

**BUSINESS:** *Creating informed, discerning employees, consumers and future leaders*

## Topic 1.5.2 Technology

### Key Vocabulary

**e-commerce** – buying and selling of goods/services online

**m-commerce** – using a mobile device to trade online

**social media** – interactive channels of communication, via words, photos or videos, such as blogs, Facebook or Instagram

**digital communication** – messages or conversations conducted via email, text or social media

**digital payment systems** – ways of paying electronically, e.g. online payments, contactless and mobile payments

**debit card** – a payment method where the money is taken direct from the customers bank account

**credit card** – a payment method where the business gets paid, but the consumer owes the money to a credit company

### Core Knowledge

Technology has enabled businesses to develop in three main areas:

- **Trading** – being able to buy and sell online through their own websites or websites of a third part, allowing a business to reach a wider market
- **Communicating** – using websites, email, video conferencing allow business to communicate more regularly with consumers
- **Payments** – businesses can accept payments in more ways, attracting more consumers than before

**Impact on Sales** – businesses are likely to sell more because they can reach a wider market, BUT it is easier for consumers to compare prices, so small local businesses may suffer

**Impact on costs** – keeping up-to-date and installing technology is expensive and so increases costs, especially in the short term. BUT if a business can replace stores or staff with technology this can reduce costs in the long run

#### **Impact on Marketing Mix**

- **Product** – innovation needs to increase to keep up with changes
- **Price** – greater efficiency can reduce prices; consumers can compare so a business must be competitive
- **Place** – a business does not need a physical store. Trading can now be 24/7 365 days a year
- **Promotion** – quicker and cheaper; social media can be used; a business may encourage viral marketing

### Misconceptions

- Don't assume everyone has technology or uses social media
- Don't assume that some social media is less popular than others just because you don't use it!
- Don't use brand names, such as Apple Pay or PayPal
- Not all businesses need to sell online to be successful – consider Primark



### Application

**Primark** – a business that does not have an e-commerce site, yet is successful

**e-bay** – auction site that enables small businesses to trade without a physical store

**amazon** – biggest e-commerce site



### Topic Links

**Marketing Mix** – e-commerce has affected all aspects of the 4 Ps

**Location** - e-commerce allows businesses to trade without a physical presence

**Customer needs** – technology helps to meet the need of convenience for the customer

**Costs, Revenue & profit** – technology affects costs, revenue and profit in both short and long term

**Globalisation** – technology has enabled more businesses to sell all over the world