Lesson 1: Technology: e-commerce and digital communication

KNOWLEDGE ORGANISER

🎯 Learning goals

- ✓ Explain what e-commerce is and a benefit to business
- ✓ Explain what digital communication is and how it has changed business
- ✓ Give examples of digital communication and who it reaches
- ✓ Apply these ideas to a real retailer

🔑 Key words

E-commerce Selling goods and services online using the internet.

Digital communication Using digital technology — email, social media — to communicate.

Market The customers a business can sell to.

Stakeholder Anyone affected by a business, such as customers, staff or suppliers.

📘 What you need to know

A shop reaches local customers; e-commerce reaches the world.

1. E-commerce

E-commerce means selling goods and services online using the internet, rather than only from a shop. Its biggest benefit is **reach**: a business can sell to a **wider market** beyond its local area — across the country, or even worldwide — without paying for more shops. An online store is also open 24 hours a day, so customers can buy at any time.

> *"E-commerce lets a business sell to customers far beyond the local high street, day or night."*

E-commerce — benefits

- ✓ Access to a wider market, even worldwide.
- ✓ Open 24/7, with lower premises costs.
- ✓ Easy to show the full range of stock.

E-commerce — drawbacks

- ✗ Delivery and returns cost money.
- ✗ Much more online competition.
- ✗ Customers can't touch or try the product first.

2. Digital communication

Digital communication is using digital technology to communicate — for example **email** and **social media**. Before the internet, businesses relied on letters, posters and phone calls, which were slower and dearer. Digital communication has made business communication **faster, cheaper and more direct**. Businesses use it to reach their main **stakeholders**:

- **customers** (adverts, offers and replies)
- **employees** (updates and rotas)
- **suppliers** (placing orders)

> *"Digital communication reaches customers, staff and suppliers faster and more cheaply than letters or phone calls."*

✅ Test yourself

Cover the answers below, answer Q1–Q6, then check.

Q1 What is e-commerce?

Q2 One benefit of e-commerce to businesses?

Q3 What is digital communication?

Q4 How has digital communication changed business communication?

Q5 Give two examples of digital communication.

Q6 Which stakeholders are commonly communicated with digitally?

ANSWERS

A1 Selling goods and services online using the internet.

A2 It allows access to wider markets beyond the local area.

A3 The use of digital technology to communicate, such as email or social media.

A4 It has made communication faster, cheaper and more direct.

A5 Email and social media.

A6 Customers, employees and suppliers.

Lesson 2: Ethical and environmental considerations

🎯 Learning goals

- ✓ Explain ethical behaviour and why it can cost more
- ✓ Explain environmental responsibility and sustainability
- ✓ Weigh the costs and benefits of acting responsibly
- ✓ Apply these ideas to a fashion retailer

🔑 Key words

Ethical behaviour Acting in ways stakeholders consider fair and honest.

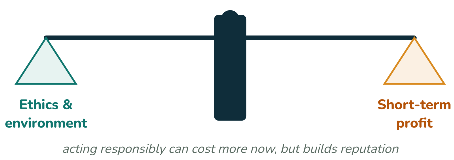
Trade-off When gaining one thing means giving up another.

Environmental responsibility Reducing a business's negative impact on the environment.

Sustainability Meeting present needs without harming future generations.

Scarce resources Resources that are limited in supply.

📘 What you need to know



Firms weigh ethics and the environment against short-term profit.

1. Ethical behaviour

Ethical behaviour means acting in ways stakeholders see as fair and honest — going beyond the bare minimum the law requires. Examples include paying **fair wages**, using **fair-trade suppliers**, avoiding sweatshop labour, and advertising honestly.

Acting ethically often **costs more**, because ethical suppliers and better materials cost more than the cheapest options. This is a **trade-off**: behaving ethically can reduce short-term profit. The pay-off is a **better reputation and more customer loyalty** — many shoppers prefer brands they trust, so loyalty can lift sales and profit over the long term.

> *"Acting ethically can cost more now, but a strong reputation builds customer loyalty for the future."*

2. Environmental responsibility

Environmental responsibility means reducing a business's negative impact on the environment. Issues a business can affect include **traffic congestion, recycling, waste disposal, and noise and air pollution**. For example, recycling reduces waste sent to landfill and saves resources. Behaving responsibly can raise **setup or operating costs** — such as greener equipment or materials — which must be weighed against the benefit to reputation and the planet.

3. Sustainability

Sustainability means meeting present needs without harming future generations. It matters because some resources are **scarce** (limited in supply), and because **global warming** may push businesses to cut emissions or change how they produce. Like ethics, sustainability can reduce short-term profit, because sustainable materials and processes often cost more.

Acting responsibly — benefits

- ✓ Better reputation and customer loyalty.
- ✓ Less waste and pollution.
- ✓ Ready for tougher future rules.

Acting responsibly — costs

- ✗ Ethical, sustainable materials cost more.
- ✗ Higher setup or operating costs.
- ✗ Lower short-term profit.

✅ Test yourself

Cover the answers below, answer Q7–Q19, then check.

Q7 What is ethical behaviour?
Q8 Give an example of ethical business behaviour.
Q9 Why can ethical behaviour increase costs?
Q10 What is a trade-off between ethics and profit?
Q11 One benefit of ethical behaviour to a business?
Q12 What is meant by environmental responsibility?
Q13 Name environmental issues businesses may affect.
Q14 How does recycling benefit the environment?
Q15 One cost of environmentally responsible behaviour?
Q16 What is sustainability?
Q17 How does global warming affect business decisions?
Q18 What are scarce resources?
Q19 Why can sustainability reduce short-term profit?

ANSWERS

A7 Acting in ways stakeholders consider fair and honest.
A8 Paying fair wages or using fair-trade suppliers.
A9 Ethical suppliers and materials may cost more.
A10 When acting ethically reduces short-term profit.
A11 Improved reputation and customer loyalty.
A12 Reducing negative impact on the environment.
A13 Traffic congestion, recycling, waste disposal, noise and air pollution.
A14 It reduces waste sent to landfill and saves resources.
A15 Higher setup or operating costs.
A16 Meeting present needs without harming future generations.
A17 Businesses may need to reduce emissions or change production methods.
A18 Resources that are limited in supply.
A19 Sustainable materials and processes often cost more.

3.2 · INFLUENCES ON BUSINESS

Lesson 3: The economic climate: interest rates and employment

KNOWLEDGE ORGANISER

🎯 Learning goals

- ✓ Explain what interest rates are
- ✓ Explain how rising interest rates affect businesses and spending
- ✓ Explain how employment levels affect demand
- ✓ Apply these ideas to a fashion retailer

🔑 Key words

Interest rate The cost of borrowing money, or the reward for saving.

Consumer spending How much customers spend on goods and services.

Employment The number of people in work.

Demand How much of a product customers want to buy.

📘 What you need to know

Interest rates rise → Borrowing costs more → Consumers spend less → Demand falls

Rising interest rates ripple through to lower demand.

1. Interest rates

Interest rates are the cost of borrowing money, or the reward for saving. When interest rates **rise**, two things happen. First, businesses that have **loans or overdrafts** must pay more to repay them, so their costs go up. Second, customers' own borrowing — credit cards, car finance and mortgages — also costs more, and saving pays better, so people **spend less**.

> *"When interest rates rise, borrowing costs more, so businesses' costs rise and customers spend less."*

This hits hardest the businesses that rely on loans, and those selling **non-essential** goods like fashion, because these are the first things shoppers cut back on when money is tight.

2. Employment and demand

Employment is the number of people in work. When employment is **high**, more people are earning, incomes rise, and **consumer spending** goes up — so demand rises. When employment **falls**, incomes drop and demand for goods and services usually falls too. Demand for non-essentials, like fashion, changes the most.

When the economy is strong

- ✓ High employment and incomes.
- ✓ More consumer spending.
- ✓ Demand for non-essentials rises.

When interest rates rise

- ✗ Borrowing costs more.
- ✗ Consumers spend less.
- ✗ Demand can fall.

✅ Test yourself

Cover the answers below, answer Q20–Q25, then check.

Q20 What are interest rates?

Q21 How do rising interest rates affect businesses?

Q22 How do rising interest rates affect consumer spending?

Q23 Why are businesses reliant on loans affected by interest rate changes?

Q24 How does high employment affect consumer spending?

Q25 How does falling employment affect demand?

ANSWERS

A20 The cost of borrowing money or the reward for saving.

A21 Loan and overdraft repayments become more expensive.

A22 Consumers are likely to spend less.

A23 Because borrowing becomes more or less expensive.

A24 Higher employment leads to higher incomes and more spending.

A25 Demand for goods and services usually falls.

3.2 · INFLUENCES ON BUSINESS

Lesson 4: Globalisation and exchange rates

KNOWLEDGE ORGANISER

🎯 Learning goals

- ✓ Explain globalisation and its benefits and drawbacks
- ✓ Explain how UK businesses can compete internationally
- ✓ Explain exchange rates and their effect on exporters and importers
- ✓ Apply these ideas to a fashion retailer

🔑 Key words

Globalisation Increased international trade and competition.

Exchange rate The value of one currency compared to another.

Exporter A business that sells goods to other countries.

Importer A business that buys goods from other countries.

📘 What you need to know

A strong pound makes exports dearer; a weak pound makes them cheaper.

1. Globalisation

Globalisation means increased international trade and competition between countries. It gives UK businesses **access to new markets and customers** and cheaper materials from abroad, but it also brings **more competition** from overseas firms and a reliance on distant suppliers. UK businesses can still compete by offering **better design, higher quality or lower prices**.

Globalisation — benefits

- ✓ Access to new markets and customers.
- ✓ Cheaper materials from abroad.
- ✓ New ideas and designs.

Globalisation — drawbacks

- ✗ More competition from overseas firms.
- ✗ Pressure on prices.
- ✗ Reliance on distant suppliers.

2. Exchange rates

An **exchange rate** is the value of one currency compared to another — for example how many euros you get for £1. A **stronger pound** makes UK exports **more expensive** overseas (harder to sell abroad), but makes imports cheaper. A **weaker pound** makes UK exports **cheaper** for foreign customers (easier to sell abroad), but makes imports dearer.

> *"A weaker pound makes UK exports cheaper abroad, but makes imported stock more expensive."*

Exchange rates matter to **importers** too. Urban Threads buys much of its stock from abroad, so a weaker pound pushes up the cost of that stock and squeezes its profit.

✅ Test yourself

Cover the answers below, answer Q26–Q33, then check.

Q26 What is globalisation?

Q27 One benefit of globalisation for UK businesses?

Q28 One drawback of globalisation for UK businesses?

Q29 How can UK businesses compete internationally?

Q30 What is an exchange rate?

Q31 How does a stronger pound affect exporters?

Q32 How does a weaker pound affect exporters?

Q33 Why do exchange rates matter to importers?

ANSWERS

A26 Increased international trade and competition.

A27 Access to new markets and customers.

A28 Increased competition from overseas firms.

A29 By offering better design, higher quality or lower prices.

A30 The value of one currency compared to another.

A31 Exports become more expensive overseas.

A32 Exports become cheaper for foreign customers.

A33 They affect the cost of imported goods.

Lesson 5: Legislation: employment, health & safety, consumer law

KNOWLEDGE ORGANISER

🎯 Learning goals

- ✓ Explain key employment laws and their costs
- ✓ Explain health and safety law and its benefits and costs
- ✓ Explain consumer law and the rights it gives customers
- ✓ Apply these ideas to a fashion retailer

🔑 Key words

- **National Minimum/Living Wage** The legal minimum pay employers must give workers.
- **Equality Act (2010)** A law to prevent discrimination in the workplace.
- **Health and Safety at Work Act (1974)** A law requiring a safe working environment.
- **Consumer law** Laws that protect customers and ensure fair treatment.

📘 What you need to know

The law protects workers and customers

Laws protect workers and customers in three main areas.

1. Employment law

The **National Minimum/Living Wage** is the legal minimum pay employers must give workers. The **Equality Act (2010)** prevents discrimination at work — for example on grounds such as age, sex, race or disability. These laws protect workers, but they add **higher wage and training costs** for the business.

2. Health and safety law

The **Health and Safety at Work Act (1974)** requires businesses to provide a safe working environment — safe equipment, training and procedures. The **benefit** is fewer accidents and better staff wellbeing, with fewer days lost to injury; the **cost** is spending on training and equipment.

3. Consumer law

Trade descriptions law stops businesses misleading customers about a product. Consumer law protects **customers**: if a product is faulty, they can ask for a **repair, replacement or refund**. Businesses must follow these laws to treat customers fairly and to **avoid legal penalties** and damage to their reputation.

> *"Following the law adds costs, but it protects staff and customers and avoids fines."*

Legislation — benefits

- ✓ Fairer pay and safer workplaces.
- ✓ Customers are protected and trust the brand.
- ✓ Avoids fines and legal action.

Legislation — costs

- ✗ Higher wage and training costs.
- ✗ Equipment and safety spending.
- ✗ Time spent meeting the rules.

✅ Test yourself

Cover the answers below, answer Q34–Q43, then check.

Q34 What is the National Minimum/Living Wage?
Q35 What does the Equality Act (2010) aim to do?
Q36 One cost of employment law to businesses?
Q37 What is the Health and Safety at Work Act (1974)?
Q38 One benefit of health and safety legislation?
Q39 One cost of health and safety legislation?
Q40 What is trade descriptions law?
Q41 Who does consumer law protect?
Q42 What rights do consumers have if a product is faulty?
Q43 Why must businesses follow consumer protection laws?

ANSWERS

A34 The legal minimum pay employers must give workers.
A35 Prevent discrimination in the workplace.
A36 Higher wage and training costs.
A37 A law requiring businesses to provide a safe working environment.
A38 Reduced accidents and improved staff wellbeing.
A39 Training and equipment costs.
A40 A law preventing businesses from misleading customers.
A41 Consumers (customers).
A42 Consumers can ask for a repair, replacement or refund.
A43 To ensure customers are treated fairly and to avoid legal penalties.

3.2 · INFLUENCES ON BUSINESS

Lesson 6: The competitive environment

KNOWLEDGE ORGANISER

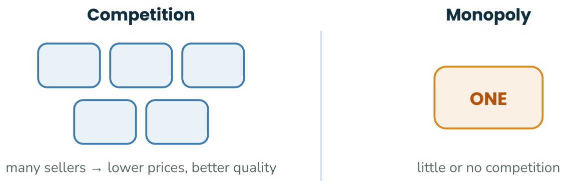
🎯 Learning goals

- ✓ Explain what a market and competition are
- ✓ Explain the impact of competition on businesses
- ✓ Explain why businesses face uncertainty and risk, and how to reduce it
- ✓ Apply these ideas to a fashion retailer

🔑 Key words

- **Market** Where buyers and sellers meet to exchange goods or services.
- **Competition** Businesses trying to attract the same customers.
- **Monopoly** A market with little or no competition.
- **Uncertainty** Not knowing how costs, demand or competition will change.
- **Market research** Gathering information about customers and the market.

📘 What you need to know



Many sellers compete; a monopoly faces little or none.

1. Markets and competition

A **market** is where buyers and sellers meet to exchange goods or services — this can be a physical place or online. **Competition** is businesses trying to attract the same customers. A market with little or no competition is a **monopoly**.

2. The impact of competition

High competition puts pressure on businesses to keep **prices low** and to **improve quality**, design and service to win sales. This is good for customers, but tough for businesses, who must keep improving or lose customers to rivals.

> *"Competition pushes businesses to lower prices and improve quality to keep their customers."*

A competitive market

- ✓ Lower prices for customers.
- ✓ Better quality and choice.
- ✗ Harder for businesses to make profit.

Little competition (monopoly)

- ✓ Easier for the business to set higher prices.
- ✗ Less choice for customers.
- ✗ Less pressure to improve.

3. Uncertainty and risk

All businesses face **uncertainty** because costs, demand and competition can change. **Entrepreneurs** still start businesses to earn **profit** and to **fill a gap in the market**. One way to reduce risk is **market research** — finding out what customers want before spending money, so a new range is less likely to fail.

✅ Test yourself

Cover the answers below, answer Q44–Q50, then check.

Q44 What is a market?

Q45 What is competition?

Q46 Which type of market has little or no competition?

Q47 One impact of high competition on businesses?

Q48 Why do all businesses face uncertainty?

Q49 Why do entrepreneurs start businesses?

Q50 One way businesses can reduce risk?

ANSWERS

A44 Where buyers and sellers meet to exchange goods or services.
A45 Businesses trying to attract the same customers.
A46 A monopoly.
A47 Pressure to keep prices low and improve quality.
A48 Costs, demand and competition can change.
A49 To earn profit and to fill a gap in the market.
A50 Market research.