

GCSE Business Studies

Unit 3 Keywords

Marketing	The management process that is responsible for anticipating, identifying and satisfying customer needs profitably
Market Research	The process of gaining information about customers, competitors and market trends through collecting primary and secondary data
Primary Data	Information that has been gathered for a specific purpose through direct investigation such as observation, surveys and experiments
Secondary Data	Information that already exists such as accounts and sales records, government statistics, newspaper and internet articles and reports from advertising agencies
Quantitative data	Data that can be expressed as number and can be statistically analysed
Qualitative data	Data about opinions, judgements and attitudes
Survey	Research involving asking questions of people or organisations
Respondents	Those who provide data for a survey usually by answering questions
Market Segment	Part of a market that contains a group of buyers with similar buying habits
Sample	A small group out of the total population which is selected to take part in a survey
Questionnaire	A list of questions to be answer by respondents, designed to give information about consumers' tastes

Product Trial	When consumers buy a good for the first time and assess whether or not they want to buy it again
Public Relations	Promotion of a positive image about a product or business through giving information about the product to the general public
Viral Marketing	Getting individuals to spread a message about a product through their social networks like Facebook or their group of friends
Penetration Pricing	Setting an initial low price for a new product so that it is attractive to customers. The price is likely to be raised later as the product gains market share.
Trade Buyers	Buyers of goods which then sell those goods on to consumers or other buyers; they include supermarket chains and wholesalers
Retailers	Businesses which specialise in selling goods in small quantities to the consumer
Customer Loyalty	The willingness of buyers to make repeated purchases of a product or from a business
Repeat Purchase	When a customer buys a product more than once
Product Life Cycle	The stages through which a product passes from its development to being withdrawn from sale; the phases are research and development, launching the product, growth, maturity, saturation and decline
Research and Development	The process of scientific and technological research and then development of the findings of that research before a product is launched
Extension Strategy	Method used to increase the life of a product and prevent it falling into decline

Product Portfolio or Product Mix	The combination or range of products that a business sells
Product Portfolio Analysis	Investigation of the combination of products sold by a business
Boston Matrix	A model which analyses a product portfolio according to the growth rate of the whole market and the relative market of a product within that market; a product is placed in one of four categories – star, cash cow, problem child or dog
Brand	A named product which consumers see as being different from other products and which they can associate and identify with
Generic Product	A product made by a number of different businesses in which customers see very little or no difference between the product of one business compared to the product of another business
Own Brand	A product which is sold under the brand name of a supermarket chain or other retailer rather than under the name of the business which manufactures the product
Product Differentiation	Making one product different from another in some way, for instance through the quality of a product, its design, packaging or advertising
Premium Price	A price which is above average for products of a particular type
Marketing Mix	A combination of factors which help a business to take into account customer needs when selling a product, usually summarised as the 4P's (price, product, promotion and place)

Design Mix	The range of variables which contribute to successful design; they are function, cost, and appearance
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.
Maximum stock levels	The highest amount of stock to be kept by a business
Re-order level	The amount of stock held by a business at which an order for new stock is placed with suppliers
Buffer stock level or minimum stock level	The lowest amount of stock to be kept by a business
Just In Time (JIT)	A stock management system where stocks are only delivered when they are needed by the production system, and so no stocks are kept by a business
Quality	Achieving a minimum standard for a product or service, or a production process which meets customers needs
Quality Control	Ensuring that a product or service meets minimum standards, often through testing of sample products once they have been made
Quality Assurance	Ensuring that quality is produced and delivered at every stage of the production process, often through making quality the responsibility of every worker
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

Innovation	The process of transforming inventions into products that can be sold to customers
Sale of goods legislation	Gives consumers rights to compensation if a product they buy is not of merchantable quality, not as described or not fit for purpose
Trade description legislation	Makes businesses liable for prosecution and fines if products are sold in a misleading way

Cash Flow	The flow of cash into and out of a business
Financial Management	Deliberately changing monetary variables like cash flows to achieve financial objectives such as improved cash flow
De-stocking	Reducing the levels of stocks in a business
Trade Credit	Where a supplier gives a customer a period of time to pay for a bill (or invoice) for goods or services once they have been delivered
Profit	Occurs when the revenues of a business are greater than its costs over a period of time
Revenues	The amount of money received from selling goods or services over a period of time
Break-even point	The level of output where total revenues are equal to total costs; this is where neither a profit nor a loss is being made
Total revenue	The revenue earned by a business from the sale of a given quantity sold x average price
Total Costs	All the costs of a business; equal to fixed costs plus variable costs

Fixed Costs	Costs which do not vary with the amount produced, such as rent, business rates, advertising costs, administration costs and salaries
Variable Costs	Costs which change directly with the number of products made by a business, such as the cost of buying raw materials
Break-even chart	A graph which shows total revenue and total cost, allowing the break-even point to be drawn
Margin of Safety	The amount of output between the actual levels of output where profit is being made and the break-even level of output; if the margin of safety is zero, then production is at or below the break-even level
Financing a business	How a business obtains money and other financial resources to start up, expand and if necessary pay off losses it has made
Internal Sources of Finance	Finance which is obtained within the business such as retained profit or the sale of assets
External Sources of Finance	Finance which is obtained from outside the business such as bank loans and cash from the issue of new shares

Retained Profit	Profit which is kept back in the business and used to pay for investment in the company
Equity or share capital	The monetary value of a business that belongs to the business' owners. In a company, this would be the value of their shares
Share	A part ownership in a business; for example a shareholder owning 25% of the shares of a business owns a quarter of the business
Overdraft	Borrowing money from a bank by drawing more money than is actually in a current account. Interest is charged on the amount overdrawn
Bonds	A long-term loan where typically interest is paid at regular intervals like a year and the loan is all repaid at the end of the life of the bond. Bonds are traded on stock markets.

Organisation	The way in which a business is structured for it to achieve its objectives
Organisation Chart	A diagram which shows the internal structure of an organisation
Hierarchy	Structure of different levels of authority in a business organisation, one on top of the other
Line Manager	Employee who is responsible for overseeing the work of others further down the hierarchy of an organisation
Function	Tasks or jobs. Organisation by functions means that a business is organised according to tasks that have to be completed, such as production or finance
Authority	The right to decide what to do in a situation and take command of it to be able to make decisions without referring to anyone else
Subordinate	Workers in the hierarchy who work under the control of a more senior worker
Chain of Command	The path (or chain) down which orders (or commands) are passed. In a company, this goes from the board of directors down to other workers in the organisation

Delaying	Removing layers of management and workers in a hierarchy so that there are fewer workers in the chain of command
Empowerment	Giving more responsibility to workers further down the chain of command in a hierarchy
Downsizing	When a business employs fewer workers to produce the same amount through increases in productivity which can be achieved through delaying
Span of Control	The number of people who report directly to another worker in an organisation
Delegation	Passing down of authority to work to another worker further down the hierarchy of the organisation
Centralisation	A type of business organisation where decisions are made at the centre or core of the organisation and then passed down the chain of command
Decentralisation	A type of business organisation where decision-making is pushed down the hierarchy and away from the centre of the organisation
Motivation	In work, the desire to complete a task

Hierarchy of Needs	Placing needs in an order of importance, starting with basic needs
Communication	Messages passed between sender and a receiver, through a medium such as a letter or an email
Feedback	Response to a message by its receiver to the sender
Internal Communication	Communication within the business organisation
External Communication	Communication between the business and an outside individual or organisation like a customer, a supplier or a tax inspector
Channel of Communication	The path taken by a message, such as horizontal communication, vertical communication or grapevine communication
Formal Channels of Communication	Channels of communication that are recognised and approved by the business and by employee representatives such as trade unions
Informal communication or communication through the grapevine	Communication through channels are not formally recognised by the business
Payment systems	Methods of organising the payment of workers, such as piece rates or salaries

Manual or blue collar workers	Workers who do mainly physical work like an assembly line worker
Wages	Tend to be paid to manual workers for working a fixed number of hours per week plus overtime
Overtime	Time worked over and above the basic working week
Basic Pay	Pay earned for working the basic working week
Non-manual or white collar workers	Worker who do non-physical work, like an office worker or teacher
Salary	Pay, usually of non-manual workers, expressed as a yearly figure but paid monthly
Commission	Payment system usually operated for sales staff where their earnings are determined by how much they sell
Bonus	Addition to the basic wage or salary, for instance, for achieving a target
Part-time workers	Employees who work only for a fraction of the working week
Full-time workers	Employees who work the whole of the working week

Temporary workers	Workers who have no permanent contract of employment with a business and so tend to work only for a short period of time for an employer
Freelance workers	Workers who tend to be self-employed and do particular pieces of work for a business as a supplier
Fringe Benefits	Payments in kind over and above the wage or salary, such as a company car

Business Ethics	Ideas about what is morally correct or not, applied in a business situation
Supply Chain	The processes that are involved in the route taken by a product from the raw materials needed to create it right through to the final customer
Developed Countries	Countries with a relatively high income per person
Developing Countries	Countries with a lower income per person than developed countries
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
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
Protectionist policies	Measures designed to reduce foreign products coming into a country but give an advantage to domestic firms to sell products at home or export products

Tariffs or customs duties	Taxes put on goods imported into a country which make them more expensive
Quotas	Limits on the physical number of goods that can be imported over a period
Export subsidies	Measures that reduce the price of goods sold abroad
Minimum wages	The lowest payment for hour, day or week that can be given to a worker for their work