Donna is an entrepreneur, who has just started her own knitwear business. She specialises in creating homemade knitted products for local shops, along with supplying goods via an online shop and auction site.

Donna’s homemade crafts carry a premium price, but her one-off, unique designs have created a vast amount of positive reviews. However, the business is struggling to increase sales and Donna is considering approaching a business consultant to assist with developing the business.

Donna has been asked to pay by either cash or credit card by her suppliers. Outline one benefit and one disadvantage of each payment.

In conjunction with setting up a number of new customers and new suppliers, Donna has been asked to produce an invoice and purchase order. Explain the purpose of these two documents.

To pay for a promotional campaign, Donna is considering selling a business vehicle. Assess the suitability of using this type of finance.

HMRC have advised Donna to provide each customer with a receipt with their purchase and keep copies of all incoming and outgoing receipts. Explain the importance of keeping receipts for a business like Donna’s.

Donna has put together a brief outline of her target market. Define the term ‘target market’.

In developing a promotional campaign, Donna has been advised to consider demographic segmentation of her market. Explain one benefit of ‘demographic segmentation’.

Donna is worried about now being able to pay suppliers at the end of the month. Explain one consequence of this to her business.

Donna is considering offering customers the option to pay using smartphone apps. Assess the case for Donna investing in this technology.

A friend has suggested that she needs to develop a business-to-business strategy. Define what is meant by business to business.

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Business Profile

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**Define the term personal selling.**

Personal selling is where businesses use people (as a sales force) to sell the product to customers using face to face means.

**Explain one benefit that personal selling could bring to Donna's business.**

Benefits include: two way form of communication, seek feedback on the product immediately, allows the sales pitch to be tailored, lack of distraction, source of research.

**Assess two other options available to Donna to further expand her business sales.**

Any from: advertising, sales promotion, public relations, direct marketing.

**Evaluate whether Donna should invest heavily into a new promotional strategy to boost the sales of the business.**

Pros: promotes business to increase revenues, helps understand customers and reach them.

Cons: can have a high cost, can take time, can use a lot of business resources, might not yield an effective return.

**Donna is considering offering customers the option to pay using smartphone apps. Assess the case for Donna investing in this technology.**

For investing: ease of use, safer, accessible as customers don’t require cash/payment methods on them.

Against investing: not all customers have access to this type of technology/setup, transaction costs and requires stable connection to process each transaction.

**Donna is considering a new promotional strategy.**

To pay for a promotional campaign, Donna is considering selling a business vehicle. Assess the suitability of using this type of finance.

Advantages: quick money, rapid disposal of assets.

Disadvantages: loss of asset usage, reduced value due to quick sale, tax consequences (may be subject to Capital gains tax).

**HMRC have advised Donna to provide each customer with a receipt with their purchase and keep copies of all incoming and outgoing receipts. Explain the importance of keeping receipts for a business like Donna’s.**

Receipts act as a log allowing the business to keep track of information of expenses and sales. This is critical information to prepare accounts and tax liabilities. Receipts can also be used to allow a business to assess whether it is in budget.

**Donna has been asked to pay by either cash or credit card by her suppliers. Outline one benefit and one disadvantage of each payment method.**

**Credit card:**
- Allows more time and eases cash flow pressures, protection against faulty goods or suppliers going bankrupt, safer means of payment. However, credit cards can incur charges for late/no payment, interest and can affect credit adversely if not used wisely.

**Cash:**
- Easier, swift and quick way to pay. However, cash may not always be available in the quantities required and it could be lost or stolen with no protection.

**A friend has suggested that she needs to develop a business-to-business strategy. Define what is meant by business to business.**

Business-to-business is a form of transaction between businesses such as manufacturer to wholesalers.

**Donna has put together a brief outline of her target market. Define the term ‘target market’.**

Target market is a particular group of consumers, who share similar needs, wants and expectations who a business aims its product and/or services at.

**In developing a promotional campaign, Donna has been advised to consider demographic segmentation of her market. Explain one benefit of ‘demographic segmentation’.**

Target customers more accurately, more effective, saves time, more cost effective, can lead to competitive advantage.

**Explain how Donna’s business might be affected by budgetary constraints when devising its promotional campaign.**

Financial constraints are present in all aspects of business and are often the primary determining factor behind what type of marketing a business can create and distribute. Financial constraints can take the form of a limited marketing budget, falling sales, increased tax rates or anything else that limits the revenue that a business has to spend. However, limited spend could equal limited reach and less expensive marketing initiatives that may not have the same impact as more costly options.

**In conjunction with setting up a number of new customers and new suppliers, Donna has been asked to produce an invoice and purchase order. Explain the purpose of these two documents.**

An invoice is a list of goods sent or services provided, with a statement of the sum due for these i.e. a bill. A purchase order (PO) is a commercial document and first official offer issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services. It is used to control the purchasing of products and services from external suppliers.

**List three content points that you are confident with and three that require some attention.**

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**TIME TO REVIEW YOUR LEARNING...**

List three content points that you are confident with and three that require some attention.

**Suggested Answers**

1. Define the term personal selling.

2. Explain one benefit that personal selling could bring to Donna's business.

3. Assess two other options available to Donna to further expand her business sales.

4. Evaluate whether Donna should invest heavily into a new promotional strategy to boost the sales of the business.

5. Donna is considering offering customers the option to pay using smartphone apps. Assess the case for Donna investing in this technology.

6. Donna is considering a new promotional strategy.

7. To pay for a promotional campaign, Donna is considering selling a business vehicle. Assess the suitability of using this type of finance.

8. HMRC have advised Donna to provide each customer with a receipt with their purchase and keep copies of all incoming and outgoing receipts. Explain the importance of keeping receipts for a business like Donna’s.

9. Donna has been asked to pay by either cash or credit card by her suppliers. Outline one benefit and one disadvantage of each payment method.

10. Donna has been asked to produce an invoice and purchase order. Explain the purpose of these two documents.