

Year 9 Cycle 3 – Influences on Business

1. Key Terms

Acquisition	The purchase of a company by another
B2B	Business to Business
B2C	Business to consumer
Advertising	Promotional method of raising awareness of a business
Asset	A resource owned by a business that is of value
Brand image	Distinguishing features of a product or service
Business	An organization set up to meet customer demand and to make a profit for its owners
Business plan	A document produced by a new or existing business showing the objectives and how they will be met
Capital	The initial money that is needed to start a business
Cash flow	Money in and out of a business
Consumer	The person or business that uses the product or similar goods or services
Employment level	The % employment rate in a country (affects spending)

2. Technology

E-Commerce	Buying and selling of products over the Internet
ICT	Information and communication technology
M-commerce	Using smart phones to promote or sell
Telesales	Direct selling over the phone

3. Ethics

Ethics	Morals, policies and practices
Ethical objectives	Goals that relate to fair business practice or moral guidelines
Discrimination	Against a particular characteristic
Moral	Right and wrong

4. Laws

legislation	A set of rules that govern the way society operates
consumer law	Laws that prevent businesses from treating their customers unfairly
employment law	A legal agreement between employers and employees
Health and safety	(1974) Rules that manage health and safety in the workplace
Equality Act (2010)	Protects people from discrimination in the workplace and wider society

5. Competitive environment

Competitive pricing	Setting the price of a product so it is in line with competitor's prices
Competition	The rivalry between businesses looking to sell their goods/ services in the same market
Market gap	An opportunity for a business to provide a good or service not currently available

6. Sustainability

Economies of scale	Average costs of a business decrease due to bulk buying / using machinery
Environmental expectation	Effect on businesses of consumer and producer concerns about the environment
External growth	Methods of business growth using acquisitions, mergers and takeovers
Air pollution	An environmental consideration – waste into the air
Noise pollution	An environmental consideration – disrupts surrounding environment
Pressure group	Individuals with a common cause and campaign to achieve it
Recycling	Waste products are found an alternative use
Sustainability	To ensure that production in an economy can continue in the future

7. Tax / Finances

Interest rates	Costs occurred from borrowing money expressed as a %
APR	Annual percentage rate
Balance sheet	An overview of the company's assets, liabilities and capital
Break-even	No profit or loss
Commision	Payment made on top of wage depending on sales
Average rate of return	Annual % profit/ ARR = Average annual profit (total profit from investment ÷ number of years) x 100 ÷ initial cost of the investment
Gross profit	Gross profit = total revenue – cost of sales
Gross profit margin	% profit (without business expenses) gross profit ÷ sales revenue x 100
Overdraft	Where a business has an agreement to take out more money from their bank

9. Globalisation

Globalisation	Growing integration of the world's economies
International trade	Buying and selling of goods and services across borders
Migration	The movement of people from one place to another
Multinational corporations	Companies that operate in at least one other country
Export	Goods / services sold to a customer in another country

PRODUCT LIFE CYCLE

