

BTEC Level 1/2 Tech Award in Enterprise – Component 2

1. Identifying the target market

Before selling a product or service an enterprise needs to understand who the groups they are targeting and why. This involves:

Segmentation – dividing the market into categories such as age group, gender, region.

Target market – the specific group of people an enterprise will sell to.

Selling method – how you are going to get your target market to buy the product or service e.g. promotions, online, face-to-face.

Establishing sales – making sure sales continue and customers return.

2. Understanding competitors

The main features which make products competitive:

- price
- quality
- availability
- unique features and selling points (USP).

3. Choosing an idea

Firstly you need to plan the idea. By listing the idea and measuring how **'SMART'** they are. Helps create the best potential business opportunity.

S - specific

M – measurable

A – achievable

R – realistic

T – time constraints

4. Product or service keywords

Features – a unique aspect of something.

Benefits – an advantage of a product or service.

Selling price – the price which it will be offered to the customer.

Cost – how much will have to be spent to produce the product or service.

Competitors – other businesses will similar products or services.

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5. Market research

Primary research: research carried out directly with existing or potential customers.

Types of primary research:

- Questionnaires
- Visits
- Observations
- Focus groups.

Benefits:

- Tailored to specific needs of the enterprise
- Source and date of the data collection are known.

Drawbacks:

- Can be expensive to collect
- Can take a long time to collect.

6. Market research

Secondary research: research that has been collected by someone else.

Types of secondary research:

- Market reports
- Government reports
- Reports in trade journals and magazines.

Benefits:

- The research already exists and is instantly available
- Often free to use.

Drawbacks:

- The research may be out of date
- It may not be possible to check the quality.

7. Resources required for running an enterprise

There are many different resources that need to be considered when starting an enterprise and how easy and realistic they are to get. These include:

Physical resources – resources needed to operate and be seen by the target market including, location, materials, equipment, fixtures and fittings.

Financial resources – monetary aspects needed to be considered to keep the enterprise running including: start-up costs, running costs, cost of sales.

Human resources:

- Employees
- Training and development.

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8. Financial and non-financial aims of a business:

Financial aims– money-based targets

Profit: Amount gained after total costs are deduced.

Achieve breakeven – a point where costs are equal to income therefore no profit or loss is being made.

Survival: Usually when a business starts up. This is ensuring your business can continue to operating and keeping profits higher than costs.

Non-financial aims – aims that do not involve a specific monetary value.

Social: Running your business in a way that relates to belief about what is morally right and wrong.

Customer satisfaction - making sure the customer enjoys the product or service and is happy with the service they have received from the enterprise.

9. Promotion of enterprise

In order for the target market to be aware of the enterprise before and during trading promotion can be completed.

Promotion: publicising and raising awareness to the public of an event or an activity

Why is it important - it can create a 'buzz' about the enterprise and the target market can create an interest in the enterprise to ideally increase and encourage sales

Types of promotion – these are different ways of reaching the target market. These can include: posters, leaflet, billboards, social media, website banners.

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10. Financial forecasting

Start-up costs: these are the costs needed to actually start trading.

Examples of start-up costs:

- Initial stock
- Premises
- Promotions
- Equipment.

Running costs:

- Utilities
- Rent
- Equipment.

11. Methods of communication and promotion

Enterprises need to communicate with customers to:

Keep them informed – letting them know about new goods and services

- Try to increase sales – by reminding customers about what they sell.

Communication methods:

- Radio
- Social media
- Leaflets
- Emails.

Social media:

Advantage: can reach a large audience and can create two-way communication between the enterprise and the customer.

Disadvantage: enterprise doesn't have complete control over the content on social media meaning people can say what they want.

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