

Business

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Leaving Certificate

Sixth Year Higher Level

2021/22

Chapter 14 of 26

Business Ideas [Unit 5]

STUDENT NAME:



CONTENTS

Internal Sources of New Ideas	pp2-4
External Sources of New Ideas	pp5-8
Development Process of a New Product	pp9-14
ABQs on Chapter 14	pp15-18
Past Exam Papers with Solutions	pp19-41



Unit we are doing:	Chapters in this unit	WHERE IT MIGHT APPEAR ON THE EXAM		
		Short	ABQ	Long Questions
Unit 5	Chapters 14, 15, 16, 17 and 18	✓	✓	Q5 or Q6 or Q7 or Q8

If you are thinking about setting up your own business, the first thing you need is a good idea – one that will make you lots of money. You need to get your thinking cap on and think of a promising idea. You don't necessarily need to be an inventor. You just need to get **inspiration** from somewhere.

In the 1980s, Geoff Read noticed that sales of mineral water in Ireland were increasing but that all of the brands were imported. He did some market research and spotted an opportunity for an Irish water. He resigned from his job and set up Ballygowan.



In 1990, Ireland played Holland in the World Cup. Irish fans in England couldn't watch the match because British TV was showing an England game instead. This inspired Michael O'Rourke and Leonard Ryan to rent a club in London, organise a satellite feed of the match and charge Irish fans £10 to watch it in the club. More than 800 Irish fans turned up. This success inspired them to set up Setanta Sports (now called eir Sport) to broadcast Gaelic football and hurling into the UK and US.

These entrepreneurs became successful because they had an inspired idea for a business. So, the question is: Where do *you* get a good idea for a business? There are two main sources:

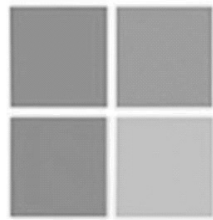
- ✦ **Internal sources** means getting ideas from your own strengths and weaknesses.
- ✦ **External sources** means getting ideas from opportunities and threats in the outside market.

INTERNAL SOURCES OF BUSINESS IDEAS

	2 1	2 0	1 9	1 8	1 7	1 6	1 5	1 4	1 3	1 2	1 1	1 0	0 9	0 8	0 7	0 6	0 5	0 4	0 3	0 2	0 1	0 0	9 9
Short																							
ABQ																							
Long	✓								✓		✓								✓		✓		

1. FOR NEW ENTREPRENEURS: SKILLS AND HOBBIES

A would-be entrepreneur may have special aptitudes or **talents** that he could turn into a profitable business. He may have been born with these aptitudes or may have learned and developed them over time.



Microsoft

Bill Gates developed an interest in software as a young boy. He began programming at 13 years of age. This lifelong interest in computers led him to set up Microsoft, the world's largest software maker.

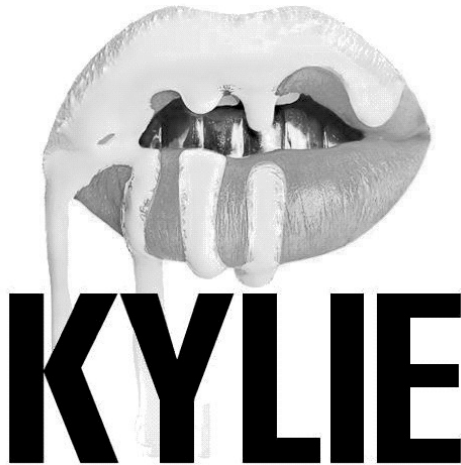


His interest in health and fitness led Brian Lee to set up the healthy fast food company "Freshly Chopped".

2. FOR NEW ENTREPRENEURS: EXPERIENCES

A person wishing to set up his own business may have seen or **learned** something or had something happen to him that could give him the idea for a profitable business.

Marissa Carter set up Cocoa Brown when her spray tan transferred onto her baby son's skin as he slept in the bed beside her. This inspired her to develop the world's first one hour tan, a tan that didn't need to develop overnight.



When Kylie Jenner revealed to her online followers that she used a particular shade of Mac lip liner, it sold out all over the world. This prompted Kylie to set up her own cosmetics business which she promotes to her followers through social media.

3. FOR ESTABLISHED BUSINESSES: RESEARCH AND DEVELOPMENT [R&D]

R&D is a department within the business whose function is innovate and carry out investigative activities with the intention of making a discovery that can either lead to the development of new products or to the improvement of existing products.

Coca-Cola has an R&D department whose job is to come up with new flavours and new products all the time, to help Coca Cola maintain sales against stiff competition from other soft drinks and juices.

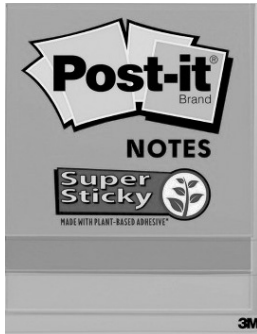
A company like Apple has many employees that work in R&D because Apple competes in its market by developing devices that are better and more appealing than ones created by competitors.

4. FOR ESTABLISHED BUSINESSES: EMPLOYEE SUGGESTIONS

A business can get good ideas for new products and services from its employees. It can take advantage of its employees' initiative and enterprise and invite them to come forward with ideas for new products.

To encourage such **intrapreneurship** (see Chapter 4), the business can set up a formal employee suggestion scheme offering rewards for good ideas. It is also important that the managers are approachable and open to new ideas from workers.

Examples of businesses getting ideas from its employees include the following:



Art Fry, a worker at the stationery company 3M, attended a seminar given by another 3M scientist about a glue he had invented that was light and could be easily repositioned. Five years later, Art noticed that his bookmarks were constantly falling out of his hymnal during choir practice. He remembered the seminar and had a 'eureka' moment which resulted in him coming up with the idea for the Post-it. Post-its are now one of the most popular office products.

When some Microsoft workers saw the worldwide success of the Sony PlayStation, they thought of the idea of Microsoft developing its own games console. They worked on their idea, presented it to Bill Gates and this led to Microsoft launching the Xbox, which made a lot of money for the company.



5. FOR ESTABLISHED BUSINESSES: BRAINSTORMING

Brainstorming is a technique that involves the business bringing a group of creative people from different parts of the business together to generate business ideas.

A leader starts the discussion among the group and invites everyone to call out as many ideas as they can. Hearing one person's idea may spark an idea in another person and this process can yield a long list of possible products for the business.

The group leader records all the ideas. No ideas are dismissed at this stage and no one is put down for making "stupid" suggestions. The aim is to encourage creativity and imagination.



At a brainstorming session, Jack Dorsey came up with the idea of a service that used texting (SMS) to tell small groups what you were doing. He gave the example of using it to tell people that the club he was at was great. The idea was developed into twitter.



EXTERNAL SOURCES OF BUSINESS IDEAS

	2 1	2 0	1 9	1 8	1 7	1 6	1 5	1 4	1 3	1 2	1 1	1 0	0 9	0 8	0 7	0 6	0 5	0 4	0 3	0 2	0 1	0 0	9 9
Short				✓																			
ABQ																							
Long	✓								✓		✓						✓		✓		✓		

1. FOR NEW ENTREPRENEURS: FAMILY AND FRIENDS

A would-be entrepreneur may get the inspiration for an idea for a business after hearing his family and friends complain about not being able to get a product or service they need.



In 1908, two friends, frustrated in their efforts to produce a smooth and tasty gravy asked their husbands to come up with a way of making the whole process easier. Mr. Roberts and Mr. Patterson, who worked in a salt company, got to work on the formulation that was to become Bisto.

Jack Odell thought of the idea for Matchbox toys when his daughter told him that she was allowed to bring toys into school only if they were small enough to fit into a matchbox.



2. FOR ESTABLISHED BUSINESSES: CUSTOMER FEEDBACK

A business can survey its customers for their opinions about the business and its products. The customers can tell the business what new products or improvements to existing products they would like. This can give the business ideas for new products.

Examples of businesses that got ideas from their customers include the following:



Pizza Hut observed customers in its restaurants. It noticed that although most families shared a pizza, each person usually wanted a different topping. This gave Pizza Hut the idea to launch its “4 for All” pizza (one pizza divided in four with four separate toppings) and sales went through the roof.

McDonald’s realised that fewer young women were eating in its restaurants. The company asked them why and found out that women perceived its food as unhealthy and fattening. This gave McDonald’s the idea to launch “Salads Plus” and sell fruit and salads in its restaurants.



3. FOR NEW AND ESTABLISHED BUSINESSES: MEDIA

A person wishing to set up her own business may get an idea by reading or seeing something in a newspaper, magazine, TV or on social media. These media give an indication of latest trends taking place that an entrepreneur can make money from.



Media reports about the ever increasing amount of money spent by men on their appearance encouraged the opening of “The Grooming Rooms” – a male only “beauty” salon in South William St, Dublin 2.

4. FOR NEW AND ESTABLISHED BUSINESSES: IMPORT SUBSTITUTION

Import substitution involves entrepreneurs making an Irish version of products that are currently imported into Ireland. It is replacing imports with domestically made goods.

Geoff Read thought of the idea for Ballygowan when he spotted that all the bottled waters on sale in Ireland were foreign.



Joe Murphy spotted that most of the crisps sold in Ireland were made in the UK. This inspired him to set up an Irish crisp business in 1954 which he called Tayto.

5. FOR NEW AND ESTABLISHED BUSINESSES: STATE AGENCIES

Irish government agencies provide ideas for new products and new markets. For example, **Enterprise Ireland** provides a “Market Research Centre” that provides market research reports on market trends and forecasts and business opportunities around the world.

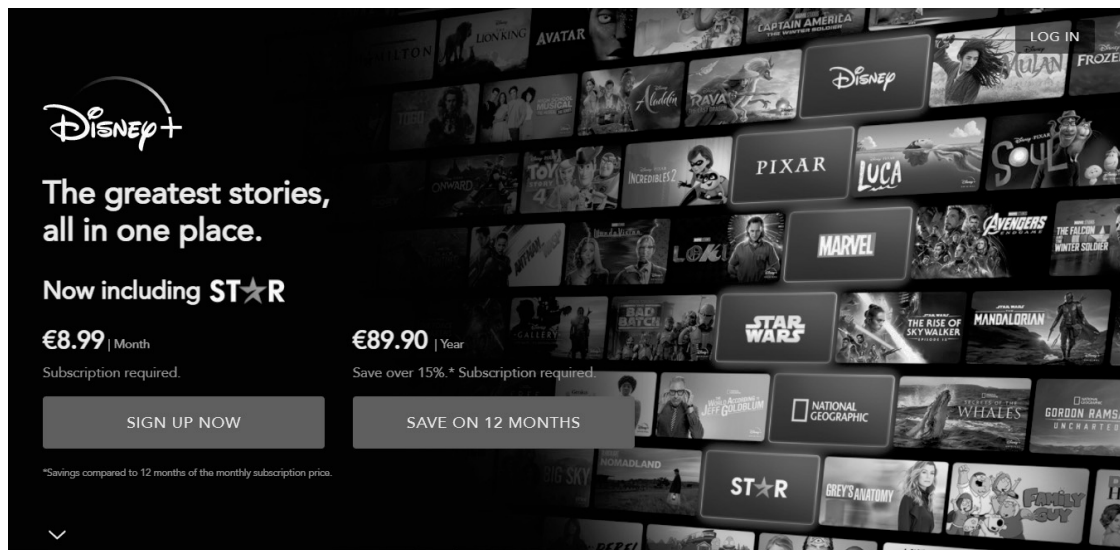
6. FOR ESTABLISHED BUSINESSES: COMPETITORS

Businesses can get an idea by copying and adapting successful ideas developed by their rivals.

Coca Cola brought out Coca-Cola Energy when it saw the success of energy drinks such as Red Bull and Monster.



Disney and Apple launched streaming services to rival Netflix.



But the business must make sure that it does not infringe on another business's patented or copyrighted ideas as this is illegal.

DEVELOPMENT PROCESS OF A NEW PRODUCT/SERVICE

	2 1	2 0	1 9	1 8	1 7	1 6	1 5	1 4	1 3	1 2	1 1	1 0	0 9	0 8	0 7	0 6	0 5	0 4	0 3	0 2	0 1	0 0	9 9
Short								✓				✓						✓			✓		✓
ABQ									✓														
Long	✓		✓		✓	✓	✓			✓			✓	✓		✓						✓	✓

Getting your idea may be considered the easy stage! The next thing you have to do is turn your idea into an actual product or service and make it available for sale to consumers. This is a complicated process involving a number of stages as follows.

Stages must be in the **CORRECT ORDER!!!!**

1. IDEA GENERATION

The first step in bringing out a new product or service is to come up with lots of new ideas. In business, it is said that for every fifty to a hundred ideas a person might have, on average, only one will succeed.

The business can find good ideas from internal sources such as its own R&D department and external sources such as the media. A good technique for generating ideas is brainstorming, where open-minded, creative thinkers from inside and outside the business gather and share ideas. The dynamic nature of group members floating ideas, where one idea often sparks another idea, can yield a long list of possible products for the business.



EXAMPLE: KELLOGG'S CRUNCHY NUT BITES

Kellogg's conducted market research and asked customers what they would like in a new product and it looked at new trends and new products in the cereals market. Kellogg's used all of this research to generate a list of possible options for a Kellogg's Crunchy Nut product.

2. PRODUCT /SERVICE SCREENING

Screening involves critically evaluating each one of the ideas generated in Step 1. This is done by conducting a SWOT analysis (see Chapter 8) on each idea to determine what are its strengths and weaknesses and what opportunities and threats it faces in the marketplace. The business looks to see if the idea is good enough to be a success in the market.

The purpose of screening is to spot the most attractive ideas, the ones that have the greatest potential for market success. It also helps to eliminate those ideas that are considered least likely to do well, which means the business avoids huge expense in developing ideas that will ultimately prove unsuccessful.



EXAMPLE: KELLOGG'S CRUNCHY NUT BITES

Kellogg's put all the ideas it had generated up on boards. The boards had pictures showing product ideas and a description of what the new product would be like. These boards were then shown to a large group of representative consumers. They were asked to rate each idea so that Kellogg's could identify which product ideas consumers liked best or disliked. The research revealed that a new Crunchy Nut Bites idea was perceived as the most appealing amongst all the ideas tested.

3. CONCEPT DEVELOPMENT

Concept development turns the business's initial idea into a real and concrete objective to achieve. It gives the business a specific plan to follow to develop the product further.

It involves creating a detailed version of the product idea in meaningful consumer terms by drawing up a written document that sets out the answers to the following questions: What exactly will the product do? What will the product look like? What is its USP (unique selling point)?

A USP is some feature of a product that makes it different and sets it apart from the competition's product. That difference is valued by customers and attracts them to the product. For example, the USP of electric cars is that do not use fossil fuels and are much better for the environment.

EXAMPLE: KELLOGG'S CRUNCHY NUT BITES

Kellogg's developed the following concept for Crunchy Nut Bites: They would be an extension to the Crunchy Nut family of products but would provide a new flavour and texture for consumers.



4. FEASIBILITY STUDY

A feasibility study is an investigation into the new product idea that seeks to establish two things:

- (i) Is it actually possible to make the product? Does the technology exist so that the idea can actually be turned into a fully working product?
- (ii) Is the idea commercially viable? The business will conduct market research to forecast what level of sales the product might enjoy. It will also analyse the costs involved in making and selling the product. It will use both of these to determine whether the idea is likely to be profitable or not.

The business might use a **cash flow forecast** (see Chapter 13) to predict the receipts and payments expected from the venture to see whether the idea is viable. It may also draw a **breakeven chart** (see Chapter 15) to work out how many products it will have to sell to ensure that all the expenses of the venture can be paid. Selling less than this breakeven amount will result in a loss for the business.

If the answer to either question is no, the product idea is not developed further. There is no point wasting time, money and effort continuing with an idea that is neither practical nor profitable.

Dyson scraps plans to build electric cars
 Alan Jones • 23 minutes ago



James Dyson has announced a project to build electric cars has been scrapped.

The inventor, best known for his vacuum cleaners, said engineers had developed a "fantastic electric car" but it was not commercially viable.

Source: independent.ie 11th October 2019

EXAMPLE: KELLOGG'S CRUNCHY NUT BITES

Kellogg's conducted extensive market research to calculate a sales forecast for the new product for the first and second year of sales. Kellogg's finance department drew up budgets to determine the costs involved in making Crunchy Nut Bites. All of the figures revealed that Crunchy Nut Bites would be highly profitable and so Kellogg's proceeded with the idea.



5. PROTOTYPE DEVELOPMENT

A prototype is the first working model that the business makes of the new product. It is a sample or mock-up product made as an experiment to see whether the product idea actually works in practice and whether it would appeal to consumers.

A working prototype gives the business the opportunity to see how well the product works in practice. It helps to identify any problems with the product and the improvements that will make it better. This will help to make the final product more attractive to consumers, thus increasing sales in the future. And, by ensuring the product is perfect before launching it, the business avoids wasting money on refunds and repairs from a major product recall on a faulty product.

The attempt to build a prototype also helps the business to identify whether it has the necessary machinery and equipment needed to make the product and if not it can take steps to address these engineering and production issues, so that the product can be made successfully.

Building a prototype helps the business to identify what raw materials are needed to make it. This helps the business to see if it is possible to source a plentiful supply of these materials and of the quality required.

EXAMPLE: KELLOGG'S CRUNCHY NUT BITES

Kellogg's made a number of different food prototypes, including a mini crispy lattice product and a nutty triangle. The Crunchy Nut Bites food prototype recipe was refined using the feedback from customer surveys until Kellogg's was satisfied that it had the perfect recipe.

6. TEST MARKETING

Test marketing involves launching the product on a small segment of the market and evaluating consumers' response to it. Consumers in the test market get to experience the product as well as other elements such as advertising and pricing, for real. They are then surveyed for their opinions on the product. Their reactions are used to refine the product, its price and the way it is advertised and distributed. This helps to further reduce the risk of the product failing.

EXAMPLE: KELLOGG'S CRUNCHY NUT BITES

At Kellogg's, every product has to undergo one final test prior to a new product launch. This is called the 'In Home Usage Test'. Consumers are given the product to try for several days and this enables Kellogg's to see how consumers interact with the product for the first time. At the end of the trial, consumers complete a report on what they thought of the food in the form of a questionnaire. This final survey measures how appealing the new product is to consumers.



7. PRODUCT LAUNCH

Full-scale production of the product now begins and it is made available for sale in the entire market. The business must undertake a marketing campaign (see Chapter 16) to make consumers aware of the product and motivated to buy it.

EXAMPLE: KELLOGG'S CRUNCHY NUT BITES

Kellogg's launched Crunchy Nut Bites in September 2008. Sales data show it was one of the best performing brands to launch in the breakfast cereal category with a sales value of almost €10 million in its first full year of sales.

2010 HIGHER Level – Section 1 (10 marks)

2. Distinguish between 'Prototype Development' and 'Test Marketing' as stages in the development process of a new product.

The answer is correct but not very detailed. Student scores 3+0 for each definition. As she did not give **EXTRA** information in either point, she loses the **EXTRA** 2 marks for each point

H4 Answer

1. Prototype is the very first working model of the new product idea.
2. Test marketing is the initial launch of the product on a small segment of the market.

Student gave **EXTRA** information on each point and so scores 3+2 marks and 3+2 marks

H1 Answer

1. *Prototype Development involves building the first working model of a new product as a sample. It helps to identify any problems with the product and the improvements that will make it better.*
2. *Test marketing involves surveying consumers in a small part of the market for their opinion on the new product. Their reactions to the product are then used to improve it further so as to minimise the risk of it failing.*



2014 HIGHER Level – Section 1 (10 marks)

2. Column 1 is a list of *business terms*. Column 2 is a list of *possible explanations* for these terms. (One explanation does not refer to any of the terms)

Column 1 - Terms	Column 2: Explanations
1. Idea Generation	(a) It involves developing a sample or 'mock-up' of a product.
2. Concept Development	(b) Brainstorming is one of the methods used.
3. Product Launch	(c) Is carried out to assess if a product has profit potential,
4. Prototype Development	(d) The product is made available to the market.
5. Feasibility Study	(e) Unworkable ideas are dropped
	(f) A unique selling point (USP) is identified.

Match the two lists by placing the letter of the correct explanation under the relevant number below.

1	2	3	4	5



ABQ ON CHAPTER 14**2013 Applied Business Question****GALAXY GAMES LTD**

Galaxy Games Ltd is a small indigenous company, operating in the new gaming technology sector. It was founded by two college graduates, David Whelan and Jane Ward. David is a software engineer and a web architect while Jane is a marketing graduate. Their design team recently identified some ideas for new games in action-adventure, music, and e-learning.

After reviewing the various ideas put forward, 'Knights' Domain', a new action-adventure game that involved building a fantasy kingdom, was chosen. The design team decided to use Irish music and cutting-edge graphics to set the game apart. Jane completed a business report, including a detailed break-even analysis, to determine the potential of 'Knights' Domain'. Following on from this report, the design team introduced more challenging levels to the game and added more 3D graphics. The game was introduced to a group of transition year students from a local secondary school, who commented positively on the different levels and on its distinctive graphics. The product 'Knights' Domain' was launched in various games stores with an advertising campaign accompanying the launch.

Social responsibility is a key element in Galaxy Games' corporate business plan. Funding was invested in supporting the development of a highly skilled customer service department. Galaxy Games Ltd attracts and retains high quality, creative employees. A major European venture capital firm has invested €1.5 million in the company to date. Galaxy Games Ltd maintains good relationships with its suppliers, many of whom have continued a business relationship with the company since its establishment. When choosing a suitable business premises, David and Jane prioritised energy efficiency.

As a result of Ireland's growing international reputation in the gaming technology sector and Galaxy Games' successful company presentation at the '2012 Dublin Web Summit', the company became a target for acquisition. In January 2013 it was taken over by BizzBuzz, a US global gaming company and a market leader in the industry. BizzBuzz implements a global approach to marketing its games. All games are available in ten different languages. Prices per game are set taking account of competitor prices and various economies of scale. Recent developments in technology enable BizzBuzz to distribute its games worldwide through download from the internet to laptops, smartphones and tablets. BizzBuzz is a globally recognised brand name and uses the slogan 'A new game every day' on its website.

(A) Outline the stages involved in the product development process of 'Knights' Domain' for Galaxy Games Ltd.

(30 marks)



Marking scheme = 5 stages at 6 marks each

	2+2+2 = 6 marks
<i>Explain WITHOUT mentioning the story:</i>	<ol style="list-style-type: none"> 1. Idea generation is the first step in bringing out a new product or service. It involves coming up with lots of new ideas. 2. A good technique for generating ideas is brainstorming, where a group of open-minded, creative thinkers gather and share ideas. The dynamic nature of group members floating ideas, where one idea often sparks another idea, can yield a long list of possible products for the business.
<i>Quote</i>	Their design team recently identified some ideas for new games in action-adventure, music, and e-learning.

<p><i>Explain your point in 2 sentences WITHOUT mentioning the story:</i></p>	<p>(1) The second step is called _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>(2)</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p><i>Quote WORD FOR WORD from the story the sentence where you spotted this point:</i></p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>

	Stage 2 = Product Screening 2+2+2 = 6 marks
<i>Explain point</i>	<ol style="list-style-type: none"> 1. Screening involves critically evaluating each one of the ideas generated in Step 1 by conducting a SWOT analysis on each idea to determine what are its strengths and weaknesses and what opportunities and threats it faces in the marketplace. 2. The purpose of screening is to identify those ideas with most potential for success and to eliminate those that are considered least likely to do well.
<i>Quote</i>	After reviewing the various ideas put forward, 'Knights' Domain', a new action-adventure game that involved building a fantasy kingdom, was chosen.

	Stage 3 = Concept Development 2+2+2 = 6 marks
<i>Explain point</i>	<ol style="list-style-type: none"> 1. Concept development turns the business's initial idea into a real and concrete objective to achieve. It involves creating a detailed written version of the product idea in meaningful consumer terms. 2. It also involves establishing a USP (unique selling point) for the idea - some feature of the product that makes it different from the competition's product.
<i>Quote</i>	The design team decided to use Irish music and cutting-edge graphics to set the game apart.

	Stage 4 = Feasibility Study 2+2+2 = 6 marks
<i>Explain point</i>	<ol style="list-style-type: none"> 1. A feasibility study is an investigation into the new product idea that seeks to establish whether it is possible to make the product - does the technology exist so that the idea can actually be turned into a fully working product? 2. It also investigates whether the idea is commercially viable. Will the forecast sales for the product generate sufficient revenue to cover the estimated costs involved in making it and produce a decent profit?
<i>Quote</i>	Jane completed a business report, including a detailed break-even analysis, to determine the potential of 'Knights' Domain'.



	Stage 5 = Prototype Development 2+2+2 = 6 marks
<i>Explain point</i>	<ol style="list-style-type: none"> 1. Prototype Development involves building the first working model of a new product as an experiment to see whether the product idea actually works in practice and whether it would appeal to consumers. 2. A working prototype gives the business the opportunity to identify any problems with the product and the improvements that will make it better.
<i>Quote</i>	Following on from this report, the design team introduced more challenging levels to the game and added more 3D graphics.

	Stage 6 = Test Marketing 2+2+2 = 6 marks
<i>Explain point</i>	<ol style="list-style-type: none"> 1. Test marketing involves launching the product on a small segment of the market and evaluating consumers' response to it 2. Their reactions are used to refine the product, its price and the way it is advertised and distributed. This helps to further reduce the risk of the product failing.
<i>Quote</i>	The game was introduced to a group of transition year students from a local secondary school, who commented positively on the different levels and on its distinctive graphics.

	Stage 7 = Product Launch 2+2+2 = 6 marks
<i>Explain point</i>	<ol style="list-style-type: none"> 1. Full-scale production of the product now begins and it is made available for sale in the entire market. 2. The business must undertake a marketing campaign to make consumers aware of the product and motivated to buy it.
<i>Quote</i>	The product 'Knights' Domain' was launched in various games stores with an advertising campaign accompanying the launch.

I showed all 7 stages, but only FIVE were required.



CHAPTER 14 SHORT QUESTIONS

2014 HIGHER Level – Section 1 (10 marks)

2. Column 1 is a list of *business terms*. Column 2 is a list of *possible explanations* for these terms. (One explanation does not refer to any of the terms)

Column 1 - Terms	Column 2: Explanations
1. Idea Generation	(a) It involves developing a sample or 'mock-up' of a product.
2. Concept Development	(b) Brainstorming is one of the methods used.
3. Product Launch	(c) Is carried out to assess if a product has profit potential.
4. Prototype Development	(d) The product is made available to the market.
5. Feasibility Study	(e) Unworkable ideas are dropped.
	(f) A unique selling point (USP) is identified.

Match the two lists by placing the letter of the correct explanation under the relevant number below.

1	2	3	4	5

2010 HIGHER Level – Section 1 (10 marks)

2. Distinguish between 'Prototype Development' and 'Test Marketing' as stages in the development process of a new product.



2004 HIGHER Level – Section 1 (10 marks)

9. A 'Feasibility Study' is used to:

2001 HIGHER Level – Section 1 (10 marks)

6. Prototype Development involves:

1999 HIGHER Level – Section 1 (10 marks)

8. Define the term 'Feasibility Study'.



CHAPTER 14 SHORT SOLUTIONS

Solution to 2014 HIGHER Level – Section 1

1	2	3	4	5
B	F	D	A	C

Solution to 2010 HIGHER Level – Section 1

1. Prototype Development involves building the first working model of a new product as a sample. It helps to identify any problems with the product and the improvements that will make it better.
2. Test marketing involves surveying consumers in a small part of the market for their opinion on the new product. Their reactions to the product are then used to improve it further so as to minimise the risk of it failing.

Solution to 2004 and 1999 HIGHER – Section 1

1. A feasibility study is an investigation into the new product idea that seeks to establish whether it is possible to make the product - does the technology exist so that the idea can actually be turned into a fully working product?
2. It also investigates whether the idea is commercially viable. Will the forecast sales for the product generate sufficient revenue to cover the estimated costs involved in making it and produce a decent profit?

Solution to 2001 HIGHER Level – Section 1

1. Prototype Development involves building the first working model of a new product as an experiment to see whether the product idea actually works in practice and whether it would appeal to consumers.
2. A working prototype gives the business the opportunity to identify any problems with the product and the improvements that will make it better.



LONG QUESTIONS ON CHAPTER 14

Identical
to 2003

2021 Higher Level – Section 3 – Question 7

- (A) Outline the internal **and** external sources of new product ideas for businesses. (20)

2021 Higher Level – Section 3 – Question 8*

**In 2021, students were given an extra question [Q4] for more choice, so there were 8 longs*

- (B) Describe the **first four** stages involved in the development process of a new product. (20)

Very similar to 2019, 2017, 2015, 2009,
2006, 2000 and 1999

2019 Higher Level – Section 3 – Question 6

- (A) Read the information supplied and answer the questions which follow.

Fitbit fitness watches

Fitbit fitness watches are wireless-enabled wearable technology devices that measure data such as the number of steps walked, heart rate, quality of sleep, steps climbed, and other personal metrics involved in fitness. In 2018 Fitbit announced plans to collaborate with Google in the digital health technology market.

www.fitbit.com

- (i) Explain the term unique selling point (USP) **and** provide an example to support your answer.
- (ii) Illustrate the new product development stages of Feasibility Study, Prototype Development and Test Marketing with reference to the Fitbit fitness watch.

(20)

2017 Higher Level – Section 3 – Question 5

In 2015 a Slovakian company AeroMobil revealed its prototype of the AeroMobil 3.0 – a flying car. It is a road-ready vehicle with foldable wings. It can navigate both city traffic and airspace.

Source: Forbes Magazine, March 2015

- (A) Describe the stages in the new product development process up to and including prototype development. Refer to the AeroMobil 3.0 vehicle in your answer.

(25 marks)



2016 Higher Level – Section 3 – Question 6

Medron plc manufactures medical devices and its R&D department is currently working on a prototype for a tube to be used in vascular surgery.

- (A) Outline the reasons why businesses engage in prototype development. (15 marks)

2015 Higher Level – Section 3 – Question 5

- (B) **Feasibility Study, Test Marketing, Product Screening and Prototype Development** are stages in the new Product Development Process.
- (i) List the four stages above in the **correct** order.
 - (ii) Outline your understanding of any **three** of these stages.
- (20 marks)

2013 Higher Level – Section 3 – Question 6

Read the information supplied and answer the questions which follow.



Google's '20 Percent Time' strategy gives engineers time and space to work on their own projects.

- (A) Outline the internal **and** external sources of new product ideas for technology companies like Google. (20 marks)

2012 Higher Level – Section 3 – Question 6

- (B) Idea Generation and Feasibility Study are important stages before a new product or service is launched onto the market.
- Discuss the stages underlined above, referring to a product or service of your choice. (20 marks)

2011 Higher Level – Section 3 – Question 6

Kilronan Ltd produces a range of chilled food products. Made from natural ingredients, the firm's award winning products have become household names. It is now one of the leading brands in Ireland and supplies all the major supermarket chains. Kilronan Ltd is considering either a 'merger' or a 'takeover' as a method of expansion within the Irish market. It is also considering how it will finance growth.

- (C) Outline internal **and** external sources of product innovation for Kilronan Ltd. (20 marks)



2009 Higher Level – Section 3 – Question 7

Olympian Ltd is a company that produces a range of high quality branded sportswear. Following a lengthy market research process, the firm is now expanding its business to include a new range of Hoodie Tracksuits, aimed at the teenage market.

- (A) Outline the stages involved in the development process of the new range of Hoodie Tracksuits. (20 marks)

2008 Higher Level – Section 3 – Question 7

- (C) Evaluate the importance of 'Feasibility Study' and 'Prototype Development' in the development process of a new product of your choice. (15 marks)

2006 Higher Level – Section 3 – Question 7

- (A) Explain the stages in the development of a new product/service. (20 marks)

2005 Higher Level – Section 3 – Question 6

- (A) Discuss four external sources of new product or service ideas. (25 marks)

2003 Higher Level – Section 3 – Question 7

- (A) Illustrate two internal and two external sources of new product or service ideas. (25 marks)

2001 Higher Level – Section 3 – Question 7

- (A) Outline three sources from which an enterprising person might identify new business ideas. (20 marks)

2000 Higher Level – Section 3 – Question 6

Analyse the development process of a new Product/Service of your choice under the following headings:

- (a) Idea Generation
- (b) Product/Service Screening
- (c) Concept Development
- (d) Feasibility Study
- (e) Prototype Development

(60 marks)

1999 Higher Level – Section 3 – Question 7

- (A) Outline the stages involved in the development process of a new product or service. (20 marks)



Solution to 2021 Higher Level – Question 7

Q7 (a)

INTERNAL

	2+3 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Research and Development [R&D] is a department within the business whose function is innovate and carry out investigative activities with the intention of making a discovery that can either lead to the development of new products or to the improvement of existing products. 2. A company like Apple needs R&D because it competes by developing devices that are better and more appealing than ones created by competitors.

	2+3 = 5 marks
Explain	<ol style="list-style-type: none"> 1. A business can get good ideas for new products and services from its employees. It can take advantage of its employees' initiative and enterprise and invite them to come forward with ideas for new products. 2. An example of such intrapreneurship (see Chapter 4), is when some Microsoft workers thought of the idea of Microsoft developing a games console, which became the XBOX.

EXTERNAL

	2+3 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Import substitution involves entrepreneurs making an Irish version of products that are currently imported into Ireland. It is replacing imports with domestically made goods. 2. Geoff Read thought of the idea for Ballygowan when he spotted that all the bottled waters on sale in Ireland were foreign.

	2+3 = 5 marks
Explain	<ol style="list-style-type: none"> 1. A business can survey its customers for their opinions about the business and its products. The customers can tell the business what new products or improvements to existing products they would like. This can give the business ideas for new products. 2. McDonald's got the idea for its "Salads Plus" menu when customers complained that the food on offer was too unhealthy



Solution to 2021 Higher Level – Question 8

Q8 (b)

Stage 1	2+3 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Idea generation is the first step in bringing out a new product or service. It involves coming up with lots of new ideas. 2. A good technique for generating ideas is brainstorming, where a group of open-minded, creative thinkers gather and share ideas. The dynamic nature of group members floating ideas, where one idea often sparks another idea, can yield a long list of possible products for the business.

Stage 2	2+3 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Product screening involves critically evaluating each of the new product ideas generated by the business, by conducting a SWOT analysis on it to determine what are its strengths and weaknesses and what opportunities and threats it faces in the marketplace. 2. The purpose of screening is to identify those ideas with most potential for success and to eliminate those that are considered least likely to do well.

Stage 3	2+3 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Concept development turns the business's initial idea into a real and concrete objective to achieve. 2. This involves creating a detailed version of the product idea in meaningful consumer terms by drawing up a written document that sets out the answers to the following questions: What exactly will the product do? What will the product look like? What is its USP (unique selling point)?

Stage 4	2+3 = 5 marks
Explain	<ol style="list-style-type: none"> 1. A feasibility study is an investigation into the new product idea that seeks to establish whether it is possible to make the product - does the technology exist so that the idea can actually be turned into a fully working product? 2. It also investigates whether the idea is commercially viable. Will the forecast sales for the product generate sufficient revenue to cover the estimated costs involved in making it and produce a decent profit?



Solution to 2019 Higher Level – Question 6

Q6 (a) (i)

	3+2 = 5 marks
Explain	<ol style="list-style-type: none"> 1. A USP is some feature of a product that makes it different and sets it apart from the competition's product. That difference is valued by customers and attracts them to the product. 2. For example, the USP of Volvo cars is its excellent safety standards.

	3+2 = 5 marks
Explain	<ol style="list-style-type: none"> 1. A feasibility study is an investigation into the new product idea that seeks to establish whether it is possible to make the product - does the technology exist so that the idea can actually be turned into a fully working product? 2. It also investigates whether the idea is commercially viable. Will the forecast sales for the product generate sufficient revenue to cover the estimated costs involved in making it and produce a decent profit?
Fitbit	<i>Fitbit did market research to estimate sales for its watches. It drew up budgets to determine the costs involved. These indicated that a profitable market existed for its Fitbit fitness watches.</i>

	3+2 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Prototype Development involves building the first working model of a new product as an experiment to see whether the product idea actually works in practice and whether it would appeal to consumers. 2. A working prototype gives the business the opportunity to identify any problems with the product and the improvements that will make it better.
Fitbit	<i>Fitbit then made the very first Fitbit fitness watch and continually worked on it until it was perfect and ready to be revealed to the public.</i>

	3+2 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Test marketing involves launching the product on a small segment of the market and evaluating the response of consumers to it there. 2. Their reactions to the product are then used to make adjustments to the product.
Fitbit	<i>Fitbit tried the Fitbit fitness watches out on a small part of the market and improved its design in line with the feedback it received from those it tested it on.</i>



Solution to 2017 Higher Level – Question 5

Q5 (a)

Stage 1	2+2+1 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Idea generation is the first step in bringing out a new product or service. It involves coming up with lots of new ideas. 2. A good technique for generating ideas is brainstorming, where a group of open-minded, creative thinkers gather and share ideas. The dynamic nature of group members floating ideas, where one idea often sparks another idea, can yield a long list of possible products for the business.
AeroMobil	<i>AeroMobil's designers would have brainstormed various ideas for new cars, including a flying car.</i>

Stage 2	2+2+1 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Product screening involves critically evaluating each of the new product ideas generated by the business, by conducting a SWOT analysis on it to determine what are its strengths and weaknesses and what opportunities and threats it faces in the marketplace. 2. The purpose of screening is to identify those ideas with most potential for success and to eliminate those that are considered least likely to do well.
AeroMobil	<i>AeroMobil would then have eliminated bad ideas and pushed forward with the idea that was most promising - the AeroMobil 3.0 – a flying car.</i>

Stage 3	2+2+1 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Concept development turns the business's initial idea into a real and concrete objective to achieve. 2. This involves creating a detailed version of the product idea in meaningful consumer terms by drawing up a written document that sets out the answers to the following questions: What exactly will the product do? What will the product look like? What is its USP (unique selling point)?
AeroMobil	<i>AeroMobil created the concept for the AeroMobil 3.0 – a flying car that can navigate both city traffic and airspace.</i>

Stage 4	2+2+1 = 5 marks
Explain	<ol style="list-style-type: none"> 1. A feasibility study is an investigation into the new product idea that seeks to establish whether it is possible to make the product - does the technology exist so that the idea can actually be turned into a fully working product? 2. It also investigates whether the idea is commercially viable. Will the forecast sales for the product generate sufficient revenue to cover the estimated costs involved in making it and produce a decent profit?



AeroMobil	<i>AeroMobil market research and budgets for the costs involved would have indicated that a profitable market exists for the AeroMobil 3.0</i>
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Stage 5	2+2+1 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Prototype Development involves building the first working model of a new product as an experiment to see whether the product idea actually works in practice and whether it would appeal to consumers. 2. A working prototype gives the business the opportunity to identify any problems with the product and the improvements that will make it better.
AeroMobil	<i>AeroMobil then made the very first road-ready vehicle with foldable wings and continually worked on it until it was perfect and ready to be revealed to the public.</i>

Solution to 2016 Higher Level – Question 6

Q6 (a)

Note: NO marks were awarded for the definition of prototype development – you must answer the question ASKED.

Explain	2+3 = 5 marks
	<ol style="list-style-type: none"> 1. A working prototype gives the business the opportunity to see how well the product works in practice. It helps to identify any problems with the product and the improvements that will make it better. 2. This will help to make the final product more attractive to consumers, thus increasing sales in the future.

Explain	2+3 = 5 marks
	<ol style="list-style-type: none"> 1. Building a prototype helps the business to identify what raw materials are needed to make it. 2. This helps the business to see if it is possible to source a plentiful supply of these materials and of the quality required.

Explain	2+3 = 5 marks
	<ol style="list-style-type: none"> 1. The attempt to build a prototype also helps the business to identify whether it has the necessary equipment needed to make the product. 2. If not it can take steps to address these engineering and production issues, so that the product can be made successfully.

Solution to 2015 Higher Level – Question 5

Q5 (b) (i)

5 marks

1	Product Screening
2	Feasibility Study
3	Prototype Development
4	Test Marketing

Q5 (b) (ii)

	2+3 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Product screening involves critically evaluating each of the new product ideas generated by the business, by conducting a SWOT analysis on it to determine what are its strengths and weaknesses and what opportunities and threats it faces in the marketplace. 2. The purpose of screening is to identify those ideas with most potential for success and to eliminate those that are considered least likely to do well.

	2+3 = 5 marks
Explain	<ol style="list-style-type: none"> 1. A feasibility study is an investigation into the new product idea that seeks to establish whether it is possible to make the product - does the technology exist so that the idea can actually be turned into a fully working product? 2. It also investigates whether the idea is commercially viable. Will the forecast sales for the product generate sufficient revenue to cover the estimated costs involved in making it and produce a decent profit?

	2+3 = 5 marks
Explain	<ol style="list-style-type: none"> 1. Prototype Development involves building the first working model of a new product as an experiment to see whether the product idea actually works in practice and whether it would appeal to consumers. 2. A working prototype gives the business the opportunity to identify any problems with the product and the improvements that will make it better.

Explain	<ol style="list-style-type: none"> 1. Test marketing involves launching the product on a small segment of the market and evaluating the response of consumers to it there. 2. Their reactions to the product are then used to make adjustments to the product.
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Solution to 2013 Higher Level – Question 6

Q6 (a)

Note: You were required to give **TWO** internal and **TWO** external.

2+3 = 5marks	
Explain	<ol style="list-style-type: none"> 1. Intrapreneurship is when a business takes advantage of its employees' initiative and enterprise and invites them to come forward with ideas for new products. 2. It should set up a formal employee suggestion scheme and offer rewards for good ideas for product innovation.
Google	<i>Google's '20 Percent Time' strategy gives engineers time and space to work on their own projects.</i>

2+3 = 5marks	
Explain	<ol style="list-style-type: none"> 1. Research and Development [R&D] is a department within the business whose function is innovate and carry out investigative activities. 2. The purpose of R&D is to make a discovery that can either lead to the development of new products or to the improvement of existing products.
Google	<i>Google has an R&D department, staffed with computer graduates, to invent new technology products and improve existing ones.</i>

2+3 = 5marks	
Explain	<ol style="list-style-type: none"> 1. Businesses can get an idea by copying and adapting successful ideas developed by their rivals. 2. But the business must make sure that it does not infringe on another business's patented or copyrighted ideas as this is illegal.
Google	<i>Google can look to other technology companies such as Apple and Samsung and adapt some of their ideas.</i>

2+3 = 5marks	
Explain	<ol style="list-style-type: none"> 1. Businesses can survey their customers for their opinions about the business and its products. 2. The customers can tell the business what new technology products or improvements to existing products they would like. This can give the business ideas for new products
Google	<i>Google could carry out a survey by emailing all its Gmail account holders to find out what new products they might like.</i>



Solution to 2012 Higher Level – Question 6

Q6 (b)

	3+4+3 = 10 marks
Explain	<ol style="list-style-type: none"> 1. Idea generation is the first step in bringing out a new product or service. It involves coming up with lots of new ideas. 2. A good technique for generating ideas is brainstorming, where a group of open-minded, creative thinkers gather and share ideas. The dynamic nature of group members floating ideas, where one idea often sparks another idea, can yield a long list of possible products for the business.
Product	<p>When developing a new cereal (Kellogg's Crunchy Nut Bites), Kellogg's conducted market research and asked customers what they would like in a new breakfast cereal. This helped them to generate a list of possible ideas to extend its Crunchy Nut range.</p> <p>Idea generation is very important in Kellogg's as new ideas are essential to help the company maintain and improve its market share.</p>

	3+4+3 = 10 marks
Explain	<ol style="list-style-type: none"> 1. A feasibility study is an investigation into the new product idea that seeks to establish whether it is possible to make the product - does the technology exist so that the idea can actually be turned into a fully working product? 2. It also investigates whether the idea is commercially viable. Will the forecast sales for the product generate sufficient revenue to cover the estimated costs involved in making it and produce a decent profit?
Product	<p>Kellogg's did a sales forecast for the new Crunchy Nut Bites product and its finance department drew up budgets to determine the costs involved in making it. The figures revealed that Crunchy Nut Bites would be highly profitable and so Kellogg's proceeded with the idea.</p> <p>A feasibility study was essential for Kellogg's as it ensured the company did not waste time, money and effort continuing with an idea with no prospect of commercial success.</p>



Solution to 2011 Higher Level – Question 6

Q6 (c)

2+3 = 5marks	
Explain	<ol style="list-style-type: none"> 1. Intrapreneurship is when a business takes advantage of its employees' initiative and enterprise and invites them to come forward with ideas for new products. 2. It should set up a formal employee suggestion scheme and offer rewards for good ideas for product innovation.
Kilronan	<i>Kilronan should encourage employees to put forward any ideas they have for new chilled food products.</i>

2+3 = 5marks	
Explain	<ol style="list-style-type: none"> 1. Research and Development [R&D] is a department within the business whose function is innovate and carry out investigative activities. 2. The purpose of R&D is to make a discovery that can either lead to the development of new products or to the improvement of existing products.
Kilronan	<i>Kilronan's R&D department, staffed with food science graduates will invent new chilled food products and improve existing ones.</i>

2+3 = 5marks	
Explain	<ol style="list-style-type: none"> 1. Businesses can get an idea by copying and adapting successful ideas developed by their rivals. 2. But the business must make sure that it does not infringe on another business's patented or copyrighted ideas as this is illegal.
Kilronan	<i>Kilronan can look to other food companies such as Cully and Sully and adapt some of their ideas.</i>

2+3 = 5marks	
Explain	<ol style="list-style-type: none"> 1. Businesses can survey their customers for their opinions about the business and its products. 2. The customers can tell the business what new technology products or improvements to existing products they would like. This can give the business ideas for new products
Kilronan	<i>Kilronan should survey its customers in all the major supermarket chains in Ireland to see if they have suggestions for new products.</i>



Solution to 2009, 2006 and 1999 Higher Level

09/06 = 6 stages @ 3 (1 + 2)
= must be in order
2009 = Link to Olympian = 2
1999 = 5 stages @ 3(2+1) + 5
for correct order

Stage 1	
Explain	<ol style="list-style-type: none"> 1. Idea generation is the first step in bringing out a new product or service. It involves coming up with lots of new ideas. 2. A good technique for generating ideas is brainstorming, where a group of open-minded, creative thinkers gather and share ideas. The dynamic nature of group members floating ideas, where one idea often sparks another idea, can yield a long list of possible products for the business.
Olympian	<i>Olympian Ltd's designers would have brainstormed various ideas for new products.</i>

Stage 2	
Explain	<ol style="list-style-type: none"> 1. Product screening involves critically evaluating each of the new product ideas generated by the business, by conducting a SWOT analysis on it to determine what are its strengths and weaknesses and what opportunities and threats it faces in the marketplace. 2. The purpose of screening is to identify those ideas with most potential for success and to eliminate those that are considered least likely to do well.
Olympian	<i>Olympian Ltd would then have eliminated bad ideas and pushed forward with the idea for hoodie tracksuits.</i>

Stage 3	
Explain	<ol style="list-style-type: none"> 1. Concept development turns the business's initial idea into a real and concrete objective to achieve. 2. This involves creating a detailed version of the product idea in meaningful consumer terms by drawing up a written document that sets out the answers to the following questions: What exactly will the product do? What will the product look like? What is its USP (unique selling point)?
Olympian	<i>Olympian Ltd would have considered what its hoodie tracksuits would look like.</i>



Stage 4	
Explain	<ol style="list-style-type: none"> 1. A feasibility study is an investigation into the new product idea that seeks to establish whether it is possible to make the product - does the technology exist so that the idea can actually be turned into a fully working product? 2. It also investigates whether the idea is commercially viable. Will the forecast sales for the product generate sufficient revenue to cover the estimated costs involved in making it and produce a decent profit?
Olympian	<i>Olympian Ltd's market research and budgets for the costs involved would have indicated that a profitable market exists for its hoodie tracksuits.</i>

Stage 5	
Explain	<ol style="list-style-type: none"> 1. Prototype Development involves building the first working model of a new product as an experiment to see whether the product idea actually works in practice and whether it would appeal to consumers. 2. A working prototype gives the business the opportunity to identify any problems with the product and the improvements that will make it better.
Olympian	<i>Olympian Ltd would have made the very first hoodie tracksuit and continually worked on it until it was perfect.</i>

Stage 6	
Explain	<ol style="list-style-type: none"> 1. Test marketing involves launching the product on a small segment of the market and evaluating the response of consumers to it there. 2. Their reactions to the product are then used to make adjustments to the product.
Olympian	<i>Olympian Ltd might have made its hoodie tracksuits available for sale in Galway and used the reaction of the teenage market there to improve the product even further.</i>

Stage 7	
Explain	<ol style="list-style-type: none"> 1. Full scale production of the product now begins and it is made available for sale in the entire market. 2. The company must undertake a marketing campaign to make consumers aware of the product and motivated to buy it.
Olympian	<i>Olympian Ltd would have sold its hoodie tracksuits nationally amid a blaze of publicity cleverly aimed at the teenage market.</i>

Solution to 2008 Higher Level – Question 7

Q7 (c)

	5 + 3 = 8marks
Explain	<ol style="list-style-type: none"> 1. A feasibility study is an investigation into the new product idea that seeks to establish whether it is possible to make the product - does the technology exist so that the idea can actually be turned into a fully working product? 2. It also investigates whether the idea is commercially viable. Will the forecast sales for the product generate sufficient revenue to cover the estimated costs involved in making it and produce a decent profit?
Product	Kellogg's did a sales forecast for its new Crunchy Nut Bites product and its finance department drew up budgets to determine the costs involved in making it. The figures revealed that Crunchy Nut Bites would be highly profitable and so Kellogg's proceeded with the idea.
Evaluate	I think that a feasibility study was essential for Kellogg's as it ensured the company did not waste time and effort continuing with an idea with no prospect of commercial success.

	5 + 2 = 7marks
Explain	<ol style="list-style-type: none"> 1. Prototype Development involves building the first working model of a new product as an experiment to see whether the product idea actually works in practice and whether it would appeal to consumers. 2. A working prototype gives the business the opportunity to identify any problems with the product and the improvements that will make it better.
Product	Kellogg's made a number of different Crunchy Nut Bites prototypes and developed several designs for the pack. These were tested on consumers and both were refined until Kellogg's was happy that it had the perfect product and packaging.
Evaluate	I think that prototype development was essential for Kellogg's because by ensuring the product is perfect before launching it, the business avoids wasting money on refunds and repairs from a major product recall on a faulty product.



Solution to 2005 Higher Level – Question 6

Q6 (a)

	2+3+2 = 7marks
Explain	<ol style="list-style-type: none"> 1. A would-be entrepreneur may get an idea for a business after hearing their family and friends complain about not being able to get a product or service they need. 2. Jack Odell thought of the idea for Matchbox toys when his daughter told him that she was allowed to bring toys into school only if they were small enough to fit into a matchbox.

	2+2+2 = 6marks
Explain	<ol style="list-style-type: none"> 1. A person wishing to set up her own business may get an idea by reading or hearing something in a newspaper, magazine, or on TV. These media give an indication of trends taking place that an entrepreneur can make money from. 2. Media reports about the ever increasing amount of money spent by men on their appearance encouraged the opening of “The Grooming Rooms” – a male only “beauty” salon in South William St, Dublin 2.

	2+2+2 = 6marks
Explain	<ol style="list-style-type: none"> 1. Import substitution involves entrepreneurs making an Irish version of products that are currently imported into Ireland. It is replacing imports with domestically made goods. 2. Geoff Read thought of the idea for Ballygowan when he spotted that all the bottled waters on sale in Ireland were foreign.

	2+2+2 = 6marks
Explain	<ol style="list-style-type: none"> 1. A business can survey its customers for their opinions about the business and its products. The customers can tell the business what new products or improvements to existing products they would like. This can give the business ideas for new products. 2. McDonald’s got the idea for its “Salads Plus” menu when customers complained that the food on offer was too unhealthy



Solution to 2003 Higher Level – Question 6

Q7 (a)

INTERNAL

	7 marks
Explain	<ol style="list-style-type: none"> 1. Research and Development [R&D] is a department within the business whose function is innovate and carry out investigative activities with the intention of making a discovery that can either lead to the development of new products or to the improvement of existing products. 2. A company like Apple needs R&D because it competes by developing devices that are better and more appealing than ones created by competitors.

	6 marks
Explain	<ol style="list-style-type: none"> 1. A business can get good ideas for new products and services from its employees. It can take advantage of its employees' initiative and enterprise and invite them to come forward with ideas for new products. 2. An example of such intrapreneurship (see Chapter 4), is when some Microsoft workers thought of the idea of Microsoft developing a games console, which became the XBOX.

EXTERNAL

	6 marks
Explain	<ol style="list-style-type: none"> 1. Import substitution involves entrepreneurs making an Irish version of products that are currently imported into Ireland. It is replacing imports with domestically made goods. 2. Geoff Read thought of the idea for Ballygowan when he spotted that all the bottled waters on sale in Ireland were foreign.

	6 marks
Explain	<ol style="list-style-type: none"> 1. A business can survey its customers for their opinions about the business and its products. The customers can tell the business what new products or improvements to existing products they would like. This can give the business ideas for new products. 2. McDonald's got the idea for its "Salads Plus" menu when customers complained that the food on offer was too unhealthy



Solution to 2001 Higher Level– Question 7

Q7 (a)

	4+3 = 7 marks
Explain	<ol style="list-style-type: none"> 1. An enterprising person can identify a new business idea from his experiences. He may have seen or learned something or had something happen to him that could give him the idea for a profitable business. 2. Marissa Carter set up Cocoa Brown when her spray tan transferred onto her baby son's skin as he slept in the bed beside her. This inspired her to develop the world's first one hour tan, a tan that didn't need to develop overnight.

	4+3 = 7 marks
Explain	<ol style="list-style-type: none"> 1. Import substitution involves an enterprising person making an Irish version of products that are currently imported into Ireland. It is replacing imports with domestically made goods. 2. Geoff Read thought of the idea for Ballygowan when he spotted that all the bottled waters on sale in Ireland were foreign.

	4+2 = 6 marks
Explain	<ol style="list-style-type: none"> 1. An enterprising person can identify a new business idea from his skills and hobbies. He may have special aptitudes or talents that he could turn into a profitable business. 2. Bill Gates developed an interest in software as a young boy. He began programming at 13 years of age. This lifelong interest in computers led him to set up Microsoft, the world's largest software maker.



Solution to 2000 Higher Level– Question 7

Stage 1	5 + 7 = 12 marks
Explain	<ol style="list-style-type: none"> 1. Idea generation is the first step in bringing out a new product or service. It involves coming up with lots of new ideas. 2. A good technique for generating ideas is brainstorming, where a group of open-minded, creative thinkers gather and share ideas. The dynamic nature of group members floating ideas, where one idea often sparks another idea, can yield a long list of possible products for the business.
Product	When developing a new cereal (Kellogg's Crunchy Nut Bites), Kellogg's conducted market research and asked customers what they would like in a new breakfast cereal. Kellogg's used all of this research to generate a list of possible ideas to extend its Crunchy Nut range.
Analyse	I think that idea generation is very important in Kellogg's as new ideas are essential to help the company maintain and improve its market share.

Stage 2	5 + 7 = 12 marks
Explain	<ol style="list-style-type: none"> 1. Product screening involves critically evaluating each of the new product ideas generated by the business, by conducting a SWOT analysis on it to determine what are its strengths and weaknesses and what opportunities and threats it faces in the marketplace. 2. The purpose of screening is to identify those ideas with most potential for success and to eliminate those that are considered least likely to do well.
Product	Kellogg's asked some consumers to rate each of its new product ideas. The research revealed that a new Crunchy Nut Bites idea was perceived as the most appealing.
Analyse	I think that product screening is very important in Kellogg's as it means the business avoids huge expense in developing ideas that will ultimately prove unsuccessful.

Stage 3	5 + 7 = 12 marks
Explain	<ol style="list-style-type: none"> 1. Concept Development involves creating a detailed version of the product idea in meaningful consumer terms by drawing up a written document that sets out the answers to the following questions: 2. What exactly will the product do? What will the product look like? What is its USP (unique selling point)?
Product	Kellogg's developed the following concept:- It would be an extension to the Crunchy Nut family but would provide a new flavour and texture for consumers.
Analyse	I think that concept development is very important in Kellogg's as it turns the business's initial idea into a real and concrete objective to achieve.



Stage 4		5 + 7 = 12 marks
Explain	<ol style="list-style-type: none"> 1. A feasibility study is an investigation into the new product idea that seeks to establish whether it is possible to make the product - does the technology exist so that the idea can actually be turned into a fully working product? 2. It also investigates whether the idea is commercially viable. Will the forecast sales for the product generate sufficient revenue to cover the estimated costs involved in making it and produce a decent profit? 	
Product	Kellogg's did a sales forecast for the new Crunchy Nut Bites product and its finance department drew up budgets to determine the costs involved in making it. The figures revealed that Crunchy Nut Bites would be highly profitable and so Kellogg's proceeded with the idea.	
Analyse	I think that a feasibility study was essential for Kellogg's as it ensured the company did not waste time and effort continuing with an idea with no prospect of commercial success.	

Stage 5		5 + 7 = 12 marks
Explain	<ol style="list-style-type: none"> 1. Prototype Development involves building the first working model of a new product as an experiment to see whether the product idea actually works in practice and whether it would appeal to consumers. 2. A working prototype gives the business the opportunity to identify any problems with the product and the improvements that will make it better. 	
Product	Kellogg's made a number of different Crunchy Nut Bites prototypes and developed several designs for the pack. These were tested on consumers and both were refined until Kellogg's was happy that it had the perfect product and packaging.	
Analyse	I think that prototype development was essential for Kellogg's because the attempt to build a prototype helps the business to identify whether it has the necessary machinery needed to make the product and if not it can take steps to address these engineering and production issues, so that the product can be made successfully.	