

Year 10 Business Vocabulary List

(Tier 2 and Tier 3)



COMMAND WORDS (specific meaning for Business Examination)

Define (1 mark) - define a term from the specification content

Give (1 mark) - give an answer testing recall of knowledge from the specification content

State (1 mark) - give an answer, no longer than a sentence that is **contextualised**.

Identify (1 mark) - select the correct answer from reading a graph or table of data.

Outline (2 marks) – give an answer with **one linked strand** of development about a business concept or issue that is **contextualised**.

Explain (3 marks) - give a statement of fact, with **two linked strands** of expansion. There is **no context** in these questions.

Discuss (6 marks) - write an extended answer using **5 linked strands (over one or two paragraphs)** of expansion. Answers are **not contextualised** but you may bring your own one in for illustration.

Analyse (6 marks) - write an extended answer using **5 linked strands (over one or two paragraphs)** of expansion. Answers must be **contextualised**

Justify (9 marks) - write a **contextualised** extended answer using **5 linked strands over two 'balanced' paragraphs** along with a concluding paragraph which makes a supported option recommendation (use CB MID LRVSR). Business terms (words) should be present in each paragraph.

Evaluate (12 marks) - write a **contextualised** extended answer using **5 linked points over two 'balanced' paragraphs** along with a concluding paragraph (use CB MID LRVSR).

Note the following acronym for 'linked strands':

A BLT ME FC

- **A** = Answer
- **B** = Because
- **L** = Leads to
- **M** = Means
- **E** = for Example
- **F** = Furthermore
- **C** = Consequently

Note the following acronym for 'conclusions':

CB MID LRvSR

- **C** = in Conclusion
- **B** = Because
- **MI** = Most Importantly
- **ID** = It Depends
- **LR** = Long Run
- **SR** = Short Run

Theme 1.1.1 – The Dynamic Nature of Business

Enterprise – entrepreneurial activity. Can also refer to a business or company.

Entrepreneur – someone who creates a business, taking on financial risks with the aim of making a profit from the business

Consumer – someone who buys and uses goods and services.

Obsolete – out of date or not used anymore

Theme 1.1.2 – Risk & Reward

Risk – the likely chance of a negative event occurring such as a business failing.

Reward – the positive outcome of running a business such as making a profit.

Profit – Total revenue – total costs

Success – When a business achieves its aims and objectives (see topic 1.3.1)

Failure – Where a business fails to achieve its aims and objectives. Failure often refers to financial failure when a business makes a loss or becomes insolvent.

Theme 1.1.3 – The Role of Business Enterprise

Added value – the difference between the selling price of a product and what it cost to produce.

Entrepreneur - someone who creates a business, taking on financial risks with the aim of making a profit from the business.

Enterprise – entrepreneurial activity. Can also refer to a business or company.

Services – non-physical items, such as hairdressing.

Unique selling point (USP) – something that makes a product stand out from its competitors.

Theme 1.2.1 – Customer Needs

Choice – an act of choosing between two or more possibilities

Customer needs - things that customers require when purchasing a product or service.

Convenience- a product or service's ability to fit in with a customer's lifestyle or routine. How easy something is to use or how easy it is to access a location.

Consumer – someone who buys and uses goods and services.

Theme 1.2.2 – Market Research

Market research – the process of gathering information about the market and customer needs to help inform business decisions.

Primary research - any type of research that you collect yourself. The data has not been collected before. It is also known as field research. Examples include surveys, questionnaires, focus groups and observation.

Secondary research - is also known as desk research. The data has already been collected and published. This includes gathering research from places such as the internet, market reports and the government.

Qualitative data – this is non-numeric data that aims to find out people's opinions and what they think.

Quantitative data – numerical data that can be analysed mathematically using statistics.

Theme 1.2.3 – Market Segmentation

Segmentation – the process of breaking something up into smaller parts.

Demographics – information and statistics that relate to the structure of the population.

Lifestyle – the way in which customers live their lives, including the things they like to do in their spare time.

Market map – the process of creating a diagram that maps all of the products in a market against two common features, for example price and quality.

Theme 1.2.4 – The Competitive Environment

Direct competition – a competitor who sells the same type of product or service.

Indirect competition – a business that provides competition because it sells a substitute product.

Customer service – how a business supports and helps a customer before, during and after they purchase a product.

SWOT analysis – a study undertaken to identify the strengths, weaknesses, opportunities and threats of a business.

Theme 1.3.1 – Business Aims & Objectives

Aims – a broad goal or achievement

Objectives – like an aim, but more specific and measurable (quantifiable)

Survival – Where a business can generate enough revenue to keep trading

Market share – a percentage of the total market occupied by a business in terms of sales revenue or products sold.

Personal satisfaction – Where a business owner will setup and run a business because they take pleasure and have an interest in what they do / sell.

Financial security – Whereby a business owner generates enough income from their business to meet their needs

Social objectives – Business objectives linked to providing positive outcomes for the community or environment.

Theme 1.3.2 – Business Revenues, Costs & Profit (A)

Fixed costs – Costs that do not change in the short-term with the level of output. Fixed costs are also called running costs (overheads) that have to be paid.

Variable costs – Variable costs change and are linked to the level of output.

Total costs – Total fixed costs + total variable costs

Revenue – Price x quantity sold (the income generated by a business when selling its products and services)

Profit - Total revenue – total costs (profit is one reward for successfully running a business)

Interest – a charge (%) on loaned (borrowed) money or the return paid on savings.

Theme 1.3.2 – Business Revenues, Costs & Profit (B)

Break even – a point where a business is able to cover its total costs – the business makes neither a profit or a loss.

Break even level of output – Fixed costs / price – variable cost per unit. The quantity of products a business needs to produce and sell in order to break even.

Margin of safety – The difference in the level of output (or sales) and the break even point.

Theme 1.3.3 – Cash & Cash Flow

Cash – funds available to a business to pay short-term running costs.

Insolvency – Where a business is unable to pay its running costs

Cash inflows – any flow of cash into a business

Cash outflows – any flow of cash out of a business

Cash-flow forecast – a table used to calculate the cash position of a business over time.

Net cash flow – the difference in a given time period between cash inflows and cash outflows

Opening balance – A business's cash balance carried forward into the next period (e.g. next month)

Closing balance – the difference between a business's net cash flow and opening balance.

Theme 1.3.4 – Sources of Finance

Short-term sources of finance – A source of finance to be repaid in under a year.

Long-term sources of finance – A source of finance to be repaid in more than one year.

Overdraft – An overdraft is a buffer that allows a business to overspend (have a negative balance) on its bank account.

Trade credit – Purchasing stock or raw materials from a supplier with the option to pay for the goods at a later point.

Personal savings – Money saved by the owner or borrowed from friends or family.

Venture capital – Investment from an individual or business for a share of a company or agreed return on their investment.

Share capital – Investment into a private limited company by its owners (shareholders).

Loan – Borrowing from a bank to be paid back over an agreed period and with an agreed rate of interest.

Retained profit – profit reinvested back into the business instead of being returned to shareholders.

Crowdfunding – Small investments into a business project or start-up from a large number of investors through a crowdfunding platform.

Theme 1.4.1 – Options for a Start Up Business

Franchise – when one business gives another business permission to trade using its name and products in return for a fee and share of its products.

Franchisee – an entrepreneur who pays a fee to trade using the name and products of an established business.

Franchisor – an established business that gives permission to an entrepreneur to trade using its name and products.

Limited liability - where the level of risk is limited to the amount of money that has been invested in the business or promised as an investment.

Partnership – a business that is owned by a group of two or more people who share the financial risk, the decision-making and the profits.

Private limited company - an incorporated business that is owned by shareholders who have limited liability. Shares are not traded on a public stock exchange.

Sole trader – a type of unincorporated business that is owned by one person and who has unlimited liability.

Unlimited liability – where the level of risk goes beyond the amount invested in a business, so the personal assets of the business owner can be used to pay off the business's debts.

Theme 1.4.2 – Business Location

E-commerce – using the internet to carry out business transactions.

Labour – workers or the workforce.

Proximity – nearness. How close a business is to competitors, workers, customers.

Theme 1.4.3 – The Marketing Mix

Digital communication – any form of communication from a business that is carried out using email, social media or text message.

Marketing mix – using the internet to carry out business transactions.

Price – the amount a customer needs to pay to receive the product.

Product – the actual good or service that the business is offering for sale.

Promotion – the range of activities a business uses to make customers aware of its products and to encourage customers to buy them.

Place – where a customer can buy the product a business sells. This could be online, in a store, from a vending machine and so on.

Theme 1.4.4 – Business Plans

Bank loan – a fixed sum of money lent by a bank to an individual or a business for a specific purpose.

Business plan – a document that outlines how an entrepreneur is going to set up a new business.

Cash-flow – the amount of money coming in and going out of the business.

SMART objectives – goals for a business that are Specific, Measurable, Achievable, Realistic and Time-bound.

Theme 1.5.1 – Business Stakeholders

Stakeholder – anyone who has an interest in the activities of a business or could be affected by business activities.

Shareholders – investors who have bought shares in a limited company and are part-owners of a company.

Pressure groups – a group of people who join together to try and influence businesses or the government for a particular cause.

Conflict – a serious disagreement between two or more different parties.

Theme 1.5.2 – Technology & Business

E-commerce – the process of using the internet to carry out business transactions.

Social media - communication among people in which they create, share, and/or exchange information and ideas in virtual communities and online platforms.

Digital communications – communication between people using SMS (text messaging), email and online platforms.

Payment systems – methods used to pay for products and services by businesses and its customers.

Marketing mix – decisions made by a business to attract customers. A combination of decisions linked to price, product, place and promotion.

Theme 1.5.3 – The Economy & Business

Legislation – the laws that a country must comply with.

Consumer – somebody who uses goods and services.

Discrimination – when someone is treated differently to someone else because of a particular characteristic, such as disability, their ethnicity or their gender.

Minimum wage – the lowest legal rate of pay for employees, depending on their age and their type of employment.

Health and safety - concerned with the safety, health, and welfare of people in a business.

Theme 1.5.4 – Technology & Business

The economy – all activity related to production, consumption, and trade of goods and services in an area.

Unemployment – the number of people of working age who are able to work but are not currently in work.

Consumer income – the amount of money that a consumer earns from either work or investment.

Inflation – a measure of the increase in prices over a period of time.

Interest rates – the amount charged for borrowing money.

Taxation – funds collected by a government to fund public services.

Exchange rates – a measure of the value of one currency against the value of another currency.

Theme 1.5.4 – External Influences

External influence – a factor that is outside the control of a business.

Legislation – the laws of a country.

Economic climate - the general state of the regional, national, or global economy.