

Business Math Terms Study Sheet 5

1. Blue chip stocks Stocks of well-established companies with a history of stable earnings and dividends.
2. Diversification Spreading investments across different assets to reduce risk.
3. Market segmentation Dividing a market into distinct groups of buyers who have different needs or characteristics.
4. Outsourcing Hiring an outside company to perform services or produce goods instead of doing it internally.
5. Value proposition The unique benefits a product or service offers to customers.
6. Microeconomics The study of individual behavior and decision-making in the economy.
7. Macroeconomics The study of the economy as a whole, including factors like inflation, unemployment, and GDP.
8. Price ceiling A legal maximum price that can be charged for a good or service.
9. Price floor A legal minimum price that can be charged for a good or service.
10. Monopoly A market structure in which a single seller dominates the market for a particular good or service.
11. Oligopoly A market structure in which a few large firms dominate the market for a particular good or service.
12. Perfect competition A market structure in which many small firms sell identical products and have no market power.
13. Monopolistic competition A market structure in which many firms sell similar but not identical products.
14. Sunk cost A cost that has already been incurred and cannot be recovered.
15. Opportunity cost The value of the next best alternative that must be forgone when a decision is made.
16. Law of demand The principle that, all else being equal, as the price of a good or service increases, the quantity demanded decreases.
17. Law of supply The principle that, all else being equal, as the price of a good or service increases, the quantity supplied increases.
18. Economies of scope The cost advantages that a business gains from producing a variety of products or services.
19. Mergers and acquisitions The combining of two or more companies into a single entity, often through the purchase of one company by another.
20. Amortization The process of paying off debt with regular payments over a period of time.