

AN INTRODUCTION TO YEAR 12 BUSINESS

Businesses up and down the country and all across the world are facing the biggest challenge of a generation with the COVID lockdown and the difficult recovery that will follow.

In Year 12 Business you will learn about how the wider economic and society environment impacts on a business and its customers and what responses a business can put in place to recover.

I have set two projects for you to look at over the summer. The first looks at the wider economy so that you can start to understand some of the impacts that the lockdown has had.

The second puts you in the shoes of an entrepreneur who owns a coffee shop that has just reopened and looks at how marketing can help relaunch their business.

You will have covered many of the concepts already but in Year 12 we will take your understanding of business further as you are prepared for university or the world of work.

UK GDP DATA

GDP measures three things (which are all equal to each other).

It measures the total spending in an economy, the total income that British people earn and the total output of all the businesses in the UK.

You can see from the chart that 10.4% of the UK economy has effectively disappeared since the start of lockdown.

What this data shows is that spending, income and output has dropped by £237,632,499,000 (£237.6 billion).

Getting the UK Economy back on its feet is the job of two people (and their teams).

Rishi Sunak, the Chancellor is in charge of taxation and government spending. Andrew Bailey is in charge of the Bank of England and is responsible for setting the interest rate.

To encourage the UK economy to bounce back, they can encourage British people to go out and spend money so that businesses can start to thrive again.

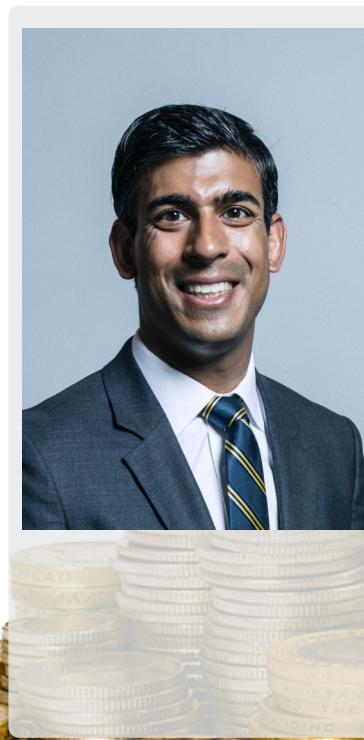
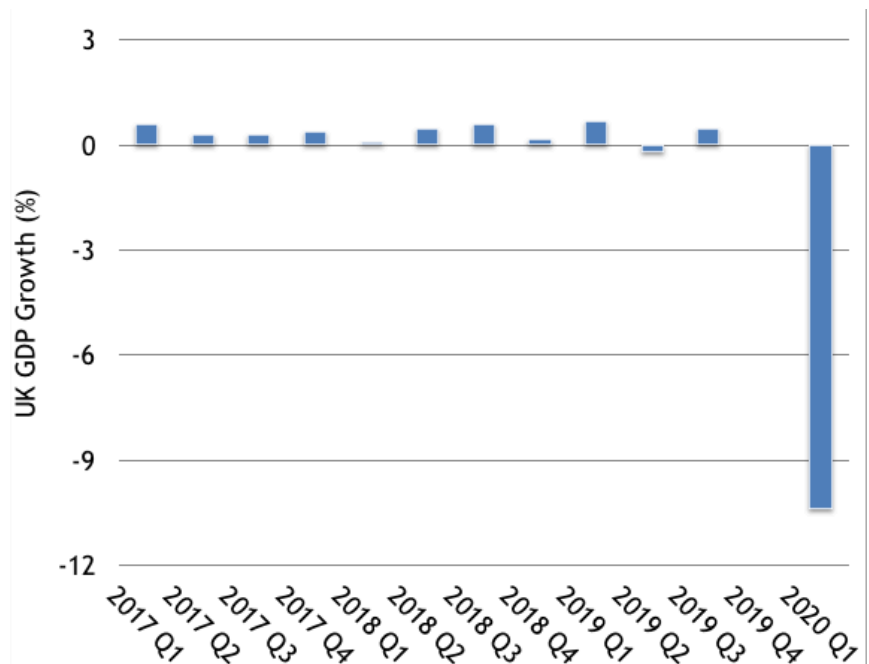
Andrew Bailey set the interest rate to a record low of 0.1% to encourage people to not save and spend instead.

Your task over the summer holiday to **keep a diary** of announcements by Rishi Sunak.

Make a note of any changes to taxation and government spending that are aimed at getting people spending or creating jobs.

You can follow Rishi Sunak in the news or for a snappy summary, go to his twitter account

<https://twitter.com/RishiSunak>



COFFEE SHOPS BOUNCING BACK

The coffee shop market is a very important industry to the UK economy, contributing around £10 billion to GDP and employing around 100,000 people.

The industry is dominated by big businesses like Starbuck, Cafe Nero and Costa (Costa is actually owned by Coca Cola). There are also about 7000 independent coffee shops that are SMEs run by entrepreneurs.

Until lockdown, independents were successful. 80% of independent coffee shop owners reported sales growth, giving reasons such as coffee quality and high service levels as key to their success.

Another interesting finding was that 18% of independent café consumers surveyed valued the atmosphere as the main reason for going to an independent rather than a chain like Starbucks. This shows that independent coffee shops can continue to grow by placing a high emphasis on creating unique, individualistic, vibrant atmospheres which is more difficult for the larger chains.

There's no doubt independent coffee shops face an uphill struggle compared to chains like Starbucks. But those independent cafés defined by razor-sharp menu quality and seamless, highly personalised hospitality face a very bright future indeed.

PUSH & PULL MARKETING

A pull strategy aims to build a brand image and customer following. It gathers people towards a product or service, making them aware of the business and then persuades them to visit a coffee shop. It is typically done through advertising, either in print or digitally.

If pull marketing is a long-term strategy that aims to create brand loyalty and keep customers coming back for more, push marketing is a shorter strategy that's more concerned with getting the immediate sale. It is typically done in store and is aimed at creating an impulse purchase. This is why Starbucks make you queue up in front of lots of cakes and biscuits.

In your second task I would like you to create a push and pull marketing strategy for an independent coffee shop.

I would like you to explain the reasons for your choice of promotion. For example, if you recommend Instagram, what might be your reason for doing so.

I would also like you to think about budget. Starbucks might be able to afford TV and Radio advertising but this sort of marketing is beyond the reach of a small independent coffee shop.

For some ideas, have a look at what sort of advertising, promotion and loyalty cards Starbucks and Costa use. Are there any ideas a small business can pinch?

For some other inspiration have a look at Bold Street Coffee in Liverpool town centre.

www.boldstreetcoffee.co.uk

