Cheatography

Economics and Business Cheat Sheet

by Phoebe Zhang (Phoebe12) via cheatography.com/30133/cs/13524/

Types of markets

Retail	the sale of goods and services from businesses to an end user (called a customer).
Labour	the availability of employment and labour, in terms of supply and demand.
Financial	any marketplace where trading of securities including equities, bonds, currencies and derivatives occurs.
Property	business or trade in land and houses.

Government influence on markets

Protecting property rights	protects your land, possessions and intellectual property.
Maintaining competition	prohibits monopolies, prevents companies from hindering competition.
Protecting consumers	provides info on products/ensure they're safe.
Protects health and wellbeing of workers	protects health/well-being of labourers.
Addressing externalities	government will promote positive externalities and limit negative ones.

Government influence on markets (cont)

Providing public goods	government products some goods and services to use at no charge.
Providing economic stability	government ensures job security and price predictability
redistributing income	collect taxes and share with others for better income equality; unemployment welfare ect.

Externality: something outside of anyone's control.

Business sucess

A business owner should aim to produce a high-quality product. This means that the product will be reliable, safe and easy to use, durable, well designed and delivered to customers on time.

-introduce premium features

-ensure durability and reliability

-achieve better performance than competitors

Exposing the product is essential for retail business. A business generally needs to locate as close as possible to it's customers or suppliers. Avoid locating businesses close to competitors. The area reputation is also an important factor.

Careful financial management is vital- cash flow must be maintained. The owner must ensure that the business is profiting.

Consumer rights

‘Consumer rights’ are the rights you have when you buy something – either a product or a service.

The consumer guarantee states that the products you buy must be:

-be safe

-be of reasonable quality

-do all the things a reasonable person would expect them to

-match descriptions made by the salesperson, on the packaging and labels, and in promotions or advertising

-not have any hidden costs associated with their use or purchase

-meet any extra promises made about performance, condition and quality, such as lifetime guarantees and money-back offers

-have spare parts and repair facilities available for a reasonable time after purchase

Services that are provided by people must:

-be provided with acceptable care and skill, taking all necessary steps to avoid loss or damage

-achieve the results that the consumer and the business had agreed to

-be delivered within a reasonable time if there is no agreed end date

*see Australian Consumer Law

Key Terms

Goods	tangible items that satisfy people's wants (items you can see, touch and purchase)
Services	the subject that deals with the production, distribution and consumption of goods and services
Supply	the total amount of a specific good or service that is available to consumers
Demand	consumer's desire and willingness to pay a price for a specific good or service
Wants	desires for goods and services that are not essential to live
Surplus	supply of goods and services exceeds demand
Shortage	demand for a product or service exceeds its supply in a market
Producer	individual or group that exchanges any type of good or service in return for payment
Consumer	person/group who agrees to buy goods or services
Price equilibrium	supply of goods is equal to demand

Supply and Demand

The Law of Demand

The law of demand states that, if all other factors remain equal, the higher the price of a good, the less people will demand that good.

The Law of Supply

The law of supply states that the higher the price, the higher the quantity supplied.

Equilibrium

When supply and demand are equal (i.e. when the supply function and demand function intersect) the economy is said to be at equilibrium.

Disequilibrium

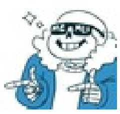
Disequilibrium occurs whenever the price or quantity is not equal to P or Q

Excess Supply

If the price is set too high, excess supply will be created within the economy and there will be allocative inefficiency.

Excess Demand

Excess demand is created when price is set below the equilibrium price. Because the price is so low, too many consumers want the good while producers are not making enough of it.



By **Phoebe Zhang** (Phoebe12)
cheatography.com/phoebe12/