

GCSE Business Studies

Topic 3.1: Marketing

Key Terms and Definitions

Key Term	Definition	Topic Area
Marketing	The management process that is responsible for anticipating, identifying and satisfying customer needs profitably.	Marketing
Market Research	The process of gaining information about customers, competitors and market trends through collecting primary and secondary data.	Marketing
Primary (or field) Research	The gathering of new information, called primary data, which has not been collected before.	Marketing
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.	Marketing
Qualitative Data	Information about opinions, judgements and attitudes.	Marketing
Quantitative Data	Data that can be expressed as numbers and can be statistically analysed.	Marketing
Survey	Research involving asking questions of people or organisations.	Marketing
Respondents	Those who provide data for a survey usually by answering questions in a questionnaire or interview.	Marketing
Survey	Research involving asking questions of people or organisations.	Marketing
Respondents	Those who provide data for a survey usually by answering questions in a questionnaire or interview.	Marketing
Sample	A small group out of the total population which is selected to take part in a survey.	Marketing
Questionnaire	A list of questions to be answered by respondents, designed to gather information about consumers' tastes.	Marketing
Product Trial	When consumers buy a good for the first time and assess whether or not they want to buy it again.	Product Trial and Repeat Purchase

Public Relations	Promotion of a positive image about a product or business through giving information about the product to the general public, other businesses or to the press.	Product Trial and Repeat Purchase
Viral Marketing	Getting individuals to spread a message about a product through their social networks like Facebook or their group of friends.	Product Trial and Repeat Purchase
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.	Product Trial and Repeat Purchase
Trade Buyers	Buyers of goods which then sell those goods on to consumers or other buyers, they include supermarket chains and wholesalers.	Product Trial and Repeat Purchase
Wholesalers	Businesses which buy in bulk from a manufacturer or other supplier and then sell the stock on in smaller quantities to retailers.	Product Trial and Repeat Purchase
Retailers	Business which specialise in selling goods in small quantities to the consumer.	Product Trial and Repeat Purchase
Customer Loyalty	The willingness of buyers to make repeated purchases of a product or from a business.	Product Trial and Repeat Purchase
Repeat Purchase	When a customer buys a product more than once.	Product Trial and Repeat Purchase
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.	Product Life Cycle
Research and Development (R&D)	The process of scientific and technological research and then development of the findings of that research before a product is launched.	Product Life Cycle
Extension Strategy	Method used to increase the life of a product and prevent it falling into decline.	Product Life Cycle
Brand	A named product which consumers see as being different from other products and which they can associate and identify with.	Branding and Differentiation
Generic Product	A product made by a number of different businesses in which customers see very little or not difference between the product of one business compared to the product of another business.	Branding and Differentiation
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.	Branding and Differentiation

Product Differentiation	Making one product different from another in some way, for instance through the quality of a product, its design, packaging or advertising.	Branding and Differentiation
Premium Price	A price which is above the average for products of a particular type.	Branding and Differentiation
Marketing Mix	A combination of factors which help a business to take into account customer needs when selling a product, usually summarised as the 4 P'S (place, product, price and promotion)	Building a Successful Marketing Mix

Topic 3.2: Meeting Customer Needs

Key Terms and Definitions

Key Term	Definition	Topic Area
Design mix	The range of variables which contribute to successful design: they are function, cost and appearance.	Design and research development
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.	Managing Stock
Maximum stock level	The highest amount of stock to be kept by a business.	Managing Stock
Re-order level	The amount of stock held by a business at which an order for new stock is placed with suppliers.	Managing Stock
Buffer stock level or minimum stock level	The lowest amount of stock to be kept by a business.	Managing Stock
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.	Managing Stock
Quality	Achieving a minimum standard for a product or service, or a production process, which meets customers' needs.	Quality
Quality Control	Ensuring that a product or service meets minimum standards, often through testing of sample products once they have been made.	Quality
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.	Quality
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.	Effective Customer Service
Innovation	The process of transforming inventions into products that can be sold to customers.	Effective Customer Service
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.	Meeting consumer protection laws
Trade Descriptions Legislation	Makes businesses liable for prosecution and fines if products are sold in a misleading way.	Meeting consumer protection laws

Topic 3.3: Effective Financial Management

Key Terms and Definitions

Key Term	Definition	Topic Area
Cash flow	The flow of cash into and out of a business.	How to improve cash flow
Financial Management	Deliberately changing monetary variables like cash flows to achieve financial objectives such as improved cash flows.	How to improve cash flow
De-stocking	Reducing the level of stocks in a business.	How to improve cash flow
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.	How to improve cash flow
Profit	Occurs when the revenues of a business are greater than its costs over a period of time.	How to improve profit
Revenues	The amount of money received from selling goods or services over a period of time.	How to improve profit
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.	Break-even charts and break-even analysis
Total revenue	The revenue earned by a business from the sale of a given quantity of products. It is equal to quantity sold x average price.	Break-even charts and break-even analysis
Fixed costs	Costs which do not vary with the output produced such as rent, business rates, advertising costs, administration costs and salaries.	Break-even charts and break-even analysis
Total costs	All the costs of a business; it is equal to fixed costs plus variable costs.	Break-even charts and break-even analysis
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 charts and break-even analysis
Break-even chart	A graph which shows total revenue and total cost, allowing the break-even point to be drawn.	Break-even charts and break-even analysis
Margin of Safety	The amount of output between the actual level 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.	Break-even charts and break-even analysis
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.	Financing Growth

Internal sources of finance	Finance which obtained within the business such as retained profit or the sale of assets.	Financing Growth
External sources of finance	Finance which is obtained from outside the business such as bank loans and cash from the issue of new shares.	Financing Growth
Retained profit	Profit which is kept back in the business and used to pay for investment in the business.	Financing Growth
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.	Financing Growth
Share	A part ownership in a business; for example a shareholder owning 25 per cent of the shares of a business owns a quarter of the business.	Financing Growth
Overdraft	Borrowing money from a bank by drawing more money than is actually in a current account. Interest is charged on the amount overdrawn.	Financing Growth
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.	Financing Growth

Topic 3.4: Effective People Management

Key Terms and Definitions

Key Term	Definition	Topic Area
Organisation	The way in which a business is structured for it to achieve its objectives.	Organisational Structure
Organisation chart	A diagram which shows the internal structure of an organisation.	Organisational Structure
Hierarchy	Structure of different levels of authority in a business organisation, one on top of the other.	Organisational Structure
Line manager	Employee who is responsible for overseeing the work of others further down the hierarchy of an organisation.	Organisational Structure
Function	Tasks or jobs. Organisation by function means that a business is organised according to tasks that have to be completed, such as production or finance.	Organisational Structure
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.	Organisational Structure
Subordinate	Workers in the hierarchy who work under the control of a more senior worker.	Organisational Structure
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.	Organisational Structure
Delayering	Removing layers of management and workers in a hierarchy so that there are fewer workers in the chain of command.	Organisational Structure
Empowerment	Giving more responsibility to workers further down the chain of command in a hierarchy.	Organisational Structure
Downsizing	When a business employs fewer workers to produce the same amount through increases in productivity which can be achieved through delayering.	Organisational Structure
Span of control	The number of people who report directly to another worker in the organisation.	Organisational Structure
Delegation	Passing down of authority for work to another worker further down the hierarchy of the organisation.	Organisational Structure
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.	Organisational Structure
Decentralisation	A type of business organisation where decision-making is pushed down the hierarchy and away from the centre of the organisation.	Organisational Structure
Motivation	In work, the desire to complete a task.	Motivation Theory
Hierarchy of needs	Placing needs in an order of importance, starting with basic needs.	Motivation Theory

Communication	Messages passed between a sender and a receiver, through a medium such as a letter or an e-mail.	Communication
Feedback	Response to a message by its receiver to the sender.	Communication
Internal Communication	Communication within the business organisation.	Communication
External Communication	Communication between the business and an outside individual or organisation, like a customer.	Communication
Channel of Communication	The path taken by a message, such as horizontal communication or vertical communication.	Communication
Formal channels of communication	Channels of communication that are recognised and approved by the business and by employee representatives, such as trade unions.	Communication
Informal communication or communication through the grapevine	Communication through channels that are not formally recognised by the business.	Communication
Payment systems	Methods of organising the payment of workers, such as piece rates or salaries.	Remuneration
Manual or blue collar workers	Workers who do mainly physical work like an assembly line worker.	Remuneration
Wages	Tend to be paid to manual workers for working a fixed number of hours per week plus overtime.	Remuneration
Overtime	Time worker over and above the basic working week.	Remuneration
Basic pay	Pay earned for working the basic working week.	Remuneration
Non-manual or white collar workers	Workers who do non-physical work, like an office worker or teacher.	Remuneration
Salary	Pay, usually of non-manual workers, expressed as a yearly figure but paid monthly.	Remuneration
Commission	Payment system usually operated for sales staff where their earnings are determined by how much they sell.	Remuneration
Bonus	Addition to the basic wage or salary, for instance, for achieving a target.	Remuneration
Part-time workers	Employees who work only for a fraction of the working week.	Remuneration
Full-time workers	Employees who work the whole of the working week.	Remuneration
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.	Remuneration
Freelance workers	Workers who tend to be self employed and do particular pieces of work for a business as a supplier.	Remuneration
Fringe benefits	Payments in kind over and above the wage or salary, such as a company car.	Remuneration

Topic 3.5: The Wider World Affecting Business

Key Terms and Definitions

Key Term	Definition	Topic Area
Business Ethics	Ideas about what is morally correct or not, applied in a business situation.	Ethics in Business
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.	Environmental Issues
Developed Countries	Countries with a relatively high income per person.	Economic Issues Affecting International Trade
Developing Countries	Countries with a lower income per person than developed countries.	Economic Issues Affecting International Trade
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 Issues Affecting International Trade
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.	Economic Issues Affecting International Trade
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.	Economic Issues Affecting International Trade
Tariffs or Customs Duties	Taxes put on goods imported into a country which make them more expensive for buyers.	Economic Issues Affecting International Trade
Quotas	Limits on the physical number of goods that can be imported over a period.	Economic Issues Affecting International Trade
Export Subsidies	Measures that reduce the price of goods sold abroad.	Economic Issues Affecting International Trade

Minimum Wage	The lowest payment per hour, day or week that can be given to a worker for their work.	The impact of Government and the EU on Business
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