

# Glossary

- Advertising:** How a business promotes the products and services that they sell to its customers
- Aesthetics:** How a product looks or feels
- Articles of association:** Details of the internal rules of the company
- Attracting customers:** When a business uses strategies like advertisements or sales promotions to catch the eye of customers, so they will purchase a product or service from the business
- Break-even:** The point at which a business makes no profit and no loss. It is the point at which total costs equal total revenue
- Business angel:** Wealthy entrepreneur who provides a business owner with a substantial sum of money to help set up a business. In return, they receive a proportion of the organisation's profits
- Business plan:** Description of a business's aims and targets. It summarises the actions required in order to make these a reality
- Cash flow:** The movement of money in to and out of a business
- Contribution:** The amount left over after variable costs have been taken away from sales revenue. Contribution per unit is calculated as selling price per unit less variable cost per unit
- Copyright:** Provides and protects ownership of original creative and intellectual work – such as, music and books
- Costs:** Expenses that business organisations incur when producing and selling their different products and services
- Crowdfunding:** Groups of investors join together to offer finance to a business
- Customer retention:** Ability of a business organisation to keep customers
- Customer service:** A key functional area which deals with a variety of different needs and questions from customers – before, during and after sales have been completed
- Customer reviews:** When a business asks for the opinions of its customers so the business can continue to make the products or services the customers need and want
- Entrepreneur:** Individual (risk taker) who has a business idea and plans to set up a new business organisation
- Extension strategy:** Action a business can take to extend the life of a product and increase sales
- Fixed costs:** Costs that remain unchanged when the output of a business changes
- Franchise:** A business where the owner of the business idea grants a licence to another business to operate its brand or business idea
- Function:** Job for which the product was designed to do
- Functional activities:** The range of tasks that each functional area will complete within their area of specialism
- Functional areas:** The different sectors of a business which are divided into different areas of professional expertise
- Limited liability:** When the business owners are liable only up to the amount of money they have invested in the business
- Loan:** Long-term source of finance offered by banks, building societies or other financial institutions
- Logistics:** How a business manages the production of their product from manufacture to point of sale
- Market:** Place where buyers and sellers come together to trade goods and services
- Market research:** Methods a business uses to research information for a specific purpose
- Market segmentation:** Division of a market into groups or segments
- Market share:** Section of a market controlled by a particular business
- Memorandum of association:** Details of the nature, purpose and structure of the company
- Own savings:** Money that a business owner invests in their business
- 4Ps:** Stand for product, price, place and promotion. Also known as the marketing mix
- Partnership:** A business that is owned and controlled by two or more individuals
- Patent:** Provides legal ownership of new inventions and prevents these from being used or produced by others
- Pricing strategy:** Method that a business uses to attract customers to a particular product by changing the regular price to one that is often cheaper than its competitor

- Primary research:** Completed by a business for their own research purposes
- Product knowledge:** Detailed understanding of the product that a business sells
- Product life cycle:** Traces the journey of product from its development and launch to its removal from sale to the public
- Profit:** Financial gain. It is calculated as the difference between the total revenue and total costs
- Qualitative data:** Opinions of others – difficult to present in charts, so usually presented in a report
- Quality control:** Ensuring the finished product meets the standards that are expected
- Quantitative data:** Fact based and statistical information often presented in graphs or charts
- Retaining customers:** Methods adopted to encourage customers to return to the business to purchase more products in the future
- Revenue:** The total amount of money a business earns from selling its goods or providing its services
- Sales promotions:** Offers that a business promotes to encourage more sales for their business

- Secondary research:** Completed using data from other existing sources
- Small business grants:** Sums of money available from various charities or the government to help individuals set up a business
- Sole trader:** A business that is owned and controlled by one person
- Target market:** Particular group of customers at which a good or service is aimed
- Total costs:** Calculated by adding together all the organisation's costs for any particular level of output
- Total revenue:** Total amount of money earned at a particular output level. It is calculated as selling price per unit x output level (number of sales)
- Unique selling point (USP):** Key feature that separates that makes a product different from its competitors
- Unlimited liability:** When business owners are personally liable for the debts of the business in the event that the business cannot pay them
- Variable costs:** A cost that can vary directly with (and are totally dependent on) the level of output