

Theme 1 Key terms

Key term	Definition	Theme	Sub theme
Brand	A symbol, logo or design that is recognisable and distinguishes a product from competitors	1	1.1.1
Competition	The rivalry among sellers trying to achieve goals such as increasing profits, market share, and sales volume	1	1.1.1
Competitive market	When there are many rivals selling similar products	1	1.1.1
Competitor	A rival business operating in the same market offering similar goods or services/an appropriate	1	1.1.1
Direct competition	Businesses produce similar products that appeal the same group of customers	1	1.1.1
Dynamic market	A market that is subject to rapid/continuous change.	1	1.1.1
Indirect competition	Different businesses make or sell products that are not in direct competition but compete for the same customer experience e.g. Netflix and the local cinema	1	1.1.1
Innovation	The creation, development and implementation of a new product, process or service.	1	1.1.1
Market	Where buyers and sellers interact	1	1.1.1
Market growth	An increase in demand/sales for a particular product/service	1	1.1.1
Market share	The % of the total market a business has in terms of volume or value	1	1.1.1
Market size	The total amount of sales/customers in a market measured by value/volume	1	1.1.1
Mass market	A large unsegmented market where mass appeal products are on sale	1	1.1.1
Niche market	A specialist area of the market/is a subset of the market on which a specific product focuses. It is a smaller segment of a larger market where consumers have specific needs and wants.	1	1.1.1
Online retailing	Selling goods and services on the internet	1	1.1.1
Product innovation	The development/creation of products not previously available	1	1.1.1
Sales volume	The quantity of a good or service sold within a period of time. Calculation Sales revenue/selling price	1	1.1.1
Uncertainty	The inability to predict/a lack of knowledge about future events and outcomes/reasons for uncertainty. Is caused by unexpected often external factors outside the businesses control, even though sometimes these can be predictable	1	1.1.1
Biased questions	Where the findings do not give a true reflection of the views of the target audience on the product or service	1	1.1.2
Consumer behaviour	Observes how consumers make decisions about how they choose and use products or services	1	1.1.2
Databases	An organised collection of data stored electronically with instant access, searching and sorting facilities	1	1.1.2
Face-to-face survey	A research method used where the interviewer communicates directly with the respondent using a questionnaire.	1	1.1.2
Focus group	A group of people who participate in a discussion as part of market research to give feedback about a product or service	1	1.1.2
Government data	Government publications that a business can use such as the census of the population	1	1.1.2
Interview bias	Where the opinion of the interviewer interferes with the judgements of the interviewee	1	1.1.2
Market orientation	When a businesses products/services are based around the needs and wants of the customer.	1	1.1.2
Market reports	A document that contains information, stats, research and facts on a chosen field	1	1.1.2

Market research	Gathering, presenting and analysing information about products/customers	1	1.1.2
Market segmentation	Dividing a whole market into particular customer groups that have similar characteristics	1	1.1.2
Market segments	An identifiable group of individuals/a part of the market where consumers share one or more characteristic or need	1	1.1.2
Observations	Where market researchers watch the behaviour of customers	1	1.1.2
Primary market research	Obtaining data first hand by the business to match the specific needs of the business. It can also be known as field research	1	1.1.2
Product orientation	When a business prioritises a product's design, quality or performance rather than meeting customer preferences to guide production and marketing decisions	1	1.1.2
Qualitative research	Market research collected relating to the opinions and beliefs of consumers. Data not presented numerically.	1	1.1.2
Quantitative research data	Numerical information gathered and can be presented and analysed using graphs, charts, tables etc	1	1.1.2
Respondent bias	When respondents respond inaccurately to a question for some reason	1	1.1.2
Sample	A small group of people who must represent a proportion of a total market when carrying out market research	1	1.1.2
Secondary market research	Data collected by another business or organisation but used by the business in question. Also known as desk research	1	1.1.2
Segmentation	Dividing the market into groups of people with similar attributes or common characteristics	1	1.1.2
Social networking	A platform such as Facebook, X and YouTube to market a business's products/services	1	1.1.2
Survey	A method of (primary) research used to collect information	1	1.1.2
Test marketing	Trialling the product in a small area or to a limited number of users to assess the suitability of a product	1	1.1.2
Trade publications	Specialist magazines that look at current trends in the business world	1	1.1.2
Added value	The increase in value that a business creates when producing a product/service. The difference between the price the customer pays and the total cost of inputs needed to create a product	1	1.1.3
Competitive advantage	A feature of a business and/or its products that enable it to compete effectively with rival producers/products.	1	1.1.3
Differentiation	Making products or services different or distinct from competing products/creating a USP	1	1.1.3
Market mapping	A form of market positioning. It is the use of a 2-dimensional diagram that plots products or services in a market using two key variables. It is used to spot a gap in the market	1	1.1.3
Market positioning	An effort to influence consumer perception of a brand or product, relative to the perception of competing brands or products	1	1.1.3
Product differentiation	The act of distinguishing a product/service from competitors to make it more attractive to a particular target market	1	1.1.3
Complementary goods	Products consumed/used together, so they are purchased together	1	1.2.1
Consumer income	The money earned/received from work/investments	1	1.2.1
Demand	The quantity of goods/services that a consumer is willing to buy at a given price and at a given time	1	1.2.1
Demographics	The structure of the population such as age, gender and geographical distribution	1	1.2.1
External shocks	Factors beyond the control of a business	1	1.2.1
Seasonality	When demand rises or falls at particular times of the year according to seasonal factors	1	1.2.1
Substitutes	Goods that can be bought as an alternative to others, but perform the same function	1	1.2.1

Government subsidies	A payment given to producers, usually to encourage production of a certain good	1	1.2.2
Indirect taxes	Taxes imposed by the government on spending e.g. VAT and Excise duties. Responsibility for payment lies with the business.	1	1.2.2
Supply	The amount that producers are willing/able to produce at a given price/over a given period of time	1	1.2.2
Equilibrium price	The price where supply and demand are equal. Also known as market clearing price	1	1.2.3
Non price factors	Factors other than price e.g. Change in consumer incomes, advertising and seasonality	1	1.2.3
Shortage in markets	Where demand exceeds supply	1	1.2.3
Surplus in markets	Where supply exceeds demand	1	1.2.3
Luxury	Goods that consumers like to buy if they can afford them eg air travel and fashion items	1	1.2.4
Necessity	Basic goods that consumers need to buy eg food, electricity and water	1	1.2.4
Price elastic	Demand is responsive to a change in price	1	1.2.4
Price elasticity of demand (PED)	Measures the responsiveness of demand to a change in price. Always negative due to laws of demand.	1	1.2.4
Price Inelastic	Demand for the product is less responsive proportionately to a change in price	1	1.2.4
Income elasticity of demand (YED)	Measures the responsiveness of changes in demand to changes in consumer income	1	1.2.5
Inferior good	When incomes increase there is a decrease in demand eg budget goods	1	1.2.5
Marketing mix	A plan for using the right blend of product, price, promotion, and place in order to maximise sales	1	1.3
Social trends	Changing patterns in consumer behaviour reflected in changing demands e.g. increased use of social media/being environmentally friendly	1	1.3
Aesthetics	Relates to the appearance of a product	1	1.3.1
Cost (design mix)	When the business focusses on being economically viable, therefore they aim to minimise costs	1	1.3.1
Design for recycling	Producing products using materials that have been discarded as waste and recycled	1	1.3.1
Design for reuse	When materials used in the initial product are utilised again in the future beyond their initial intended use.	1	1.3.1
Design for waste minimisation	Reducing the quantity of resources that are discarded in the production process	1	1.3.1
Design Mix	The combination of factors needed in designing a product and include Aesthetics, Function, Economic Manufacture	1	1.3.1
Ethical sourcing	When a business buys materials that are produced with fair working conditions/pay and minimum impact on the environment	1	1.3.1
Function	Relates to the quality and reliability of a product.	1	1.3.1
Re Branding	A marketing strategy in which a new name, term, symbol, design or combination is created for an established brand with the intention of developing a new, differentiated identity in the minds of consumers, investors, and/or competitors.	1	1.3.1
Resource depletion	The using up of natural resources	1	1.3.1
Advertising	A paid form of communication, used by a business to raise customer awareness of its products, services and brands, to persuade purchases to be made	1	1.3.2

Customer loyalty	Repeat purchases with the same business/favour it over competitors in the same market.	1	1.3.2
Digital communications	The electronic transfer of data	1	1.3.2
Direct marketing	Where a business mail out leaflets or letters to households	1	1.3.2
Emotional branding	The creation of brands that perhaps appeal to customers' emotional nature, rather than their logical side.	1	1.3.2
Manufacture/corporate branding	Brands created by the producers of goods and services eg Kellogg's cornflakes (bear the producers name)	1	1.3.2
Own brand	Products that are manufactured for wholesalers or retailers by other businesses e.g. Tesco Beans	1	1.3.2
Personal selling	Direct communication between a salesperson and the customer	1	1.3.2
Premium price	Charging a higher price than competitors because of customer loyalty that has been built up over a period of time	1	1.3.2
Product branding/General branding	Products that only contain the name of the product category rather than the company or product name e.g. Carrots	1	1.3.2
Promotion	The way a business creates demand/awareness for their product/service.	1	1.3.2
Public relations	An organisation's attempt to communicate with interested parties, usually through unpaid media such as press conferences	1	1.3.2
Sales promotions	Methods of promoting products in the short term to boost sales	1	1.3.2
Social media	Websites and applications that enable users to participate in social networking.	1	1.3.2
Sponsorship	A company giving a product or money to support another business or person	1	1.3.2
USP	A feature that differentiates a product from its competitors	1	1.3.2
Viral marketing	Encouraging customers to share information/adverts through existing social media platforms e.g. Facebook	1	1.3.2
Competitive pricing	When a business sets a price similar to competitors selling similar/rival products	1	1.3.3
Cost plus pricing	A cost-based method for setting the prices of goods and services and is calculated by adding a mark-up percentage to the cost of the product	1	1.3.3
Penetration pricing	Setting a low price initially and accepting limited short-term profits/losses in order to build market share before switching to a more profitable price	1	1.3.3
Predatory pricing	Setting a low price forcing rivals out of the market. This is illegal in the UK	1	1.3.3
Price comparison websites	A website that compares the price of a particular product or service in different stores or from different businesses	1	1.3.3
Price skimming	Setting a high price at the launch of a product, to gain the money back from R&D and to take advantage of those wanting to be the first people to purchase.	1	1.3.3
Pricing strategy	A method used by a business when deciding the price at which a product is sold for	1	1.3.3
Psychological pricing	Tactics that are designed to appeal to a customer's emotional response to prices	1	1.3.3
Channels of distribution	Methods used by businesses to get their products from manufacturer to consumer. It can include intermediaries such as wholesalers and retailers.	1	1.3.4
Distribution	Getting products to the right place for customers and at the right time	1	1.3.4
Distribution channels	The methods by which a product gets from the manufacturer to the consumer	1	1.3.4

Distribution strategy	A plan to get a product or service to the customer	1	1.3.4
Four stage distribution channel	Manufacturer/producer to wholesaler to retailer, then consumer. Examples include groceries and confectionery	1	1.3.4
Online distribution/E-commerce	The use of electronic systems to sell goods and services	1	1.3.4
Place	Where the product can be purchased and is also the process of making a product or service available to the consumer	1	1.3.4
Product	A tangible item offered for sale	1	1.3.4
Service	The non-physical, intangible parts of our economy, as apposed to goods, which we can touch	1	1.3.4
Three stage distribution channel	Manufacturer/producer to retailer, then consumer. Examples include electrical goods and cars.	1	1.3.4
Two stage distribution channel	A direct marketing approach with no intermediary levels e.g. Manufacturer/producer to consumer	1	1.3.4
Boston matrix	A method used to analyse the product portfolio of a business that contains stars, Cash cow, question mark and dog	1	1.3.5
Business to business (B2B)	When a business promotes the sale of products/services to other businesses for use in their operations	1	1.3.5
Business to customer (B2C)	Where a company targets to sell its products to individual customers	1	1.3.5
Consumer loyalty	A preference for a product or brand based on experience and/or an emotional attachment, which inclines buyers to repeat purchases and away from rivals	1	1.3.5
Extension strategy	A plan that is aimed at preventing the decline stage of a product/service's sales in the medium-to-long term	1	1.3.5
Marketing objective	A goal the business aims to achieve through its marketing activities	1	1.3.5
Marketing strategy	The methods used/plan/way chosen to achieve marketing objectives	1	1.3.5
Portfolio analysis	When business considers each of its products in the context of its market position	1	1.3.5
Product life cycle	The stages that a product goes through from introduction to decline	1	1.3.5
Product portfolio	The collection/range/ list of items/products produced/sold/ offered by a business	1	1.3.5
Collective bargaining	Negotiation of wages/conditions of employment between employee representatives / trade unions and the employer	1	1.4.1
Dismissal	Referred to informally as firing or sacking. It is the termination of employment by an employer against the will of the employee.	1	1.4.1
Employer/employee relations	The way in which a company's management and its employees behave towards each other	1	1.4.1
Individual approach (employer/ee relations)	When employers develop relationships with employees at an individual level	1	1.4.1
Multiskilling	The process of increasing the skills of employees	1	1.4.1
Part-time employees	Workers that generally work a few hours or a few days a week. Fewer hours than a full-time employee.	1	1.4.1
Redundancy	When a business needs to reduce the size of its workforce or even close. Redundancy can be voluntary	1	1.4.1
Staff as a cost	A cost to businesses in terms of recruitment, training, remuneration, welfare and even severance	1	1.4.1

Staff as an asset	Employers recognise the input of employees as an important business resource. They contribute to the value of output, whether this is through providing added value to a product by supporting the manufacturing process or through effective customer service	1	1.4.1
Temporary work	The job position is generally for a limited period of time	1	1.4.1
Trade unions	A workforce representative that act to protect and improve the economic and working conditions for their members.	1	1.4.1
External recruitment	When the business looks to fill the vacancy from outside of the business.	1	1.4.2
Induction training	Introductory training given to employees covering its background, policies, health and safety procedures	1	1.4.2
Internal recruitment	Selecting employees who already work within the business to fill job vacancies	1	1.4.2
Off the job training	When employees are given training away from their normal job environment, often in a classroom	1	1.4.2
On-the-job training	Learning/gaining/developing skills whilst at work doing the job	1	1.4.2
Recruitment	The process of finding and selecting workers.	1	1.4.2
Training	The developing of a person, to enhance skills and knowledge. Training can be on-the-job or off-the-job	1	1.4.2
Centralised structure	An organisational structure where business decisions are made at the top of the hierarchy by senior management/or at the headquarters of a business	1	1.4.3
Chain of command	The way authority and power is organised in an organisation	1	1.4.3
Decentralised structure	When a business allows branches to take more control/make their own decisions	1	1.4.3
Flat organisational structure	One with few layers and a wider span of control for each manager	1	1.4.3
Hierarchy	The order or levels of responsibility in an organisation, from the lowest to the highest	1	1.4.3
Matrix organisational structure	Organises employees from different disciplines or divisions into projects/teams	1	1.4.3
Organisation structure	A diagram that shows who is answerable to whom in an organisation. It can also show vertical and horizontal communication links	1	1.4.3
Span of control	The number of employees/subordinates that a manager is responsible for	1	1.4.3
Tall organisational structure	One with many layers and a narrow span of control for each manager	1	1.4.3
Bonus	A sum of money added to an employee's wages/salary as a reward for performance when they reach or exceed their targets	1	1.4.4
Commission	A payment to a worker based on a percentage of the value of sales.	1	1.4.4
Consultation	Employees opinions/feedback are sought when making business decisions	1	1.4.4
Delegation	Authority to pass down from superior to subordinate	1	1.4.4
Empowerment	Giving official authority to employees to make decisions and to control their own work activities	1	1.4.4
Financial incentives	Monetary rewards used to help improve staff motivation and achievement. They can include Piecework, commission, bonuses, profit sharing and performance related pay	1	1.4.4

Flexible workforce	Employees have choice over how/when they work by agreement with the company. E.g. zero hours contracts, homeworking, part-time	1	1.4.4
Herzberg's two factor theory	A theory of motivation that is split into two categories: Motivators and Hygiene factors	1	1.4.4
Job enlargement	Giving an employee more work to do of a similar nature, horizontally extending their work role	1	1.4.4
Job enrichment	Giving employees greater responsibility and recognition by vertically extending their work role	1	1.4.4
Job rotation	The changing of jobs or tasks	1	1.4.4
Maslow's hierarchy of needs	The order of people's needs, starting with basic human needs	1	1.4.4
Mayo's human relations theory	Emphasises the importance of the ways in which people interact and how they are treated. Motivation can improve when employees feel more involved	1	1.4.4
Motivation	The reason for people's actions, willingness and goals.	1	1.4.4
Non-financial methods of motivation	Non-monetary rewards	1	1.4.4
Non-financial techniques	Ways of encouraging employees without the use of monetary rewards e.g Delegation, consultation, empowerment, team working, flexible working, job enrichment, job rotation and job enlargement	1	1.4.4
Performance-related pay	A financial reward to employees whose work is considered to have reached a required standard	1	1.4.4
Piece rate	A payment system where employees are paid an agreed rate for every item produced	1	1.4.4
Profit sharing	A form of financial incentive given to employees, where part of the profit of the business is shared amongst the employees.	1	1.4.4
Taylor's scientific management	Suggested a job could be broken down into constituent parts, so that the most efficient way of working could be calculated. He believes workers are motivated by money	1	1.4.4
Team working	Organising people into working groups that have a common aim	1	1.4.4
Working conditions	The physical surroundings and the atmosphere of the workplace, and the way staff are treated by managers	1	1.4.4
Autocratic leadership	A leadership style where the decision-making is best kept with managers, who will direct subordinates with little consultation	1	1.4.5
Democratic leadership	A type of leadership style in which members of the group take a participative role in the decision-making process. Group members are encouraged to share ideas and communication is two ways	1	1.4.5
Laissez-faire	A leadership style where employees are encouraged to make their own decisions within certain limits	1	1.4.5
Leadership	Having a vision, sharing that vision with others and providing direction.	1	1.4.5
Management	The day-to-day organisation of the business, including staffing.	1	1.4.5
Paternalistic leaders	Leaders that are in control, but take the welfare of employees into account when making decisions	1	1.4.5
Entrepreneur	Someone who organises a business venture by combining the other factors of production, namely land, labour and capital. They take risks to set up a business in hope of profit/reward	1	1.5.1
Entrepreneurship	The activity of setting up a business, taking on risks, normally in the hope of making a profit	1	1.5.1
Risk	Something an entrepreneur can essentially plan for. Probabilities of outcomes are known or at least understood or considered.	1	1.5.1
Entrepreneurial characteristics	Qualities or traits demonstrated by an individual starting up and running a business	1	1.5.2

Entrepreneurial motive	Factors that drive a person to start a business	1	1.5.2
Ethical stance	In support of a moral belief that they believe in	1	1.5.2
Home working	Setting up a business from home	1	1.5.2
Independence	A desire to be their own boss	1	1.5.2
Profit Satisficing	Making enough profit to satisfy the needs of the business owner	1	1.5.2
Social entrepreneurship	Setting up a business and showing concern for the local area	1	1.5.2
Business objective	A goal/target set by the business in the short/medium term to help achieve its aim/mission	1	1.5.3
Cost efficiency	Minimising costs/expenses/waste when producing a product or service	1	1.5.3
Customer satisfaction	Is a measurement of how satisfied a customer is with their purchase	1	1.5.3
Employee welfare	Facilities and benefits provided by a business to meet the well-being of the employee	1	1.5.3
Profit maximisation	When the difference between sales revenue and cost is at its greatest	1	1.5.3
Sales maximisation	An attempt to sell as much as possible in a given time period (or to generate as much sales revenue as possible)	1	1.5.3
Social objectives	A goal to benefit/improve the community	1	1.5.3
Survival	A short-term business objective that aims to keep the business running.	1	1.5.3
Franchise	A business is buys the right to trade using the brand/logo/business model of an existing firm in return for a fee/royalty	1	1.5.4
Franchising	A type of business where a business operator (franchisor) allows others (franchisee) to trade under its name (for a fee)	1	1.5.4
Lifestyle business	A business set up with the aim of making no more than a set level of income from which to enjoy a particular lifestyle	1	1.5.4
Partnership	A type of business ownership/organisation owned by two or more people	1	1.5.4
Private limited company	A small to medium sized business, usually run by the family that owns it. Shares are sold to friends, family, and business associates and it has limited liability.	1	1.5.4
Public limited company	A business with limited liability whose shares are publicly traded on the stock market	1	1.5.4
Social enterprise	A business that has aim/objectives which benefits society and is not for profit/its profits are reinvested into the business/community	1	1.5.4
Sole trader	A business that is owned by one person who has unlimited liability	1	1.5.4
Stock market flotation	When a business sell shares publicly on the stock exchange for the first time	1	1.5.4
Opportunity cost	The next best alternative forgone when making a decision.	1	1.5.5
Trade-off	A situation where having more of one thing leads to having less of something else	1	1.5.5
Leader	A person who inspires and motivates others to meet objectives	1	1.5.6
Salaries	A fixed regular payment to an employee	1	
Wages	A payment made to the employee from the employer, usually paid on an hourly or daily basis	1	