GCSE Business Studies

Unit 1 Keywords

Unit 1.1	Spotting a Business Opportunity
Supplier	A business which sells (or supplies) products to another business.
Customer	Any person or organisation which buys or is supplied with a product or by a business.
Consumer	The person who ultimately uses (or consumes) a product.
Customer Needs	The wants and desires of buyers of a product or the customers of a business.
Market Research	The process of gaining information about customers, competitors and market trends through collecting primary and secondary data.
Primary (or field) research	The gathering of new information, called primary data, which has not been collected before.
Survey	Research involving asking questions of people or organisations.
Respondents	Those who provide data for a survey usually by answering questions in a questionnaire or interview.
Questionnaire	A list of questions to be answered by respondents, designed to gather information about consumers' tastes.
Focus group	In market research, a group of people brought together to answer questions and discuss a product, brand or issue.
Secondary (or desk) research	The process of gathering secondary data, which is information that has already been gathered such as sales records, government statistics, newspaper articles or reports from market research groups.
Qualitative data	Information about opinions, judgements and attitudes.

Quantitative data	Data that can be expressed as numbers and can be statistically analysed.
Market segment	Part of a market that contains a group of buyers with similar buying habits, such as age or income.
Price sensitive	When the price is very important in the decision about whether or not to buy.
Market Map (Perceptual Map or Positioning Map)	A diagram that shows the range of possible positions for two features of a product, such as low to high price and low to high quality.
Gap in the market	Occurs when no business is currently serving the needs of customers for a particular product.
Product range	A group of similar products made by a business like a number of different soap products.
Brand	A named product which customers see as being different from other products and which they can associate or identify with.
Brand Image	The idea/ impression/ image that customers have in their minds about the brand.
Added Value	The increase worth that a business creates for a product; it is the difference between what a business pays to its suppliers and the price that is able to charge for the product/ service.
Unique selling point or USP	A characteristic of a product that make it different from other similar products being sold in the market such as design, quality or image.
Franchise	The right given by one business to another to sell goods or services using its name.
Franchisee	A business that agrees to manufacture, distribute or provide a branded product, under licence by a franchisor.
Franchisor	The business that gives franchisees the right to sell its product, in return for a fixed sum of money or a royalty payment.

Unit 1.2	Showing Enterprise
Entrepreneur	A person who owns and runs their own business and takes risks.
Enterprises	Another word for businesses.
Enterprise	A willingness by an individual or a business to take risks, show initiative and undertake new ventures.
Risk	The chance of damage or loss occurring as a result of making a decision.
Goods	Physical, tangible products like a car, a pair of scissors or a television set.
Services	Non-physical, intangible products like a taxi journey, a haircut or a television programme.
Thinking creatively (or creative thinking)	Coming up with new and unique ideas.
Competitive Advantage	An advantage a business has that enable it to perform better than its rivals in the market and which is both distinctive and defensible.
Deliberate Creativity	The intentional creation of new ideas through recognised and accepted techniques.
Lateral Thinking	Thinking differently to try and find new and unexpected ideas.
Blue Skies Thinking	A technique of creative thinking where participants are encourage to think of as many ideas as possible about an issue or a problem.

Invention	The discovery of new processes and potential new products, typically after a period of research.
Innovation	The process of transforming inventions into products that can be sold to customers.
Patent	Right of ownership of an invention or process when it is registered with the government.
Copyright	Legal ownership of material such as books, music and films which prevents these being copied by others.
Trademarks	The symbol, sign, or other features of a product or business that can be protected by law.
Calculated Risk	The probability of a negative event occurring.
Downsides	The disadvantages of a course of action, including what can go wrong.
Upsides	The advantages of a course of action, including what can go right.
Driven	In business, being very motivated.
Mindmap	Is a diagram that is used to record words and ideas connected to a central word or idea.

Unit 1.3	**Putting a business idea into practice**
Financial Objectives	Targets expressed in money terms such as making a profit, earning income or building wealth.
SMART	Specific, measurable, achievable, realistic and time-constrained.
Determination	The drive to succeed in business. To show commitment to an idea or setting up a business.
Initiative	To work independently and be able to make the first move in business.
Taking Risks	A skill shown by entrepreneurs. It can be risky to own your own business.
Making Decisions	To be in charge of making a good judgement. An entrepreneur will listen and take in information to ensure they make the right decision.
Planning	Planning is essential to any successful business. Clear objectives have to be set for the long term and how these objectives will be met in the short term.
Persuasion	A skill of an entrepreneur. To be able to convince a customer they should buy the product/ service. Or it could also mean negotiating with a supplier to lower their prices.
Showing Leadership	Entrepreneurs should have a vision of where the business is heading, be good at planning and have self-confidence. These are all leadership skills to succeed.
Revenues **Sales Revenue** **Turnover** **Sales Turnover**	The amount of income received from selling goods or services over a period of time
Total Revenue	TR = P x Q Total Revenue = Price x Quantity

Sales volume	The number of items or products or services sold by a business over a period of time.
Fixed costs	Costs which do not vary with the output produced such as rent, business rates, advertising costs, administration costs and salaries.
Total Costs	All the costs of a business; it is equal to fixed costs plus variable costs.
Total Costs	TC = FC + VC Total Costs = Fixed Costs + Variable Costs
Variable Costs	Costs which change directly with the number of products made by a business such as the cost of buying raw materials.
Profit	Occurs when the revenues of a business are greater than its costs over a period of time.
Loss	Occurs when the revenues of a business are less that the costs over a period of time.
Profit/ Loss	Profit/ Loss = Total Revenue – Total Cost
Cash	Notes, coins and money in the bank
Cash Flow	The flow of cash into and out of a business
Inflow	The cash flowing into a business, its receipts
Outflow	The cash flowing out of a business, its payments

Net Cash Flow	The receipts of a business minus its payments
Insolvency	When a business can no longer pay its debts
Cash Flow Forecast	A prediction of how cash will flow through a business in a period of time in future
Opening Balance	The amount of money in a business at the start of the month
Closing Balance	The amount of money in a business at the end of the month
Cumulative Cash Flow	The sum of cash that flows into a business over time
Trade Credit	Where a supplier gives a customer a period of time to pay a bill (or invoice) for goods or services once they have been delivered
Stocks	Materials that a business holds. Some could be materials waiting to be used in the production process and some could be finished stock waiting to be delivered to customers.
Business Plan	A plan for the development of a business giving forecasts such as sales, costs and cash flow
Long term finance	Sources of money for businesses that are borrowed or invested typically for more than a year
Short term finance	Sources of money for businesses that may have to be repaid with immediately or fairly quickly, such as an overdraft, usually within a year.
Personal Savings	Money that has been set aside and not spent by individuals and households.

Share Capital	The monetary value of a company which belongs to its shareholders, for example, if five people each invest £10,000 into a business, the share capital will be £50,000
Shareholders	The owners of a company
Venture Capitalist	An individual or company which buys shares in what they hope will be a fast growing company with a long term view of selling the shares at a profit.
Loan	Borrowing a sum of money which has to be repaid with interest over a period of time, such as 1-5 years.
Security (or collateral)	Assets owned by a business which are used to guarantee repayments of a loan; if the business fails to pay off the loan, the lender can sell what has been offered as security.
Mortgage	A loan where property is used as security.
Dividend	A share of the profits of a company received by shareholders who own shares.
Retained Profit	Profit which is kept back in the business and used to pay for investment in the business.
Leasing	Renting equipment or premises.
Overdraft facility	Borrowing money from a bank by drawing more money than is actually in a current account. Interest is charged on the amount overdrawn.
Factoring	A source of finance where a business is able to receive cash immediately for the invoices it has issued from a factor, such as a bank, instead of waiting the typical 30 days to be paid.

Unit 1.4	Making the start-up effective
Marketing Mix	The combination of factors which help the business to take into account customer needs when selling a product – usually summarised as the 4 Ps, which are price, product, promotion and place
Price	The amount of money customers have to give up to acquire a product
Product	A good or service produced by a business or organisation and made available to customers for consumption
Promotion	Communication between the business and customer, making the customer aware that the product is for sale, telling or explaining to them what is the product, making the customers aware of how the product will meet the customers' needs and persuading them to buy it for the first time or again.
Place	The way in which a product is distributed – how it gets from the producer to the consumer
Sole trader (or sole proprietor)	The only owner of a business which has unlimited liability.
Unlimited liability	A legal obligation on the owner of a business to settle (pay off) all debts of the business. In law there is no distinction between what the business owes and owns and what the business owns and owes.
Limited liability	When shareholders of a company are not personally liable for the debts of the company; the most they can lose is the value of their investment in the shares of the company.
Companies	Businesses whose shareholders have limited liability.
Records	Evidence of what has happened in the past; records could be kept in paper form or in computer files for example.

HM Revenues and Customs (HMRC)	The government authorities in the UK responsible for collecting tax.
VAT (Value Added Tax)	A tax on the value of sales: it is paid by businesses to government.
Income tax	A tax on the value of income earned by workers; this includes sole traders who have to pay income tax on their net earnings.
National Insurance Contributions (NICs)	A tax on the earning of workers; Employers' National Insurance contributions are paid by employers on the wages of their workers; employees and sole traders have to pay National Insurance contributions on their earnings.
Corporation Tax	A tax on the profits of limited companies.
Customer Service	The experience that a customer gets when dealing with a business and the extent to which that experience meets and exceeds customer needs and expectations.
Customer satisfaction	A measure of how much products meet customers' expectations.
Repeat purchases (or repeat business)	Orders or sales that occur from customers who have bought the product or service in the past.
Job Applicant	A person who shows they would like to be considered for appointment to a particular job with a business.
Job Description	Document that describes the duties of a worker and his or her status in the organisation.
Person Specification	A profile of the type of person needed for a job – their skills and qualities.
Application Form	Document to be filled in with personal details.

Curriculum Vitae	A brief list of the main details about a person, including name, address, qualifications and experience.
Motivation	In work, the desire to complete a task and meet the needs of the business consistently.

Unit 1.5	Understanding the economic context
Commodities	Raw materials such as coal, oil, copper, iron ore, wheat and soya.
Commodity markets	Where buyers and sellers meet to exchange commodities – often these are international, organised markets, for example the London Metal Exchange and the New York Mercantile Exchange.
Demand	The amount consumers are willing and able to buy at any given price.
Supply	The amount sellers are willing to offer for sale at any given price.
Shortage	When the demand for a good or service is greater than the supply. When a shortage exists, prices will tend to rise.
Surplus	When the demand for a good or service is less that the available supply. When a surplus exists, prices will tend to fall.
Goods market	The market for everyday products such as clothes, food, petrol, going to the cinema, a DVD etc.
Interest Rate	The percentage reward or payment over a period of time that is given to savers or paid by borrowers on savings or loans.
Bank of England	The central bank for the UK. Its role is to monitor the banking system and to be a banker to the banks. It is responsible for setting interest rates in the UK.
Variable interest rates	Interest rates that can change over the lifetime of a loan depending on what is happening to other interest rates in the economy.
Fixed interest rates	Interest rates that stay the same over an agreed period of a loan.

Exchange rate	The exchange rate is the price of buying a foreign currency. It tells you how much of the foreign currency you will get for every pound or how many pounds you have to give up to acquire a foreign currency.
Export	An export is the sale of a good or service to a foreign buyer that leads to a flow of money into the UK. The foreign buyer will have to change their currency into pounds to complete the purchase.
Import	An import is the purchase of a good or service from a foreign business that leads to a flow of money out of the UK. The UK buyer will have to change pounds into the seller's currency to make the transaction.
Economic activity	The amount of buying and selling that takes place in a period of time.
The economy	The economic activity carried out by people and businesses in a country.
Economic growth	Rises in the rate of economic activity in the economy. It is measured by calculating the value of sales in an economy over a period of time.
Business Cycle	Fluctuations in the level of economic activity over a period of time. Most economies experience times when economic activity is rising and other when economic activity is slowing.
Recession	A situation when the level of economic growth is negative for two successive quarters.
Stakeholder	An individual or a group which has an interest in and is affected by the activities of a business; stakeholders have an interest in how the business operates and whether or not it is successful.