



# A Level Business Studies Transition work



This transition work book is designed to give you an introduction and prepare you for advanced study in your chosen subjects. The tasks are to be completed independently over the summer and handed into your subject teachers in your first lesson. You should aim to spend a minimum of four hours on this transition booklet.

# Developing your Business Vocabulary

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You are going to learn a lot of new vocabulary over the next two years, so here are the core concepts that we would like you to find out about.

Find and explore the definitions of these top 10 business terms using the (fabulous!) website <https://www.tutor2u.net/business> Write a definition and an explanation for each. You may use examples if it helps to illustrate your point:

1. Trade off
2. Opportunity Cost
3. Added Value
4. Demand
5. Profit
6. Cash Flow
7. Elasticity
8. Motivation
9. Competition
10. Objectives
11. Risk
12. Entrepreneurship



***Note: There will be a test on these definitions in the first week back in September.***

# Developing your Quantitative Skills

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An important chunk of A Level business is based on quantitative skills which include the use of percentages, index numbers and rearranging equations as well as interpreting data from tables and graphs. Complete the below activity on percentages - remember to show your working!

- 1) Increase 380 by 5%
  
- 2) Decrease 320 by 11%
  
- 3) Find the percentage change from 120 to 168
  
- 4) An amount was increased by 18% to £531.00. Find the original amount.
  
- 5) Increase 200 by 17%
  
- 6) Decrease 200 by 10%
  
- 7) Find the percentage change from 40 to 42
  
- 8) An amount was decreased by 12% to £149.60. Find the original amount.



# Developing your Analysis & Evaluation Skills

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Analysis and evaluation are two key assessment objectives that you will be tested on during your A Level. You will need to prepare a presentation (with no more than 10 slides) which answers the questions below; we expect you to do some research and use real life business scenarios to support your arguments.

Remember that the slideshow does not need to contain all of your argument - only key points, which you could elaborate on if you are asked about it. There is no 'right' answer to the statements we have used; we are just trying to get you thinking about the topics you will be studying.

## Theme One Topic

**“The best way to increase profit is to advertise”**

**Discuss the extent to which this statement is true, showing a balanced argument and an overall conclusion.**

*Suggested points:*

- *What is profit?*
- *What are the ways which a business can improve profit (including advertisement)? - What evidence have you gathered to support your argument?*
- *What evidence could be used against your argument?*
- *Give an overall conclusion about what you think based on your evidence.*

**OR**

## Theme Two Topic

**“I don't need a plan, I've got a great business idea, I'm just going to run with it”**

**Discuss the extent to which you agree with the above statement showing a balanced argument and an overall conclusion.**

*Suggested points:*

- *What is business planning?*
- *Why is it important / unimportant to have a plan?*
  - *Could you realistically create a business without a plan? How do you know? What evidence do you have?*
- *Give an overall conclusion about what you think based on your evidence.*

# Reading & Investigation Project

An important part of A Level Business is being able to apply your subject knowledge to different businesses in different situations. Read the case study on New Look and answer the questions below.

## New Look slashes prices amid sharp fall in annual sales Fashion chain

**New Look is continuing to cut prices as it tries to turn around its business.**

New Look wants 80% of its clothes to sell for less than £20.

The price cuts come amid falling sales. Like-for-like sales plunged by 11.7% in the financial year which ended in March, and website sales tumbled 19%.

New Look is one of many retailers this year that struck a Company Voluntary Agreement (CVA) under which a company buys time to sort out its debts.

It is trying to broaden its appeal to include older customers, giving it an age target range of between 18 and 45.

Results from New Look, which has hundreds of stores and has been a High Street presence since 1969, contrast sharply with online rival Boohoo, which also reported results.

Sales of its three brands, Boohoo, PrettyLittleThing and Nasty Gal were 53% higher in the most recent quarter compared with the same quarter last year.

Boohoo brands target customers aged between 18 and 28, with clothes priced at about £15.

### New Look vs Boohoo

**By Karen Hoggan, business reporter**

What's behind the stark contrast in the fortunes of New Look and Boohoo? Is it just that New Look is saddled with an expensive High Street presence, while Boohoo is online only?

Actually it seems to go deeper than that. New Look's online business had a bad year as well.

Charlotte Pearce, retail analyst at GlobalData, says New Look's poor performance is a result of its "loss of relevance" among UK shoppers over the last couple of years.

New Look is broadly targeting the 16-44 year old shopper, while Boohoo and its other brands PrettyLittleThing and Nasty Gal are all much more narrowly focused on 16-24 year olds. By trying to appeal to too many different shoppers, New Look has ended up appealing to none as "its proposition is unclear", says Ms Pearce. She also says New Look's product ranges "lack excitement and its product is much safer" compared with the "daring" designs of the online-only fashion retailers.

Retailers like Boohoo are "more in tune with millennials in terms of providing trend-led and boundary-pushing fast fashion," she says. As a result she reckons New Look would "struggle" to lure back these 16-24 [year old] shoppers because it hasn't kept up with the likes of Boohoo.

However, Ms Pearce doesn't think New Look should be putting effort into trying to recapture the younger shoppers who have been lured away by Boohoo and others because the competition is so "intense".

Instead she says New Look needs to adjust its target customer base to focus on the older 25-34 year olds.

Clothing retailer Ted Baker also released profits on Tuesday. Its half-year sales were up 4%, mainly thanks to growth in its online sales. New Look also booked a one-off cost of £34m, partly for discounting old stock. The company said it had made "significant progress", which will be reflected in next year's results.

Last November it brought back Alistair McGeorge, who ran the business between 2012 and 2014. Mr McGeorge said: "Last year was undoubtedly very difficult for New Look, with a well-documented combination of external and self-inflicted issues impacting our performance. "We still have more work to do to restore long-term profitability, but I am confident we are now better placed to achieve this than we were when I returned to the business over six months ago."

Under its turnaround plan, the company is cutting 1,000 jobs and closing 60 stores. The plan will cut the fashion chain's rents by between 15% to 55% across its remaining 393 stores. Last month, the company hit the headlines with news it was attaching higher prices to its bigger sizes, a policy it said it would reverse.

Adapted from: <https://www.bbc.co.uk/news/business-44451139>

### Questions to consider:

1. Summarise the case study in less than 30 words.
2. What are the key reasons why New Look is struggling in the clothing market?
3. Do you think that New Look have made the right decision by reducing their prices to try and compete with Boohoo and PLT? Explain your answer.
4. What else could New Look do to compete with these other businesses? (Try to think of 2/3 ways)  
(ensure you write in complete sentences)

**STRIVE:** Of the suggestions you have made in question 4, which do you think would be most effective? Explain your answer.