Identify the percentage of potential customers aged 46 or over. (1 mark)

The answer is not 18%. Take your time and look at the age brackets carefully.

3. Explain one reason why customer service is an important need that businesses should meet.

Customer service is important because it is linked to the experience a customer has when they buy a product. (3 marks)
Customer needs 2

Read the scenario about Samit on page 6.

1 Samit wants to differentiate his airport service from the services provided by rival businesses in order to attract customers. He is considering two options to achieve this.

**Option 1:** A discount of 20% for people who book more than one return trip in a year

**Option 2:** A door-to-door pick-up service for customers over the age of 60

Justify which one of these two options Samit should choose.

Option 1 may encourage customers to use Samit’s service instead of booking another service .................................................................

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Decide which option is best and give a clear justification.

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(9 marks)
The role of market research

A clothing shop wanted to find out about the views of its customers. Table 1 shows the results of a question asked to customers. What is the major factor that attracts you to the shop?

<table>
<thead>
<tr>
<th></th>
<th>Number of responses</th>
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<tbody>
<tr>
<td>Value for money</td>
<td>28</td>
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<tr>
<td>Has the clothes that I want</td>
<td>36</td>
</tr>
<tr>
<td>Friendly staff</td>
<td>20</td>
</tr>
<tr>
<td>Well laid out</td>
<td>5</td>
</tr>
<tr>
<td>Late opening hours</td>
<td>11</td>
</tr>
</tbody>
</table>

Table 1

1. State one conclusion that the shop could draw from the customers' opinions listed in Table 1.

2. Outline one appropriate method that the shop could use to anticipate its customers' needs.

3. Explain one reason why a business would carry out market research.

   Market research can help a business to decide the price at which it should sell its products.
1. Give one method of primary research.

(1 mark)

2. Explain one benefit to a business of using primary market research.

Primary market research is first-hand and conducted by the business, rather than by a third party.

(3 marks)

3. Discuss the benefit of using secondary market research as opposed to other methods of research.

When answering this question, you could:
- discuss one benefit of secondary market research with several points of development
- discuss two or more benefits of secondary market research with some points of development about each one.

You could also discuss and develop a disadvantage of primary market research.

(6 marks)
# GCSE Business 9-1 Edexcel

<table>
<thead>
<tr>
<th>1 - 2 mark</th>
<th>3 marks</th>
<th>6 marks</th>
<th>9 marks</th>
<th>12 marks</th>
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<td><strong>A01</strong></td>
<td><strong>A02</strong></td>
<td><strong>A03</strong></td>
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</table>

<table>
<thead>
<tr>
<th><strong>Give / State / Circle / Identify / Calculate / MCQ</strong></th>
<th><strong>Explain</strong></th>
<th><strong>Discuss / Analyse</strong></th>
<th><strong>Justify</strong></th>
<th><strong>Evaluate</strong></th>
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<td>Knowledge / Key word meaning</td>
<td>Choose Option 1 or Option 2</td>
<td>Knowledge / Key word meaning</td>
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<td><strong>Text connective</strong></td>
<td><strong>POINT 1</strong></td>
<td><strong>ADVANTAGE</strong> Of chosen option</td>
<td><strong>ADVANTAGE</strong> Of chosen option</td>
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<tr>
<td><strong>Linking sentence</strong></td>
<td><strong>POINT 2</strong></td>
<td><strong>DISADVANTAGE</strong> Of chosen option</td>
<td><strong>DISADVANTAGE</strong> Of chosen option</td>
<td></td>
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<tr>
<td><strong>Linking sentence</strong></td>
<td><strong>POINT 2</strong></td>
<td><strong>DISADVANTAGE</strong> Of chosen option</td>
<td><strong>DISADVANTAGE</strong> Of chosen option</td>
<td></td>
</tr>
</tbody>
</table>

**Text Connectives Might Include:**
- Therefore.../In addition.../As well as.../Thus...
- Consequently.../This results in.../As a result of.../The reason that.../Such as.../For instance.../For example...
- This is shown when.../As illustrated by.../This is apparent when.../Finally.../In conclusion.../Furthermore.../Lastly...
- Resulting in.../Whereas.../On the other hand...

**Conclusion**
- State why your chosen option was better than the other.
- ...for the business to be successful it should...

**Conclusion**
- Summarise your argument and come to a judgement
- ...for the business to be successful it should... therefore, it is recommended that...
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<th>Topic</th>
<th>Task</th>
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<tr>
<td>Week 1</td>
<td>Risk and Reward</td>
<td>Worksheet</td>
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<td>The Role of Business Enterprise</td>
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<td>Worksheet</td>
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