

KS4 Business Key Words

Supplier	A business which sells (or supplies) products to another business.
Customer	Any person or organisation which buys or is supplied with a product or by a business
Consumer	The person who ultimately uses (or consumes) a product.
Customer Needs	The wants and desires of buyers of a product or the customers of a business
Market Research	The process of gaining information about customers, competitors and market trends through collecting primary and secondary data.
Primary (or field) research	The gathering of new information, called primary data, which has not been collected before.
Questionnaire	A list of questions to be answered by respondents, designed to gather information about consumers' tastes.
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
Qualitative data	Information about opinions, judgements and attitudes.
Quantitative data	Data that can be expressed as numbers and can be statistically analysed.
Market segment	Part of a market that contains a group of buyers with similar buying habits, such as age or income.
Gap in the market	Occurs when no business is currently serving the needs of customers for a particular product.
Product range	A group of similar products made by a business like a number of different soap products.
Brand	A named product which customers see as being different from other products and which they can associate or identify with.
Unique selling point or USP	A characteristic of a product that make it different from other similar products being sold in the market such as design, quality or image.
Entrepreneur	A person who owns and runs their own business and takes risks.
Enterprises	Another word for businesses.
Goods	Physical, tangible products like a car, a pair of scissors or a television set.
Services	Non-physical, intangible products like a taxi journey, a haircut or a television programme.
SMART	Specific, measurable, achievable, realistic and timeconstrained.
Revenues Sales Revenue Turnover Sales Turnover	The amount of income received from selling goods or services over a period of time
Total Revenue	$TR = P \times Q$ Total Revenue = Price x Quantity
Sales volume	The number of items or products or services sold by a business over a period of time.
Fixed costs	Costs which do not vary with the output produced such as rent, business rates, advertising costs, administration costs and salaries.
Total Costs	All the costs of a business; it is equal to fixed costs plus variable costs.
Total Costs	$TC = FC + VC$ Total Costs = Fixed Costs + Variable Costs
Variable Costs	Costs which change directly with the number of products made by a business such as the cost of buying raw materials

Profit	Occurs when the revenues of a business are greater than its costs over a period of time
Loss	Occurs when the revenues of a business are less than the costs over a period of time.
Profit/ Loss	Profit/ Loss = Total Revenue – Total Cost
Cash	Notes, coins and money in the bank
Cash Flow	The flow of cash into and out of a business
Inflow	The cash flowing into a business, its receipts
Outflow	The cash flowing out of a business, its payments
Net Cash Flow	The receipts of a business minus its payments
Cash Flow Forecast	A prediction of how cash will flow through a business in a period of time in future
Insolvency	When a business can no longer pay its debts
Cash Flow Forecast	A prediction of how cash will flow through a business in a period of time in future
Opening Balance	The amount of money in a business at the start of the month
Closing Balance	The amount of money in a business at the end of the month
Loan	Borrowing a sum of money which has to be repaid with interest over a period of time, such as 1-5 years.
Mortgage	A loan where property is used as security.
Shareholders	The owners of a company
Dividend	A share of the profits of a company received by shareholders who own shares.
Retained Profit	Profit which is kept back in the business and used to pay for investment in the business.
Leasing	Renting equipment or premises.
Overdraft	Borrowing money from a bank by drawing more money than is actually in a current account. Interest is charged on the amount overdrawn.
Promotion	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.
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 chart	A graph which shows total revenue and total cost, allowing the breakeven 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