

# GCSE Business Studies

## Unit 1 Keywords

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

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

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

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

<b>Unit 1.3</b>	<b>Putting a business idea into practice</b>
<b>Financial Objectives</b>	Targets expressed in money terms such as making a profit, earning income or building wealth.
<b>SMART</b>	Specific, measurable, achievable, realistic and time-constrained.
<b>Determination</b>	The drive to succeed in business. To show commitment to an idea or setting up a business.
<b>Initiative</b>	To work independently and be able to make the first move in business.
<b>Taking Risks</b>	A skill shown by entrepreneurs. It can be risky to own your own business.
<b>Making Decisions</b>	To be in charge of making a good judgement. An entrepreneur will listen and take in information to ensure they make the right decision.
<b>Planning</b>	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.
<b>Persuasion</b>	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.
<b>Showing Leadership</b>	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.
<b>Revenues</b> <b>Sales Revenue</b> <b>Turnover</b> <b>Sales Turnover</b>	The amount of income received from selling goods or services over a period of time
<b>Total Revenue</b>	TR = P x Q Total Revenue = Price x Quantity

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

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<b>Net Cash Flow</b>	The receipts of a business minus its payments
<b>Insolvency</b>	When a business can no longer pay its debts
<b>Cash Flow Forecast</b>	A prediction of how cash will flow through a business in a period of time in future
<b>Opening Balance</b>	The amount of money in a business at the start of the month
<b>Closing Balance</b>	The amount of money in a business at the end of the month
<b>Cumulative Cash Flow</b>	The sum of cash that flows into a business over time
<b>Trade Credit</b>	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
<b>Stocks</b>	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.
<b>Business Plan</b>	A plan for the development of a business giving forecasts such as sales, costs and cash flow
<b>Long term finance</b>	Sources of money for businesses that are borrowed or invested typically for more than a year
<b>Short term finance</b>	Sources of money for businesses that may have to be repaid with immediately or fairly quickly, such as an overdraft, usually within a year.
<b>Personal Savings</b>	Money that has been set aside and not spent by individuals and households.



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<b>Share Capital</b>	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
<b>Shareholders</b>	The owners of a company
<b>Venture Capitalist</b>	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.
<b>Loan</b>	Borrowing a sum of money which has to be repaid with interest over a period of time, such as 1-5 years.
<b>Security (or collateral)</b>	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.
<b>Mortgage</b>	A loan where property is used as security.
<b>Dividend</b>	A share of the profits of a company received by shareholders who own shares.
<b>Retained Profit</b>	Profit which is kept back in the business and used to pay for investment in the business.
<b>Leasing</b>	Renting equipment or premises.
<b>Overdraft facility</b>	Borrowing money from a bank by drawing more money than is actually in a current account. Interest is charged on the amount overdrawn.
<b>Factoring</b>	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.

<b>Unit 1.4</b>	<b>Making the start-up effective</b>
<b>Marketing Mix</b>	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
<b>Price</b>	The amount of money customers have to give up to acquire a product
<b>Product</b>	A good or service produced by a business or organisation and made available to customers for consumption
<b>Promotion</b>	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.
<b>Place</b>	The way in which a product is distributed – how it gets from the producer to the consumer
<b>Sole trader (or sole proprietor)</b>	The only owner of a business which has unlimited liability.
<b>Unlimited liability</b>	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.
<b>Limited liability</b>	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.
<b>Companies</b>	Businesses whose shareholders have limited liability.
<b>Records</b>	Evidence of what has happened in the past; records could be kept in paper form or in computer files for example.

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

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

<b>Unit 1.5</b>	<b>Understanding the economic context</b>
<b>Commodities</b>	Raw materials such as coal, oil, copper, iron ore, wheat and soya.
<b>Commodity markets</b>	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.
<b>Demand</b>	The amount consumers are willing and able to buy at any given price.
<b>Supply</b>	The amount sellers are willing to offer for sale at any given price.
<b>Shortage</b>	When the demand for a good or service is greater than the supply. When a shortage exists, prices will tend to rise.
<b>Surplus</b>	When the demand for a good or service is less than the available supply. When a surplus exists, prices will tend to fall.
<b>Goods market</b>	The market for everyday products such as clothes, food, petrol, going to the cinema, a DVD etc.
<b>Interest Rate</b>	The percentage reward or payment over a period of time that is given to savers or paid by borrowers on savings or loans.
<b>Bank of England</b>	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.
<b>Variable interest rates</b>	Interest rates that can change over the lifetime of a loan depending on what is happening to other interest rates in the economy.
<b>Fixed interest rates</b>	Interest rates that stay the same over an agreed period of a loan.

<b>Exchange rate</b>	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.
<b>Export</b>	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.
<b>Import</b>	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.
<b>Economic activity</b>	The amount of buying and selling that takes place in a period of time.
<b>The economy</b>	The economic activity carried out by people and businesses in a country.
<b>Economic growth</b>	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.
<b>Business Cycle</b>	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.
<b>Recession</b>	A situation when the level of economic growth is negative for two successive quarters.
<b>Stakeholder</b>	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.