



Terms and Definitions

Module 6

Competition-based pricing – using what your competition charges as a guide to determine the price of your goods or services

Competitive advantage – something that puts your business ahead of the competition

Competitive intelligence – data and information collected about the competition

Competitive matrix – a tool used to compare your business to others

Competitor – businesses that provide the same or similar products or services that are focusing on the same market

Differentiator – something about your business that is different, distinguishes your business from others

Direct competitor - a business that offers a product or service that is the same or similar to yours and is competing with you for market share

Economics of one unit - the profit or loss for each unit or item sold

Exporting – selling goods and services to customers in other countries

Fair trade – an effort to ensure that developing nations have the ability to compete on the world market and earn profits on their exported goods to improve their conditions

Foreign exchange rate – the value of the dollar in different countries

Global economy – how goods and services are provided as we interact around the world

Importing – buying or bringing goods and services in from other countries

Indirect competitor – businesses that sell products or services that are different from your own, but can be used in place of what you offer

Market – people and businesses that are willing and able to purchase your goods or services

Market share – the percentage of the market, or percentage of sales in a market that is captured by a business

Overhead – also called operating expenses; the expenses that have to be paid to stay in business

Profit – the difference between the amount earned and the amount spent in buying, operating, or producing something

Profit motive – an incentive for businesses; they take risks and go into business for the potential to earn profits

Quota – a limit on the number of a product or service that can be imported

Serviceable available market (SAM) – the segment of the total available market (TAM) that is within your geographical reach and part of your target market

Serviceable obtainable market (SOM) – the part of the market that you are able to capture

Strong direct competitor – a business whose main product or service is similar to your own

Tariff – a fee that has to be paid on imported goods

Total available market (TAM) – also called total addressable market; the revenue opportunity available for a product or service

Trade barrier – obstacles that governments create to limit international trade

Weak direct competitor – a business that offers a similar product or service to your own, although this isn't their main product