

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
	A unique design/sign/symbol/words/logo which makes it recognisable/distinguishes/differentiates it from its competitors		
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	1	1.1.1
	A rival business operating in the same market offering similar goods or services e.g. KFC and McDonalds		
Direct competition	Businesses produce similar products that appeal to 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
	Creating a new idea/product/process and turning it into a marketable/sellable product/service		
	Putting new ideas/designs into action		
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
	A specialised section of the market where customers have specific needs/wants.		
	A small section of a market with distinctive specialised requirements		
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 business's control, even though sometimes these can be predictable	1	1.1.1
Biased questions	Where the questions do not produce findings that give a true reflection of the views of the target audience on the product or service	1	1.1.2

Consumer behaviour	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 business's products/services are based around the needs and wants of the customer.	1	1.1.2
	The business finds out the needs and wants of the customers and responds to them/meets customer requirements		
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, table 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 You Tube, which can be used to market a businesses 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
	The difference between the selling price and the cost of inputs		

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
	Using differentiation/USP to have an edge over the competition		
Differentiation	Making products or services different or distinct from competing products/creating a USP	1	1.1.3
	Making a product distinctive from competitors products OR creating a USP		
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 E.g. printer and printer ink	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 E.g. petrol car and electric car	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
	The amount that producers are willing and able to produce at a given price.		
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 e.g. air travel and fashion items	1	1.2.4
Necessity	Basic goods that consumers need to buy e.g. food, electricity and water	1	1.2.4
Price elastic	Quantity demand is responsive to a change in price	1	1.2.4
Price elasticity of demand (PED)	Measures the responsiveness of quantity demanded to a change in price. Always negative due to laws of demand.	1	1.2.4
	Measures the responsiveness of quantity demanded to a change in price.		
Price Inelastic	Quantity demanded 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 quantity demanded to changes in consumer income	1	1.2.5

	To estimate how quantity demanded will change given changes in income		
Inferior good	When incomes increase there is a decrease in quantity demanded e.g. 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
	Changing patterns in consumer behaviour reflected in changing demands		
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 a product is designed to allow for disassembly at the end of its life and the re-use of the materials.	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 including Aesthetics, Function, Economic Manufacture	1	1.3.1
	The combination of elements, (function, aesthetics, cost) that a business considers when creating a product		
	The combination of factors needed in designing a product OR Aesthetics, Function, Economic Manufacture		
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
	Involves the business buying materials that are produced with fair working conditions/pay and minimum impact on the environment		
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	Customers favouring a business over competitors when making a purchase/favour it over competitors in the same market.	1	1.3.2
	Repeat purchases with the same business		
	Means that customers will return to the business again and again/favour it over competitors in the same market		
Digital communications	The electronic transfer of data	1	1.3.2
Direct marketing	Where a business mails out leaflets or letters to households	1	1.3.2
Emotional branding	The creation of brands that may 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 e.g. 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 charging a high price due to a lack of substitutes.	1	1.3.2
Product branding/Generic 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 its product/service.	1	1.3.2
	A way of making customers aware of the brand/business and persuading them to buy products e.g advertising/discounts		
	The way in which a business creates awareness and interest in its product/service		
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
	A form of promotion in which funds are provided for a sporting, cultural, or social event in return for prominent display of the business's brand name or image.		
USP (Unique Selling Point)	A feature that differentiates a product from its competitors	1	1.3.2
	A feature that makes a product stand out from the competition		
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 and higher price	1	1.3.3
Predatory pricing	Setting a low-price forcing rivals out of the market. This is illegal in the UK but difficult to prove	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
	The approach a business takes to setting the price of its product/service e.g. penetration, price skimming, cost plus, competitive, predatory, psychological		
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 manufacture to consumer. They 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 opposed 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 cows, question marks and dogs	1	1.3.5
	A method used to analyse the product portfolio of a business		
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
	A method used to lengthen the life/sales of a product/service		
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/employee 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,	1	1.4.1

	whether this is through providing added value to a product by supporting the manufacturing process or through effective customer service. Note that in accounting terms, staff are an expense not an asset.		
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
	Learning/gaining/developing skills whilst at work doing the job		
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
	Allows branches to take more control/make their own decisions.		
Flat organisational structure	A structure 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
	A sum of money added to an employee's wages/salary as a reward for performance		
Commission	A payment to a worker based on a percentage of the value of sales.	1	1.4.4
Consultation	Employee 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
	Employees have choice over how/when they work by agreement with the company.		
Flexible working	Offering different working hours/location/pattern of working that improve work-life balance/motivation for employees	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
	Ways of encouraging employees without the use of monetary rewards		
	Include consultation, empowerment, team working, flexible working and job rotation		
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 believed workers are motivated by money	1	1.4.4
	Employee pay should be related to the amount of work they do/Money is the most appropriate motivator for employees		
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 the hope of profit/reward	1	1.5.1
	An individual who sets up and runs a business taking on the financial risk		
	A person who sets up a business/takes risks in the hope of profit/reward		
Entrepreneurship	The activity of setting up a business, taking on risks, normally in the hope of making a profit	1	1.5.1
Resilience	The ability to recover from difficulties and try again	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	1	1.5.2
Home working	Setting up a business from home	1	1.5.2
Independence	A desire to be one's 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 social issues	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
Objective	A goal/target set by the business to help achieve its aim/mission	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 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
	A business is allowed to trade using the brand/logo/business model of an existing firm in return for a fee/royalty		
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
	Shares are available to the public on the stock exchange. Are owned by shareholders/has limited liability		
Social enterprise	A business that has aims/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 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
	A situation in which the benefits of one option are reduced in return for increased benefit of another option.		
Leader	A person who inspires and motivates others to meet objectives	1	1.5.6