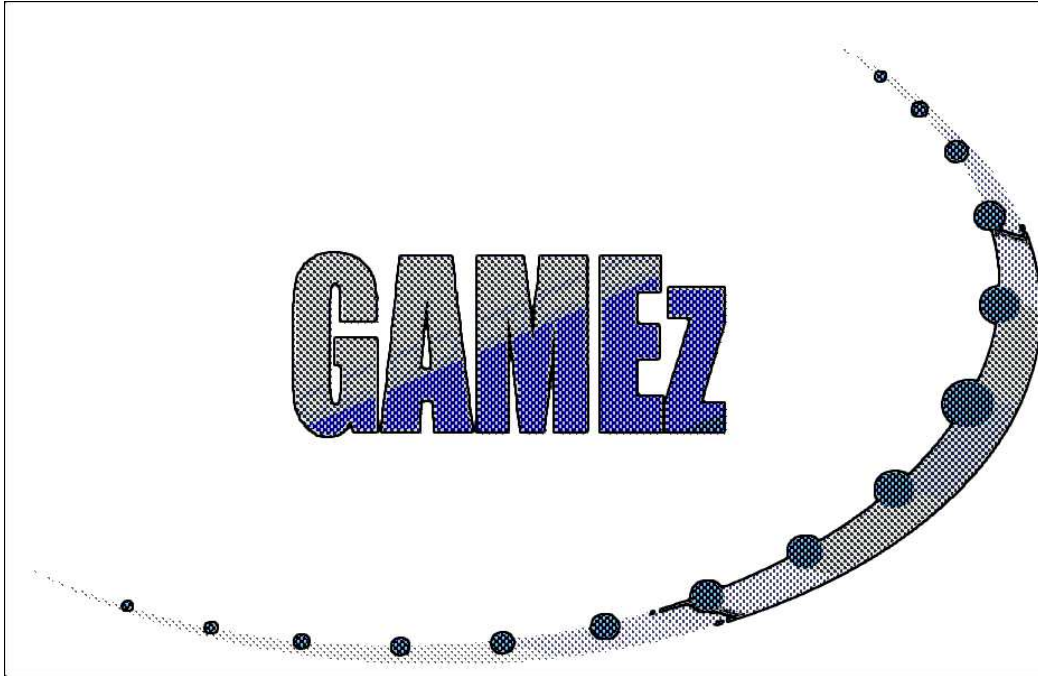


# GCSE Business Coursework



**Spend a little, play a lot**

# Introduction

**After considering all the different business ideas, I have come to conclusion and have decided to open a retail business. The name of my shop will be 'GAMEz'. The shops primary product will be computer games, but it will also sell game consoles and related accessories. I have chosen to open a game shop because technology is rapidly increasing and more people are taking an interested in gadgets. That is why I believe my shop has the potential to be very successful.**

**I have decided that GAMEz will be located in the Fort Shopping Park in Birmingham. The Fort shopping Park is packed with major stores such as; WH Smith, River Island, JD Sports, Boots, Carphone Warehouse and many more. Basing my business here is a good idea because it is well positioned. I have no competition from other similar stores.**

# **Aims and Objectives**

**The most important aim for a business in the public sector is to make a profit in order to survive. If a business does not make a profit it will go bankrupt and have to close down.**

**If my business survives and there is a place in the market for my shop, I will increase the amount of profit my business makes by various methods such as raising prices and advertising my business. I would like my company to have unique features and be appealing to many. If my business becomes successful I will think of higher objectives like expanding the business and eventually becoming the biggest in the market**

**My aims and objectives will be to create an effective market campaign and to set up a successful business.**

**It will be necessary for me to conduct some market research in order to discover who my potential customers are. To do this I will have to consider a range of pricing and promotional strategies that will be appropriate for my shop.**

**My market research will be made up of field and desk research. This will help me find out who my potential customers are and what products in my field are most in demand.**

**I will monitor the research and with my findings I will construct a business plan. In order to find the finest way to make my business unique, I must look and gather research about rival businesses. By doing this it will provide me with an idea of what my unique selling point will be, in the hope that I can persuade my potential customers away from my competitors and to favour my shop. I will also ask 100 people of all ages preferably in the Fort shopping park a number of questions related to the type of shop that I will be opening. I will use quantitative and qualitative research to find out things such as how much people will be willing to purchase for my goods to spend and I could also find out their opinions. To take in account of my potential customers is extremely important as there will be no point me spending my budget opening the business and no one being interested in buying anything.**

**I will then interview successful businesses such as HMV and Gamestation. I believe this will help me because they are hugely successful companies that are full of ideas and ambitions that I could use.**

**To get my start-up capital I will use medium-term external finance. I will be financing my business partly from interest free loans from a newly opened Islamic bank of Britain. This means that I will be saving more money as I don't have to pay interest back to them. I will need to be loaned a sum of £10,000 for**

my start-up capital. But to pay back the loan I will need to make profit so the cash inflows must be greater than the cash outflows.

# Introduction to Market Research

Market research is the process of systematically gathering, recording and analyzing data and information about customers, competitors and the market. Its uses include helping create a business plan, launch a new product or service, fine tune existing products and services, and expand into new markets. Market research can be used to determine which portion of the population will purchase a product/service, based on variables like age, gender, location and income level.

Field research is obtaining new data for a specific purpose. The marketing department of a firm or a specialist research organisation can provide this. Typically, the data is gathered in face-to-face interviews, telephone surveys, by post or via the internet, using questionnaires. This is called a survey. Sometimes potential consumers are asked to test products, and their responses are recorded. I could ask many people who are shopping at the Fort. I can make a questionnaire to find out customer information and what they want. I could also ask a number of successful companies and get information from them in order to make my company successful.

Field Research includes (questionnaire (PEOPLE), also interview employee/manager or just visit different sports shops (ORGANISATION) .

Desk research is the use of existing data that has already been collected. It can be anything from a company's own sales statistics to Department of Trade and Industry reports. Other secondary sources of information include journals, company reports, government statistics (such as the Family Expenditure), surveys published by research organisations and newspapers and magazine articles.

Desk research includes (textbooks (TEXT) and websites (ELECTRONIC) to research pricing strategies and promotion methods – include all references in the text and in your bibliography.

Quantitative research summarises the findings in the form of figures. For example in a survey 'closed' questions such as 'how many...?' or 'which of these...?' will be asked.

Quantitative is anything you can measure or reduce to a number. Quantitative research involves carrying out market research by taking a sample of the population and asking them pre-set questions via a questionnaire in order to discover the likely levels of demand at different price levels, estimated sales of a new product, and the 'typical' purchaser of the company's products.

**Qualitative research studies customer's behaviour. In a survey 'open' questions will be set, e.g. to find out reasons for buying, and opinions about the product. Qualitative research is about people's feelings and opinions. Qualitative research attempts to gain an insight into the motivations that drive a consumer to behave in a particular way.**

**I will ask quantitative and qualitative questions in my questionnaire. This will help me get a wide range of answers and the best possible background information required. This can help me make efficient decisions on some aspects of my business.**

**Using 100 people for my questionnaire can get me a variety of different answers. I could also easily work out the percentage.**

**I will also research using:**

**Organisations – E.g. collecting brochures or leaflets.**

**Texts -E.g. textbooks, websites.**

**Electronics –E.g. websites, download a maps.**

# Questionnaire

1. What gender are you?

- Male
- Female

2. How old are you?

- Less than 15
- 16 – 20
- 21 – 30
- 31 – 40
- 41 +

3. What form of transport do you take to the fort?

- Bus
- Car
- Bicycle
- Motorbike
- Other

4. How often do you purchase games?

- Yearly
- Monthly
- Weekly

5. How much do you spend yearly on games?

- Less than £20
- £21 - £30
- £31 – £40
- £41 - £50
- £51 - £60
- £61 - £70
- more than £71

6. What console do you own?

- Nintendo Wii
- Playstation 2
- Playstation 3
- Xbox
- Xbox 360
- Gamecube
- Nintendo DS
- PSP

7. What genre of games are you into?

- strategy
- Sports
- Action
- Shooter
- Adventure
- Shoot 'em up
- Other

8. How many games do you hold?

- 1 – 3
- 4– 6
- 7 – 9
- More than ten

9. Where do you usually buy your games from?

- Game
- Gamestation
- CEX
- HMV
- Zavvi
- Order Online
- Other

10 Who do you shop for?

- For yourself
- For Children
- For your Partner



- For a friend
- For other

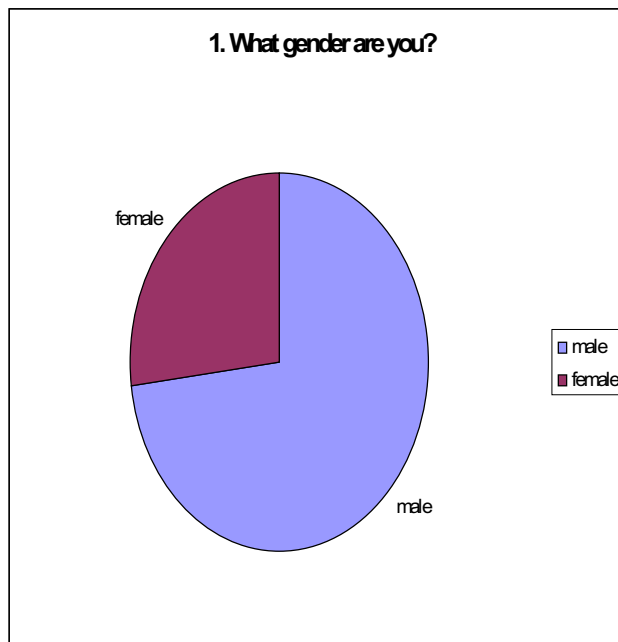
11. How far do you live from The Fort shopping centre?

- Less than 5 minutes
- 6 – 10 minutes
- 11 – 15 minutes
- 16 – 20 minutes
- 21 – 25 minutes
- more than 26 minutes

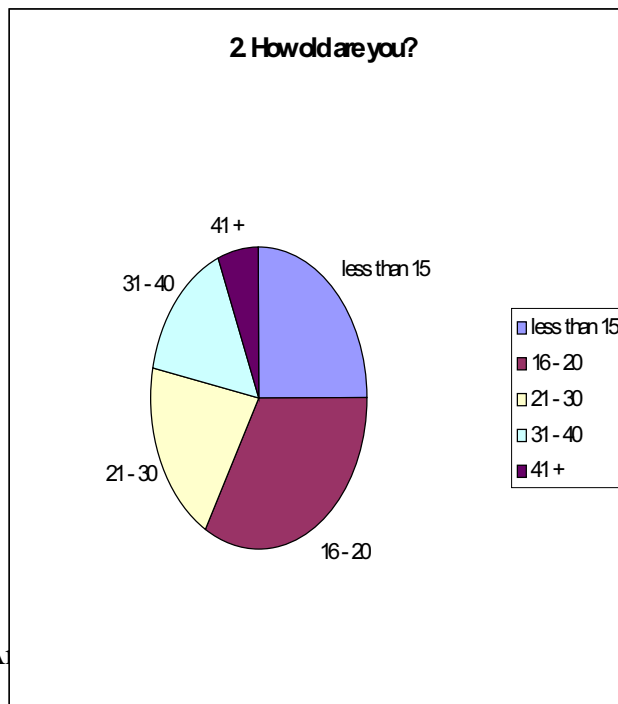
12. What special feature(s) would you like to see at 'GAMEZ'?

- A testing room where you can play the latest games before you purchase them. Try before you buy.
- Well known Celebrities come in and sign our products.
- A customer service help desk. A place in the shop where customers can receive help for anything they need.
- Competitions and prize giveaways. Every now and again Games Galhore will give out prizes to the customers.

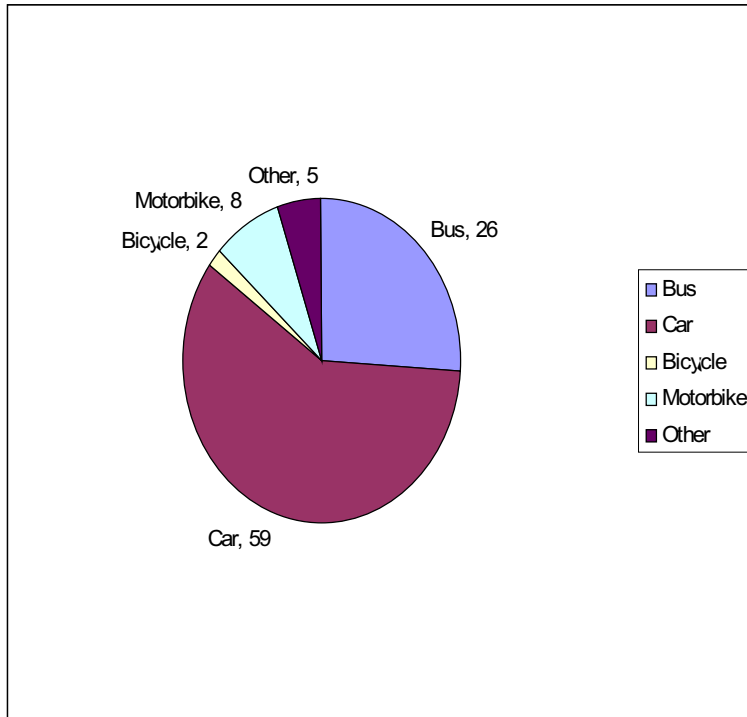
# Questionnaire Results



I will be aiming more at the male gender. As my results show the majority of people who purchase games are male. My aim will be to sell to males, while a small section will be set aside for females.

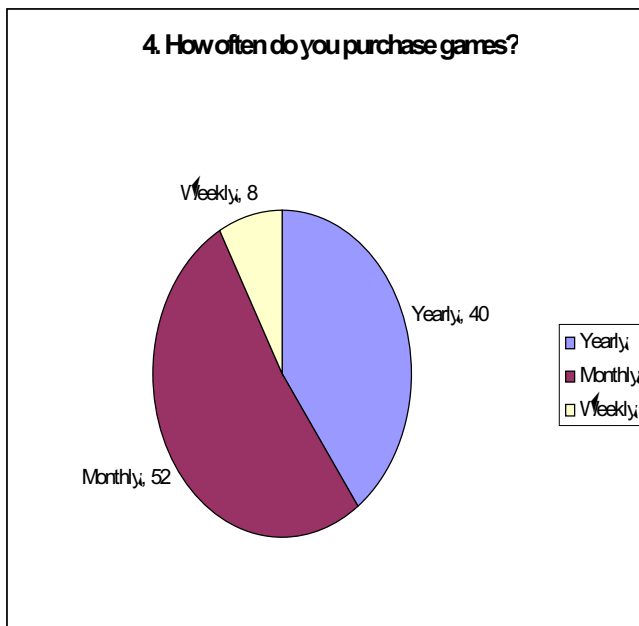


The majority of customers are aged between 16 – 20. There are a lot of children who shop at games shops. I will aim for these age groups.



All forms of transport are used by consumers to get to the Fort shopping park, this is because there is wide range and major shops located there, and potential shoppers can shop around. My results show me more of the population travel by car; this is a positive sign because My shop will be

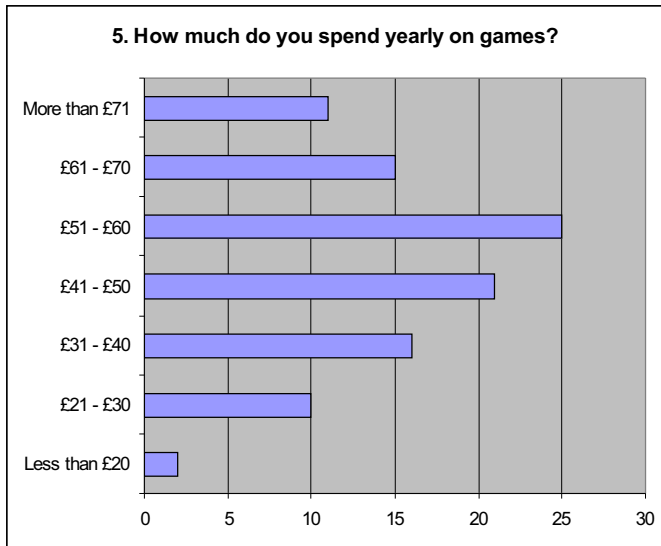
located opposite to the entrance to the car park, this means my potential customers will see my shop.



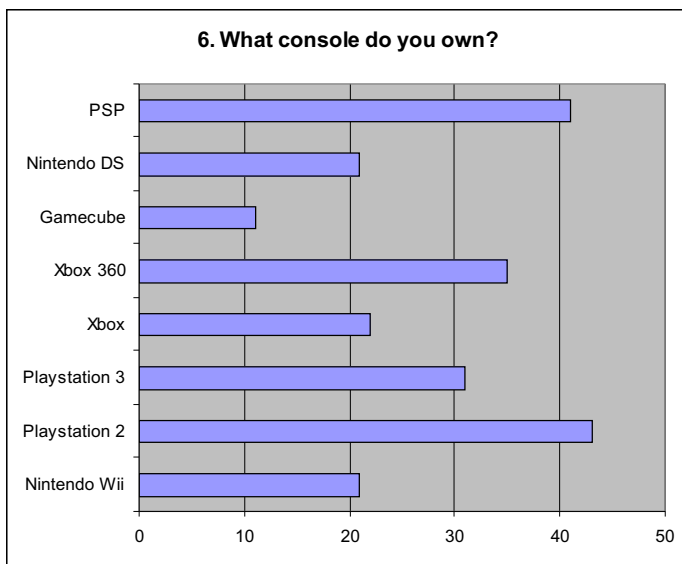
As expected, women tend to keep the latest fashion trends, so buy shoes on a regular basis, this means my shop will aim to sell more styles, and

high fashion shoes for the women.

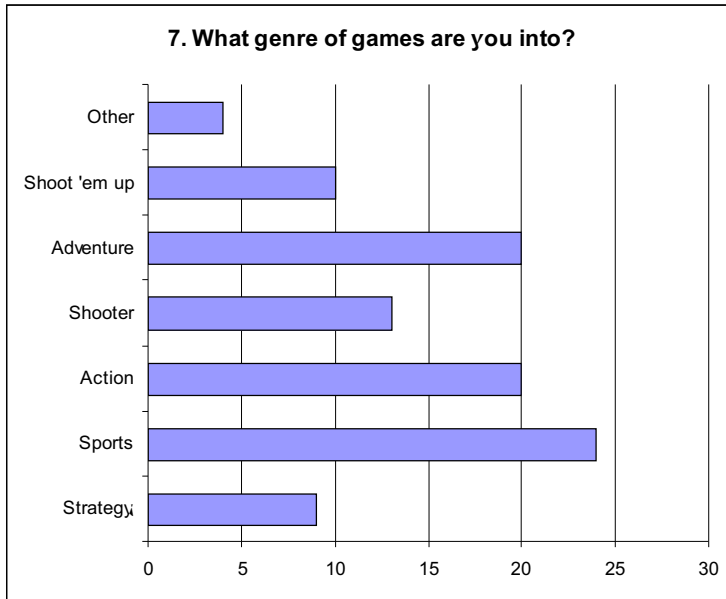
The majority of people purchase games monthly.



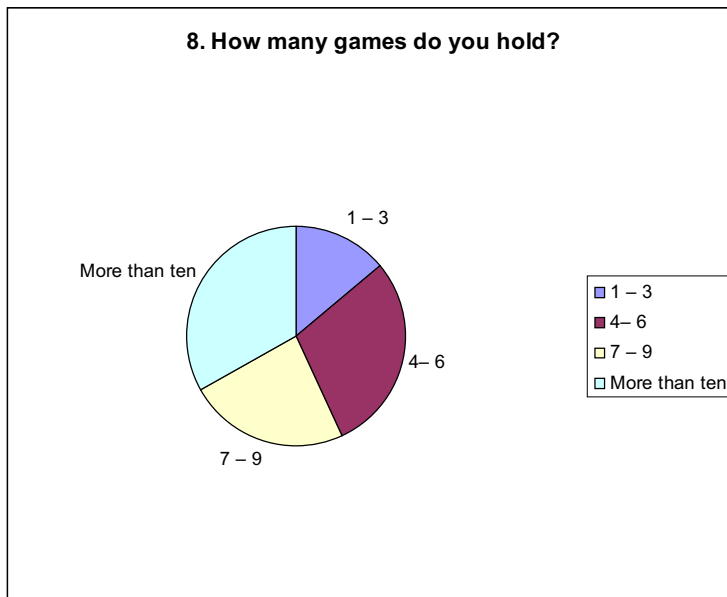
People spend an awful lot on games yearly. This is a good sign for me because buying games is popular for the public.



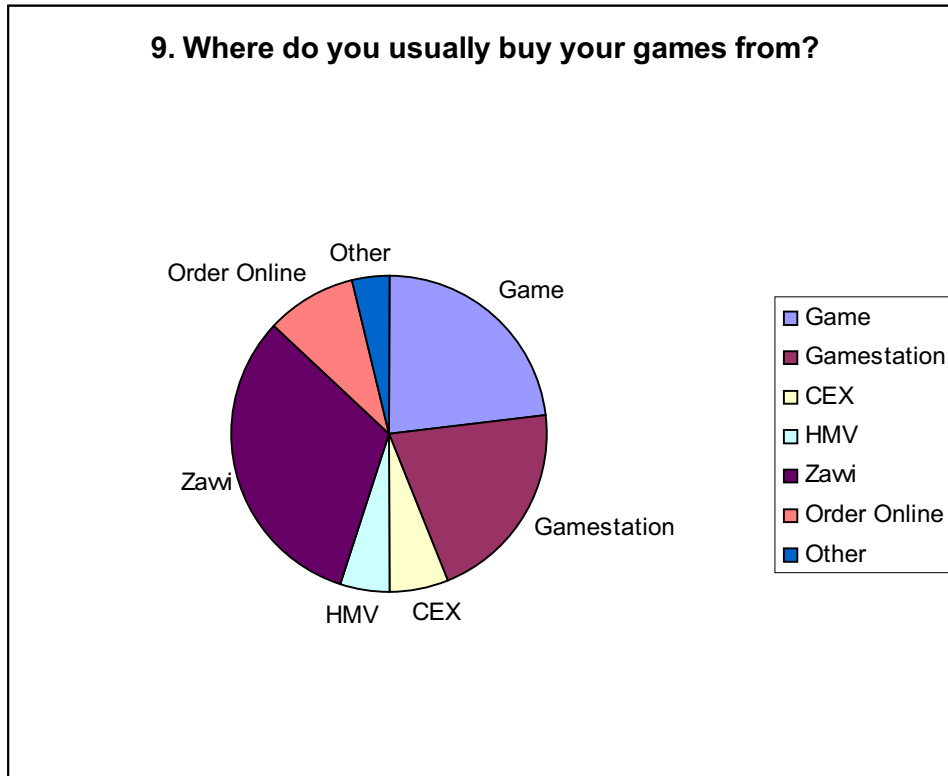
This question tells me what games my potential customers are willing buy. The majority of people have playstation 2 and a PSP. However I must consider playstation 3 is fairly new to the market and the demand for its games a soon to rise. It has not reached its peak yet.



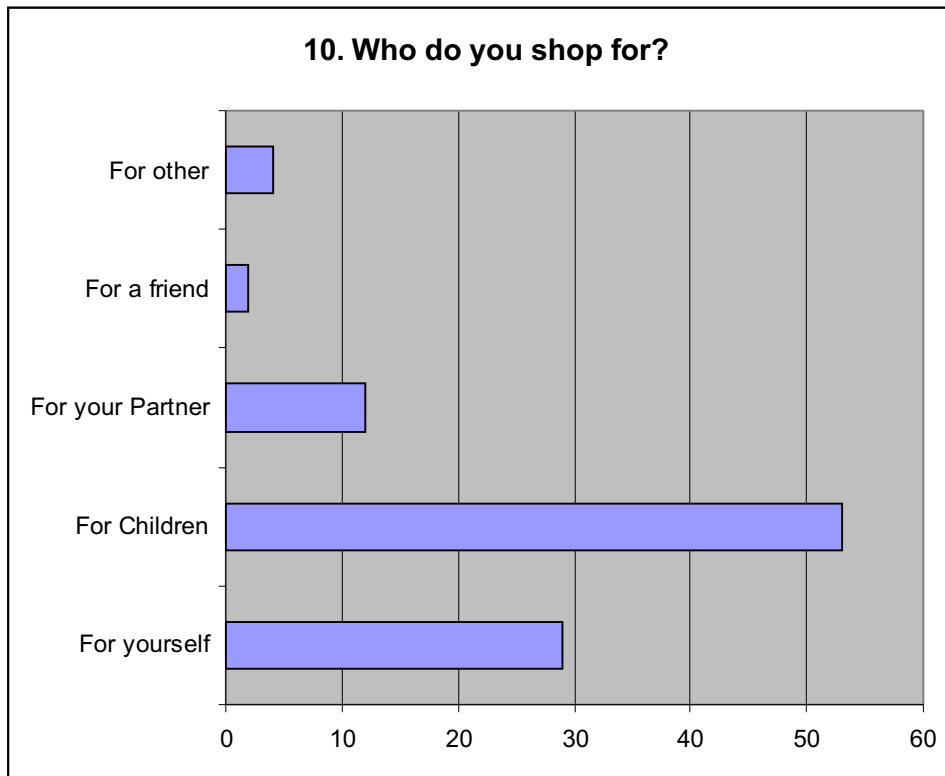
The majority of my potential customers are into sports games. Football is the major sport here in the UK. Therefore I shall seek to sell lots of football games. Action and Adventure games are next popular to Sport games. However many action games are suitable for the ages of over 18. My potential customers are mainly children, so I will cut down and try not to sell over 18 games.



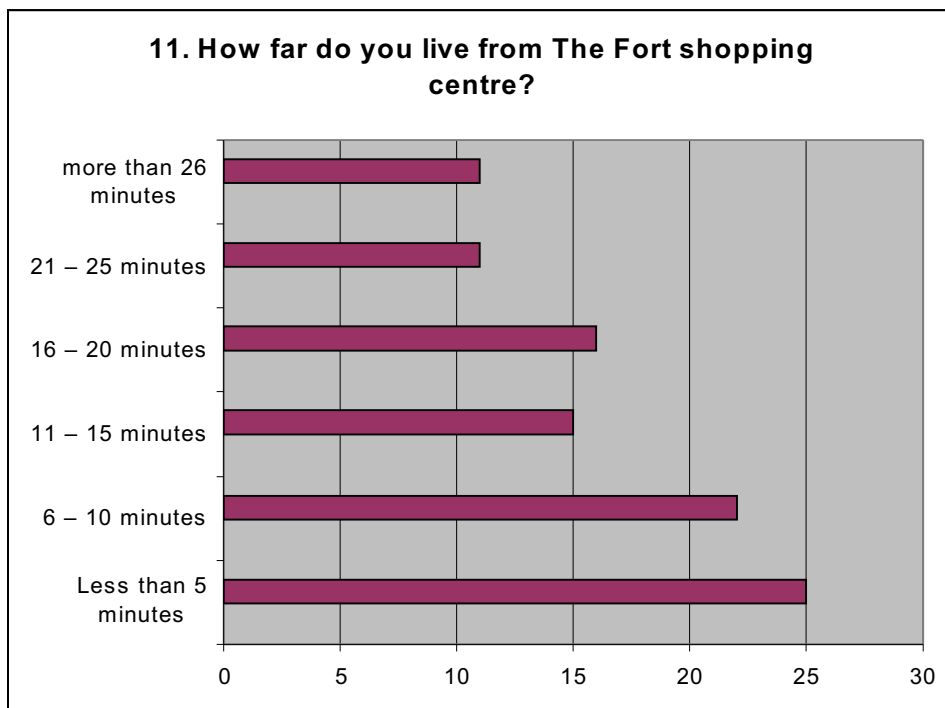
The majority of people hold more than 10 games. Some of the games may be unwanted. I will give the customers the chance to trade those unwanted games to me for credit vouchers.



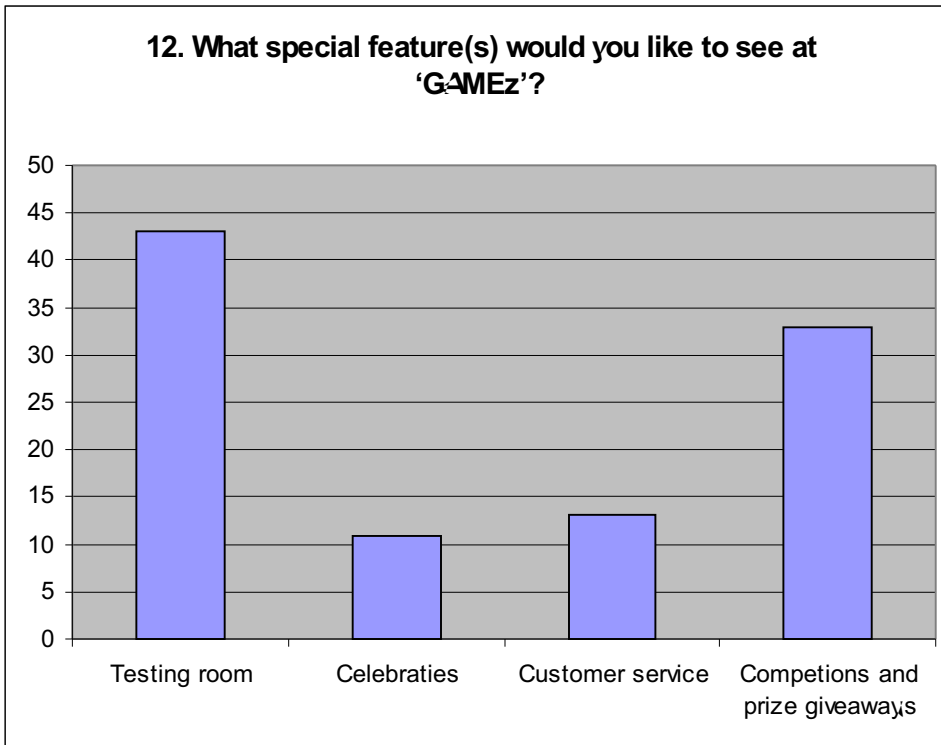
The majority of people buy their games from Zavvi and gamestation. They will be my main competition. In Birmingham, zavvi and Gamestation are located in the City Centre. I must persuade customers to switch from my two main rivals.



The majority of people shop for their children. This tells me that my actual customers are children. I should concentrate and please children.



The majority of customers live less than five minutes away from the fort shopping centre. There will be no problem for them to purchase at my shop.



This tells me most people would like my shop to have a testing room or get competitions and prize giveaways. Having a testing room will stretch my budget so I have decided to use 'competition and prize giveaways' as my special feature for my business. It is the opportunity cost.



# Introduction to Marketing Mix

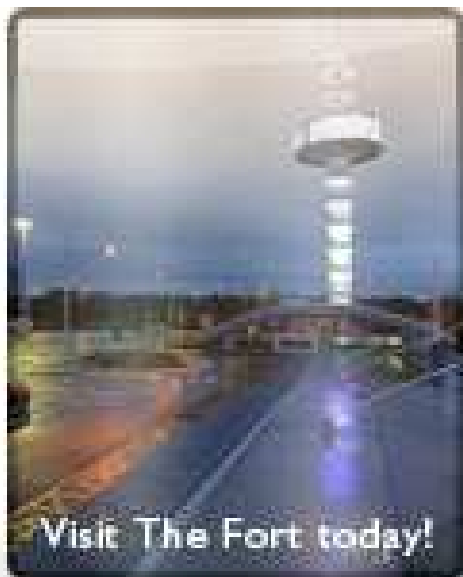
Marketing Mix is the art of making it as easy as possible to get the potential customer to buy your product. There are 4Ps in marketing. The four Ps are the key to understanding what marketing is all about. The four P's are Product, Price, Place and Promotion. Many successful businesses combine all the four into their business and therefore are successful. If a business gets one of these wrong it is in trouble.

## Place

My shop must be available in a place that customers will find convenient. My business will be very unsuccessful if I locate it in the countryside. It must be somewhere well known in the city.

I have decided to locate it in The Fort Shopping Park in Birmingham. Birmingham is the largest of England's core cities, and is often considered to be the second city of the United Kingdom.<sup>[2]</sup> The City of Birmingham has a population of 1,006,500. The Fort is one of the major shopping centres in Birmingham and welcomes over 2,000,000 visitors per annum.

There is free parking on two levels, 1,250 vehicles above ground and 750 below ground. Customers need a convenient location to shop at, and locating in the Fort Shopping Park does exactly this.



Free car parking  
My business location



M6 motorway

A47 dual carriage way

Bus stop

My business location



# Product

**I will need to find the right product to suit every ones needs. A business must come up with a product that people will want to buy. The product must meet the customer's needs or their wants.**

**I will be selling various game consoles and related games and accessories to many of my potential customers.**

**I will be aiming more at the male gender**

**The consoles that I will be selling are:**

**Format Type:**

- **Nintendo Wii**
- **Playstation 2**
- **Playstation 3**
- **Xbox**
- **Xbox 360**
- **Gamecube**

**Hand Helds:**

- **Nintendo DS**
- **PSP**

**The games and accessories that I will sell are related to all my consoles. Although I will not be selling Pcs I will however, also sell PC games.**

**I will be selling new and preowned games. Customers will get the opportunity to sell or trade their games to me. Trading will give them a credit voucher and so they will shop again.**



# Price

**No matter how good the product is, it is unlikely to succeed unless the price is right. This does not just mean being cheaper than competitors. Most people associate a higher price with quality.**

**The price is the amount a customer pays for the product. It is determined by a number of factors including market share, competition, material costs, product identity and the customer's perceived value of the product. The business may increase or decrease the price of product if other stores have the same product.**

**There are a number of pricing strategies that I could use;**

- **Penetration Pricing**

**I could charge very low prices when I open my shop to get lots of people interested in it. This will help me snatch customers from my competitors. Once my shop becomes established, I will increase the prices of my products and still see my customers regularly coming in. This is not a good idea because when I open my shop I will be in debt and cannot afford to make minimum profit as I will go bankrupt.**

- **Skimming**

**I could charge a high price when I first open my shop. This will help my shop to become desirable to people with large incomes. Once my shop has become established, I will lower the price to help it become more popular to all kinds of consumers. . I can take this approach for my new business, as potential customers would think that what they are purchasing is valued for its price, so would be a competitive advantage.**

○ Price Discrimination

I could charge different prices to different consumers for the same product. This wouldn't be a good idea for my business as I can't sell different prices; I should sell same prices to all my potential customers and be valued by customers.

○ Competition Pricing

This is where I could be forced to charge similar prices to other firms because there is lots of choice and not much product differentiation. This method of pricing ignores both the costs of production and the level of customer demand. Instead it bases the price level on the prices charged by the competitors in the industry.

If I do not have product differentiation I can take this approach, but it may lead potential customers to other firms that they can trust, and have already purchased from there. If prices are similar, people wouldn't purchase from my shop as other firms have created an identity from themselves, and customers can trust going to them.

○ Cost-plus pricing

Cost-plus pricing is a pricing method used by firms. It is used because it is easy to calculate and requires little information. Cost plus pricing seeks to set a price that takes into account all relevant costs of production. This could be calculated in two ways.

1). Work out how much the product costs and then add a percentage mark up. So if the product costs £10 to make and you want a 25% mark up, you would sell it for  $£10 + 25\% = £12.50$

2). Work how much the product costs and increase the price to get the required profit margin. If the product costs £10 to make, and you want a 25% profit margin, this means that £10 is 75% of your required selling price.  
So  $75\% = 1000p$   
 $1\% = 1000 \div 75 = 13.33p$   
 $100\% = 13.33 \times 100 = 1333p$   
So you would sell it for £13.33

# Promotion

**Promotion is essential. Potential customers should be aware that the shop exists and the products within it.**

**My target audience will be children and teenagers. I will have to advertise on certain things that children and teenagers will take great attention to.**

**The size of my advertising budget is very small. Therefore I could not afford many of the advertising media.**

**There are various methods of advertising:**

- **Television**

**Television advertisements can reach millions of pounds and you can target potential customers who watch particular programmes. It would have the benefits of colour, sound, vision and movement. But it is very expensive. I could not possibly afford this method of advertising considering the budget I have.**

- **Radio**

**Radio advertisements are cheaper but still expensive. It is sound only and is dull. Audiences are smaller. On the other hand I can advertise locally and you can also target potential customers who listen to certain programmes.**

- **Newspapers**

**Newspapers again can be useful to target potential customers. They know a lot about their readership. They will often be read more than once. On the other**



**hand newspapers are silent and often not in colour. The advert will suffer a lack of impact. There is no guarantee that it will be read.**

- Magazines

**Magazines like newspapers are silent and can be found not in colour. However, advertising in magazines would be great for my business. It would be easy to target my potential customers. I can place advertisements in the latest local games magazines. Mainly children and people who love games tend to read games magazines. This would be good because I am aiming to keep my business mainly for them. When reading the various game magazines, my potential customers can be aware of my shop.**

- Billboards and Posters

**Billboards and Posters are near roads and drivers can only take a glance at them, so they can't contain much information. They are vulnerable to graffiti, rain, and wind. On the other hand they have a high visual impact, they stay in place for a long time and can be seen daily by lots of people.**

- Cinemas

**Cinemas have a high visual and sound impact and you can target particular films. Unlike all other media, you have a captive audience. But they're expensive considering the audience size.**

- Leaflets

**Leaflets are cheap to produce and are a good idea to make people aware. It would be easy to distribute them around, and it's cheap. Regular travellers could see this and could go and visit the shop if they are impressed.**

- Junk mail

**Junk mail like leaflets are cheap to produce and distribute. You can target local people. However, junk mail is easily ignored and no one would bother to read them.**

- Internet sites

**Internet sites can have a high visual impact and be interactive. Many people use the internet. But my advert would be competing with a lot of other stuff on the net so it has to really grab people.**

**Many people use the internet, so it would be a good idea to inform them about a new shop opening. But I would have to compete with a number of other businesses on the net, so my advert may not be appealing to consumers, compared to others on the internet.**

# **Display of stock**

**As I mentioned earlier, my form of product differentiation will be the visibility of the store to attract people to the store. And the layout is important it can influence consume behaviour, and show the quality of the store to attract more customers.**

**I will organise the games into themes, grouping similar computer games together maybe to suit a particular season for example:**

- **strategy**
- **Sports**
- **Action**
- **Shooter**
- **Adventure**
- **Shoot ‘em up**
- **Other**

**I will display my new releases closest to the entrance so customers can see my new games as they walk past. People can look at my latest games and adore at them. The will judge my whole shop because of what they can see. Displaying attractable and adorable things will have a great effect to the public. This is called Point of Sale advertising.**

# Market Strategy

**I have carried out my market research, I have looked at the different types of pricing and promotion strategies that my business can take, and what products I need to sell to satisfy the needs of my potential customers.**

**As I want to promote my games shop in local area, I will place my adverts in local newspapers magazines and on posters/bill boards. I will also Distribute leaflets to local people is very beneficial as they are cheap to produce and they easily attract target audience. Displaying adverts on billboards in the local areas is eye catching and it can also attract customers. Billboards have a high visual impact and stay in place for a long time and are seen daily by lots of people in the local area.**

**My business must give an impression to the customer that the price is good value for money. It should be a good enough price for what you are selling. Apart from destroyer pricing I have thought long and hard about what pricing strategies to use. I have to conclusion and have decided to mostly use skimming. When a new shop is launched, research and development costs are likely to be high, as are the costs of introducing and promoting the shop by advertising and etc. In such cases, the use of skimming allows for some return on the set up costs. On some occasions Competition pricing will be the best idea. I will be forced to use this price strategy on items such as computer games. When new games are launched into shops, it is very hard to find different prices in different stores. All shops will try to make maximum profit when the demand is high. Therefore no one is willing to cut the price immediately.**

**There are a few social and moral issues for me to consider. An example is not selling 18+ products to someone younger. There are no cultural issues surrounding my company, it is not going to discriminate any ones culture.**

**I can create a number of jobs from my business. I will give my manufacturers a job to supply me with my products. I will also need 5 workers to run my business. One of which will include a store manager. This is good for the local community because my shop will produce job creation.**

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[100 people for my questionnaire](#)

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<http://www.game.co.uk/>

### **Organisations**

[Gamestation leaflets](#)

### **Texts**

[CGP GCSE Business Studies Revision Guide](#)