

Pre-Sixth Form
Preparing for A Level Business

Welcome to the King's School Business Department

Congratulations on choosing one of the most popular A Level subjects in the School. It is a wise choice - more students this year opted to continue their study of Business at university than any other subject.

When you join us in September some of you will have studied the subject at GCSE but many of you will not have. Some of you will follow real world business stories and programmes and some of you won't! Some of you will understand the basics and understand what the subject is about and some of you will have little idea!

This got your teachers thinking about what meaningful and engaging work they might set you in preparation for your A Level studies. The result is four core tasks and one extension task which provide you with a considerable range of work which will shape the first few lessons when you start studying A Level Business.

These tasks are designed to give you:

- a realistic expectation of the subject and the range of topics covered
- an appreciation of the fact that there will be lots of new content
- an appreciation of the fact it will include numerical skills
- some understanding of the skills that they will need to develop over the two years of study
- an ability to contribute in class with real world examples
- an inquisitive mind

The four tasks are all based around the Channel 5 documentary "Inside Aldi".

Open the digital text book by clicking [here](#).

Log in with these details:

Username: businessALEVEL

Password: king'sbusiness

Task One

A good business student not only knows their theory, i.e. the content that is on the specification, but also thinks business. Business is a subject that surrounds us all day every day. We start to spot the actions taken by businesses and ask "Why?"; we start to question how we interact with business and the factors that influence our decisions; we start to question what is happening in society and the economy.

A good business student is inquisitive. Start by thinking about what you already know and what your perceptions are.

In less than 15 words sum up what you think about Aldi:

Who are the key players in the UK's supermarket industry?

The pie chart below shows what % of the market the 6 biggest UK supermarket chains control. Use your existing knowledge of the industry to try and identify which segment of the chart represents which supermarket chain. 10% of the chart can just be labelled 'other'.

Match the supermarkets with their market share on the chart:

Market share in the UK supermarket industry



Morrisons
Aldi
Tesco
Sainsbury's
Other
Waitrose
Asda

You can check your answers [here](#)

In the example above, we could say that:

_____ is the dominant business in the UK supermarket industry with a market share of approximately _____%

We would describe the industry as *competitive*. What do you think this means?

Answer:

A business will therefore take actions to try and gain market share by having a ***competitive advantage***. This means a feature or features of the business that allows it to perform better than others in the industry.

Watch the first part (approx. 15 mins.) of the Channel 5 documentary "Inside Aldi". Click [here](#) to access the documentary.

Draw a mind map / spider diagram to show any actions that you think Aldi takes to gain a ***competitive advantage***.

Insert a photo of your mind map / spider diagram into the space below:

Whilst watching this video you were introduced to some key business concepts. The *marketing mix* is the combination of elements of marketing that are used to influence customers buying habits. The four Ps of the marketing mix are product, place, price and promotion. Some say there are seven Ps, including people, physical environment and process in addition to product, place, price and promotion.

In the light of this, what would you now add to your mind map / spider diagram?

Answer: -

Aldi gains a competitive advantage by charging low prices. It achieves this by making cost savings. Watch this short YouTube video to learn about total costs:

[YouTube: Understanding total costs](#)

Is there anything you could now add to your mind map / spider diagram?

In Business, you will learn a lot of new terminology. In this worksheet you have been introduced to 6 key terms which you should now define in the spaces below. You will find the glossary at the back of the A Level textbook helpful.

Market Share	
Competitive advantage	
Marketing mix	
Total costs	
Fixed costs	
Variable costs	

You will also be expected to gain confidence in quantitative skills. In this task you have been introduced to:

Quantitative Skill (QS) 9	Interpret, apply and analyse information in written, graphical and numerical forms.
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Task Two

In Year 1 of Business a lot of the content covered is about **tactics**. These are short term actions taken by a business. In Year 2 you study more about **strategy**. These are the medium to long term actions taken by a business.

In the first part of the programme you watched, a statement made about the growth of Aldi in the UK was *"It is nothing but good for the supermarket industry and for shoppers"*. Here the industry would include competitors and suppliers. Shoppers would include customers and the community. These are called **stakeholder groups**. A stakeholder is anyone who is affected by or interested in the actions of a business.

Consider the extent to which you agree with the above statement based on each stakeholder's point of view. Tick one of the boxes in the below table and justify your decisions.

	Agree strongly	Agree	Disagree	Disagree strongly	Neither agree nor disagree
Competitors					
Justification:					

	Agree strongly	Agree	Disagree	Disagree strongly	Neither agree nor disagree
Suppliers					
Justification:					

	Agree strongly	Agree	Disagree	Disagree strongly	Neither agree nor disagree
Customers					
Justification:					

	Agree strongly	Agree	Disagree	Disagree strongly	Neither agree nor disagree
Community					
Justification:					

An important skill to practice and develop over your studies is the ability to make **judgements** and fully **justify** these. We call this skill **evaluation**.

Watch the second part (approx. 15 mins.) of the Channel 5 documentary "Inside Aldi". Add to your mind map / spider diagram to show any actions that you think Aldi takes to gain a competitive advantage.

<https://www.channel5.com/show/inside-aldi-britains-biggest-budget-supermarket/>

If you prefer, you can create a new mind map / spider diagram.

What **evidence** is there of Aldi successfully cutting costs and increasing efficiency?

Answer	
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A topic you will study in Year 1 is **motivation**. Motivation is the reasons why people behave in the manner that they do.

A business that can motivate the workforce is likely to gain a competitive advantage. Motivation can take the form of financial incentives e.g. bonuses and non-financial incentives e.g. increased responsibility.

What **evidence** is there of Aldi motivating its workforce?

Answer	
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Business is sometimes a *power* battle. Big businesses will use their power to influence suppliers. This can be in the form of forcing suppliers to offer lower prices or, in the video you have viewed, forcing suppliers to stop supplying products to a competitor.

Why do big businesses have power?

Answer	
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Ethics is behaving in a way that is thought to be morally correct.

To what extent do you think the big supermarkets behaved in an ethical manner when faced with the threat of Aldi entering their market?

Answer	
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Branding is a promotional method that involves the creation of an identity for the business that distinguishes the business and its products from its competitors.

How important is branding to you?

For each of the products in the below table, rate how important brand is to you: 10 being *"I only ever buy one brand"* and 1 *"I will buy any brand"*. If you have a favourite brand what is it and why?

Product	Importance of brand to you (on a scale of 10 - 1)	What?	Why?
Baked beans			
Cola drink			
Bottled water			
Trainers			
Chewing gum			
Chocolate			
Pens			
Note pads			
Batteries			
Smart phones			

How has Aldi challenged our perception of brands?

Answer	
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In 2013 Aldi had 300 stores in the UK. By 2017 this had increased to 600 and 874 by 2020. An important quantitative skill in Business is the ability to calculate percentage change.

Fill in the below table to show percentage change between these years.

If you are unsure how to do this watch this YouTube clip:

[Understanding how to calculate percentage change](#)

2013	2017	2020
300 stores	600 stores	874 stores
% change		

In business you will learn a lot of new terminology. In this Task you have been introduced to 6 key terms.

Write out the definitions of these key terms in the spaces below

Tactics	
Strategy	
Stakeholders	
Motivation	
Ethics	
Branding	

You will also be expected to gain confidence in quantitative skills. In this task you have been introduced to a quantitative skill

QS2a	calculate, use and understand percentages and percentage change.
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You have also had a brief introduction to the 4 functional areas of business.

- Marketing
- Finance
- People
- Operations / resource management

In the below table, state which things in this task relate to each of the four functional areas of Aldi's business.

Marketing	Finance	People	Operations / Resource Management
•	•	•	•

Task Three

All business courses cover legal structure or business ownership. This is the legal ownership that a business adopts.

This can be unlimited liability businesses such as a sole trader or limited liability companies, be they publicly or privately owned.

- Unlimited liability means that the personal assets of the owner(s) are at risk. This means if the business got into debts the owner may have to sell their personal possessions to cover this debt. For example, a sole trader may have to sell their family home and car to cover the debts of the business.
- Limited liability means that the owners are only responsible for, and therefore only risk losing, the amount they have invested or promised to invest. Their personal belongings are safe.

Watch the third part (approx. 15 mins.) of the Channel 5 documentary "Inside Aldi": <https://www.channel5.com/show/inside-aldi-britains-biggest-budget-supermarket/>

What is the legal ownership of Aldi?

What are the advantages and disadvantages of this over being a public limited company?

Advantages	Disadvantages
<ul style="list-style-type: none">•	<ul style="list-style-type: none">•

Businesses are affected by external influences. These are factors outside of the control of the business that can have a positive or negative affect on the business. For example, they may affect costs or demand. Demand is the number of customers who are willing and able to buy goods at a given price at a given point in time.

Watch this short YouTube video to learn about demand: [Understanding demand curves](#). Download and print out this [note taker document](#) to support you whilst watching the clip.

Take photos of your notes and insert them below:

One external factor affecting Aldi was the Financial Crisis.

Was the financial crisis a positive or negative influence for Aldi?	
Justify your answer	
Can you support your answer above with a demand curve? Think what happened to demand and draw a diagram to illustrate this. You could draw your diagram on paper, take a photo and insert as a picture	

Businesses may target a specific market segment. Market segmentation is the process of categorising customers into groups with similar characteristics. One way of segmenting the market is by income or socio-economic group.

Socio-economic groupings:

A	Higher managerial such as chief executives and directors
B	Intermediate managerial such as solicitors, accountants and doctors
C1	Supervisory, clerical or junior professional such as teachers and junior managers
C2	Skilled manual such as plumbers, electricians and carpenters
D	Semi and unskilled workers such as refuse collectors and window cleaners
E	Pensioners, casual workers, students and unemployed

What evidence is there of Aldi's market segment having changed over time?

Consider the other supermarkets competing in this industry.

What do you think is the market segment targeted by each one?

Remember one supermarket can target multiple segments.

Name the supermarket(s) targeting each of the socio-economic groupings in the below table.

A	B	C1	C2	D	E

Time now to recap some of the things you have been covering so far in preparation for A Level Business to make sure you are on the ball!

What is the marketing mix?

Promotion includes advertising and sponsorship.

With reference to Aldi, write your own definition of each of these terms.

Advertising	
Sponsorship	

What is meant by branding?

What evidence is there of Aldi using its branding to gain a competitive advantage?

In Business, you learn a lot of new terminology. In this task, you have been introduced to 12 key terms. Define them in the spaces below:

Legal structure/business ownership	
Limited liability	
Unlimited liability	
Private limited company	
Public limited company	
Market segmentation	
Socio-economic group	

External influences	
Demand	
Demand curve	
Advertising	
Sponsorship	

At A Level you will also be expected to gain confidence in quantitative skills. In this worksheet you have been introduced to quantitative skill

QS3	Construct and interpret a range of standard graphical forms.
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Task Four

Many established businesses will have an objective of growth. This can be done internally (organically) where the business grows in its own right e.g. opening new stores or expanding its product range. Or it can be done externally (inorganically) by acquiring other businesses.

Watch the fourth part (approx. 15 mins.) of the Channel 5 documentary "Inside Aldi": <https://www.channel5.com/show/inside-aldi-britains-biggest-budget-supermarket/>

Aldi has achieved growth. Write a paragraph to explain how Aldi has achieved growth and what evidence there is of this. Your challenge is to include as many of these terms in your paragraph as you can – show off your knowledge of business!

- Market share
- Competitive industry
- Competitive advantage
- Marketing mix
- Organic growth
- Inorganic growth

Answer:

E-commerce is the selling of goods and services over the internet. Unlike other major supermarkets, Aldi does not offer e-commerce.

What are the advantages and disadvantages of this to Aldi?

Advantages	Disadvantages

SWOT analysis looks at the internal strengths and weaknesses and external opportunities and threats to a business. One threat is that of new entrants to the market. Tesco opened Jaks and Amazon has entered the grocery market.

Should Aldi be worried. Mark your response on the spectrum below.



Justify your answer:

Corporate social responsibility (CSR) is a business' willingness to accept its ethical obligations to all of its stakeholders.

The ability to carry out independent research and read around your subject are important skills in all subjects in the sixth form and beyond.

Carry out some research into the Oxfam study [here](#)

Summarise your research in bullet points, using Cornell notes or a mind map in the space below.

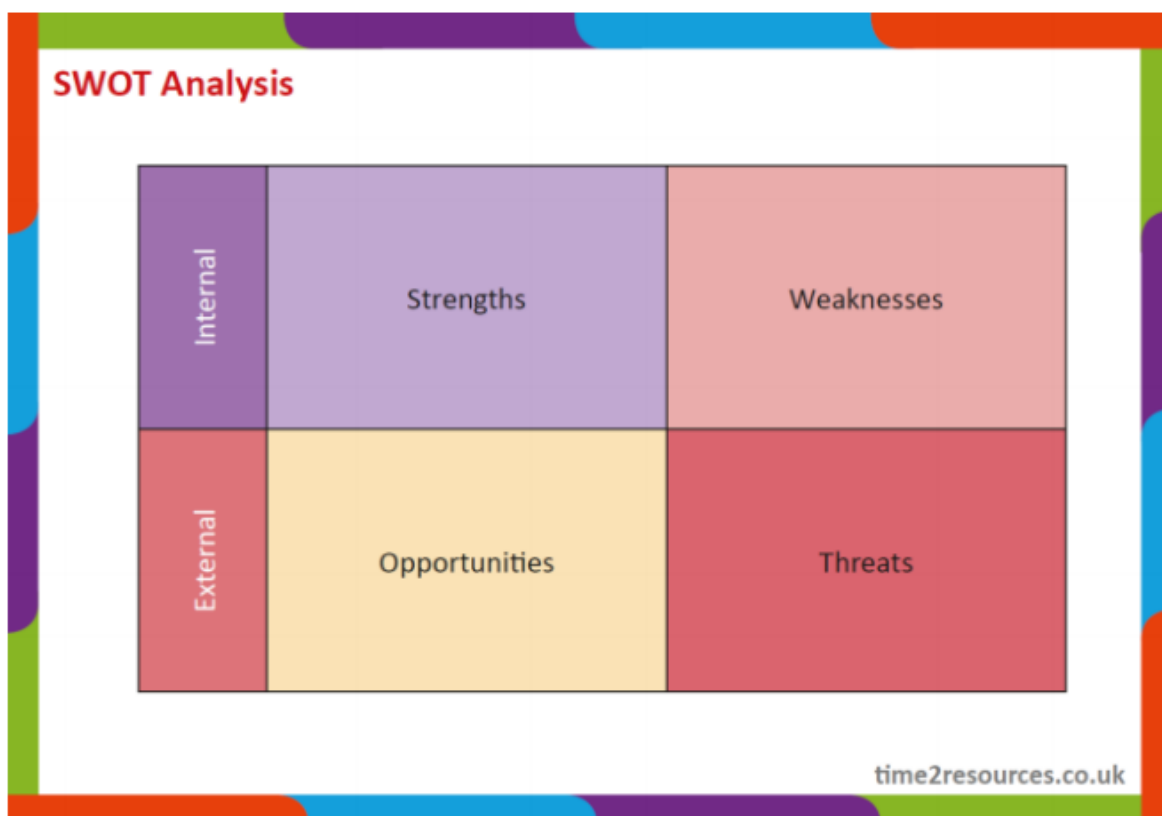
Now look at Aldi's commitments to corporate responsibility [here](#).

How would you rate Aldi's CSR?

Justify your answer:

In this Task you have looked at some key A Level Year 2 concepts as well as Year 1.

Consolidate all of your notes into a SWOT analysis for Aldi. Produce this by drawing it out on a large piece of paper and insert a photo of your completed SWOT analysis on the next page.



My SWOT analysis for Aldi:

In Business you will learn a lot of new terminology. In this worksheet you have been introduced to 7 key terms.

Define them in the spaces below.

Objective	
Growth	
Internal (organic) growth	
External (inorganic) growth	
E-commerce	
SWOT analysis	
Corporate social responsibility	

Another Channel 5 documentary is "Inside Waitrose". You could watch this to complete a comparative study looking at the similarities and disadvantages:

<https://www.channel5.com/show/inside-waitrose/>