

Business Studies THEME 1: Words of the Term (1)

- Each half term you will be given twenty key terms to revise with definitions
- You may be tested on these key words so you should try your best to learn them!
 - You could rewrite them, cover and test yourself, or ask others to test you
 - Top Tip: Use the word in a sentence!

KEY TERM	DEFINITION
Interest rates	The percentage paid by borrowers or given to savers over time
Stakeholder	Anyone who has an interest in a business (eg workers, suppliers, government)
Government taxation	A proportion of income or profit that must be paid to the government
Market map	Creating a diagram which compares products based on their features (eg price VS quality) to spot gaps in the market
Franchise	When one business gives permission to another to trade using its name in exchange for a fee
Margin of safety	The difference between the break even point and the total units sold
Overdraft	The bank allows an account holder to borrow at short notice (high interest rates, short term)
Employment law	Law that protects the way employees are hired or treated (eg pay/discrimination/health and safety)
Limited liability	The only risk is to the amount of money that has been invested in the business (not personal assets)
Digital communication	Communicating with customers using technology (eg email, text message, social media)
Adding value	Increasing the value of a product (eg convenience, quality, unique selling point)
Closing balance	The amount of money in the bank at the end of the month (opening balance + net cash flow)
E commerce	Using the internet to carry out business sales
Promotion	The activities a business carries out to make customers aware and encourage them to buy (eg discounts/advertising/social media)
Variable cost	Costs that change depending on how busy the business is (eg stock/electricity bills)
Crowd funding	A business gains funding from a large number of people who pay a small amount each
Production	The process of making goods using raw materials
Market research	Gathering information about the market and customer needs to help make business decisions
Risk	The possibility that a business could not perform as well as expected (eg failure/financial loss)
Breakeven point	The point where revenue and cost are exactly the same

Business Studies THEME 1: Words of the term (2)

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KEY TERM	DEFINITION
Obsolete	Out of date or not used any more
Entrepreneur	Someone who sets up a business and takes risks with the aim of making a profit
M - commerce	Using mobile technology (eg tablets/smart phones) to make sales
Payment Platforms	Businesses taking online payments from customers
Demographic	The make up of the population (eg age, gender, income)
Cash flow	The amount of money going into and out of a business
Ethics	Moral principles that guide how the business behaves
Focus group	A group of people who discuss their views (either face to face or online)
Segmentation	The process of breaking the market up into smaller parts to conduct research
SWOT analysis	A study undertaken by the business to find strengths, weaknesses, opportunities and threats
Profit	The amount of revenue left over once costs have been deducted
Credit	The amount of money that the bank or supplier allow the business to pay back in the future
Overheads	Fixed costs that stay the same regardless of sales (eg rent)
Insolvent	A business that is unable to pay its debts
Trade credit	When suppliers allow a business to take stock and pay later
Venture Capital	Money raised from people who wish to invest in businesses to make a profit
Asset	Any item of value owned by a business (eg machinery, vehicles)
Private limited company	A business with limited liability and owned by shareholders
Multi-channel	Using a number of methods to reach the customer such as physical shops and e-commerce
Product differentiation	Designing a product with unique features so it is different from similar products

Business Studies THEME 1: Words of the term (3)

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KEY TERM	DEFINITION
Consumer	Someone who buys and uses a product or service
Revenue forecast	A prediction of future revenue based on expected sales
Start up	A new business, usually with only a small number of employees (perhaps one)
Intuition	Knowing something instinctively
Unique selling point	Something that makes a product stand out from its competitors
Market share	The proportion of sales in a market that are taken by one business
Economy	The system by which a country's money and goods are produced and used
Sample	A portion of the population asked for their opinions
Data	Information, particularly statistics, that can be collected and analysed
Source	A place, person or thing such as book that can provide information to be used in research
Incentive	Something such as a payment or gift that encourages someone to do something
Axes	The reference lines on a graph
Social objective	Likely to be non-financial, such as to reduce carbon emissions
Viable	Capable of working or succeeding
Consumables	Items that get 'used up' and need replacing regularly EG pens/paper
Cheque	A written order to a bank to pay an amount of money from an account to a given person
Credit check	A check on the financial status of a business/person to ensure a reliable credit history
Retained profit	Money that a business keeps, rather than paying out to its shareholders
Unincorporated	A business that is not registered as a company, so owner and business are same by law
Footfall	The number of people passing a particular location within a given time period

Business Studies THEME 1: Words of the term (4)

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KEY TERM	DEFINITION
Share holders	Investors who are part owners of the company
Guarantor	A named person who guarantees to pay the repayments on a loan if the borrower does not
Security	When the lender asks the borrower to put up an asset or valuable item they own
Share capital	Money to invest in a business by selling shares to those who wish to invest
Return on investment	The amount of money that an investor gets back in return for investing in a business
Income stream	The source of regular income that a business receives (eg customers/investors)
Valid	Having a solid or accurate basis of facts
Trade association	Organisation founded and funded by businesses that operate in a particular industry
Chamber of commerce	A local association that promotes the interests of local businesses
Biased	Unbalanced or inclined to agree with a particular idea rather than being fair
Target market	A particular group of consumers at which a business aims its products and services
Generation Y	The people born shortly before the 21 st century (1980 – 2000)
Convenience	A product/service's ability to fit in well with a customer's lifestyle or routine
Loyalty	Wanting to always supporting something
Values	Standards of behaviour or moral principles
Investment	Putting money into a business with the intention of making a profit
Sales revenue	The amount of money that comes in from a business's sales
Financial reward	The money that an entrepreneur or investor receives when a business succeeds
Market place	The activities involved in buying and selling particular types of goods in competition with other companies
Enterprise	Entrepreneurial activity (it can also mean a business or company)
Social media	Websites that allow users to interact with other users by sharing text/pictures/links
Tax	A proportion of an individual's income or profits that must be paid to the government

Business Studies THEME 1: Words of the term (5)

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KEY TERM	DEFINITION
Incorporated	A business that is registered as a company so the owner is separate by law
Unlimited liability	The level of risk goes beyond the amount invested (personal assets can be used for debt)
Sole trader	A type of unincorporated business that is owned by one person
Partnership	A business that is owned by a group of two or more people (share risk and profit)
Deed of partnership	A legal document that defines the terms of a partnership
Franchisor	An established business that gives permission to trade using its name/products
Franchisee	An entrepreneur who pays a fee to trade using the name/products of a business
Labour	Workers of the workforce
Footfall	The number of people passing a particular location within a given time period
National living wage	The minimum amount that a business is legally allowed to pay employees
Bulk gaining product	An end product that is bigger than the raw materials (eg bike)
Bulk reducing product	An end product that is smaller than the raw materials (eg paper)
Convenience good	A product that a customer buys frequently and routinely
Shopping good	A product that a customer takes time to consider before buying by weighing up different options
Topography	The physical characteristics of a landscape, such as being flat or hilly
Inertia	A tendency to keep things as they are rather than change
Undercut	Sell the same product for a lower price than competitors
Price war	When competing businesses try to undercut each other by lowering prices
Brand loyalty	A customers willingness to buy a product from a particular business over rivals
Recession	A period of economic decline – economy failed to grow for 6 months in a row
Globalisation	When businesses operate on an international scale and gain influence/power
Bank of England	The central bank of the UK – manages country debts and sets interest rates

Business Studies THEME 1: Words of the Term (6)

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KEY TERM	DEFINITION
Promotional mix	The mix of promotional activities that a business uses to make customers aware of a product
Business plan	A document that outlines how an entrepreneur is going to set up a new business
SMART objectives	Targets that are specific, measurable, achievable, realistic and timely
Revenue	The money that comes into the business from sales
Budgets	Pre-set financial targets for a given period of time
Negative cash balance	If the businesses opening balance results in a negative amount at the end of the period resulting in a cash shortage
Overdraft	The bank allows an account holder to withdraw more money than they have in their account
Bank loan	A fixed sum of money lent by a bank for a specific purpose – it must be repaid with interest over an agreed period of time
Stakeholder	Anyone who has an interest in the activities of a business
Payment terms	The period of time that a business has to pay its suppliers
Conflict	A serious disagreement between people, countries or ideas
Real-time	Live or as it happens
Cookies	Small files stored on a customer's PC which record details about their visit (the website can access these when they visit again)
Legislation	The laws that a county must comply with
Reasonable care	Offering a service that is suitable for customers (EG a meal should be able to be eaten!)
Induction	When an employee starts a job, they must be shown how to work safely and work by the rules
Comply	Obey a command or meet a set of standards
Minimum wage	The lowest legal rate of pay for employees depending on their age
Discrimination	When someone is treated differently because of their characteristics EG gender, disability, ethnicity
Levy	A tax on a particular product or service
Protected characteristic	Characteristics that cannot be used in the recruitment process to reject candidates EG age disability gender marriage status pregnancy race religion or sexual orientation