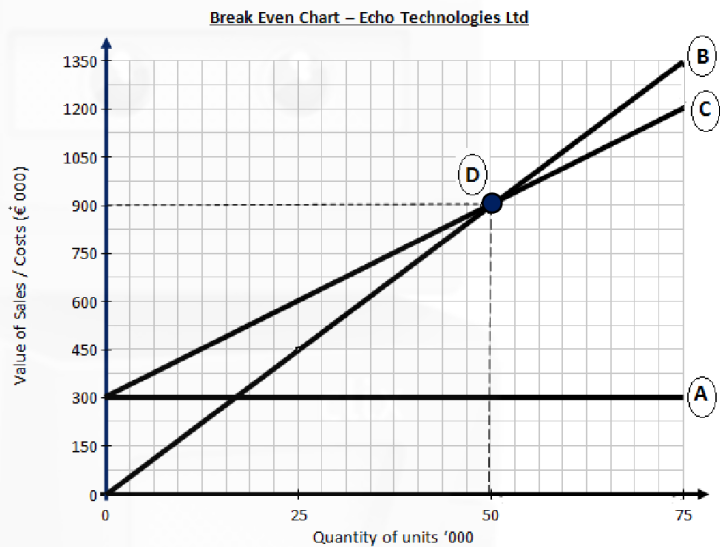


8. (a) Read the break-even chart below and identify the full labels (not abbreviations) for A, B,C and D.



Answer Box	
	Full Label
A	
B	
C	
D	

(b) Calculate the Margin of Safety at 75,000 units. Explain what it means.

Workings
Answer:

Explanation



10. The following information is supplied by Canon Ltd.
- Forecasted Output (Sales) 60,000 units
  - Fixed Costs €48,000
  - Selling price per unit €5
  - Variable Costs per unit €2

(Show your workings)

Using the information provided **calculate** the following:

(a) Total Revenue at forecasted output

(b) Total Costs of production at forecasted output

(c) Profit at forecasted output

(d) Breakeven point (BEP) **in units**

(Answer in the Answer Box below)

Answer Box

	Workings	Answer
(a) Total Revenue at forecasted output		€
(b) Total Costs of Production at forecasted output		€
(c) Profit at forecasted output		€
(d) Breakeven point (BEP) <b>in units</b> (It is not necessary to draw a break-even chart)		Units

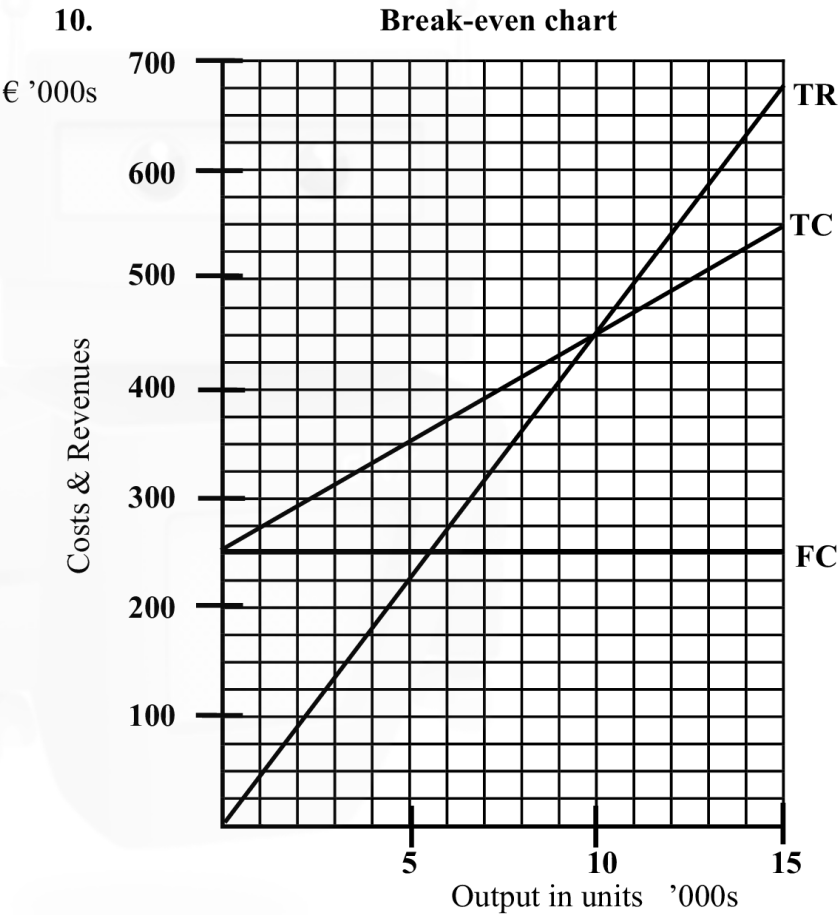
2. Column 1 is a list of *business terms*. Column 2 is a list of *possible explanations* for these business terms. (One explanation does not refer to any of the business terms.)

Column 1 – Business 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.





Answer the following questions in the Answer Box below.

- (i) **Break-even point (BEP)** in units and in euros
- (ii) The **Profit** at Forecast Sales (15,000 units) in euros.

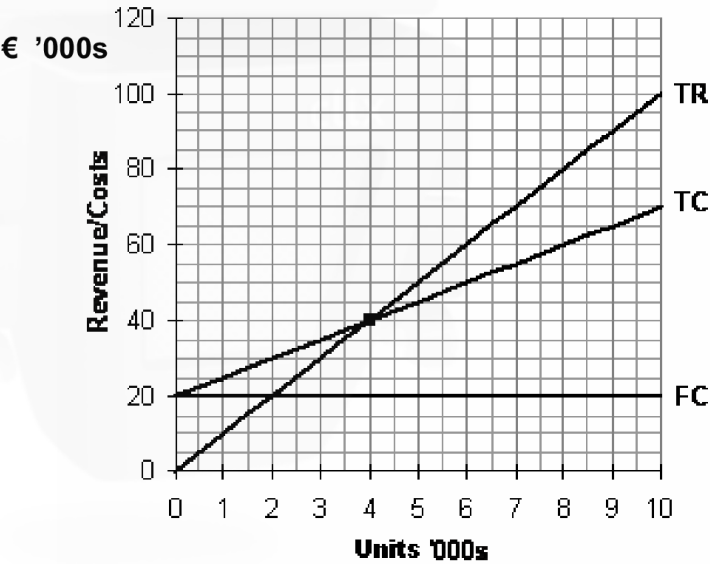
**Answer Box**

BEP in units and in euros	Units: _____ €
Profit at Forecast Sales in euros	€

- (iii) Explain the term Margin of Safety.

\_\_\_\_\_

6. Study the break-even chart below and answer the following questions in the Answer Box provided:
- (i) **Break-even point (BEP)** in units and in euros
  - (ii) The **Profit** at Forecast Sales (10,000units) in euros.
  - (iii) **Margin of safety (MOS)** in units.



**Answer Box**

BEP in units and in euros	Units: _____ €
Profit at Forecast Sales in euros	€
Margin of safety in units	Units: _____



4. Explain the terms ‘desk research’ and ‘field research’. Use **one** example of each to support your answer.

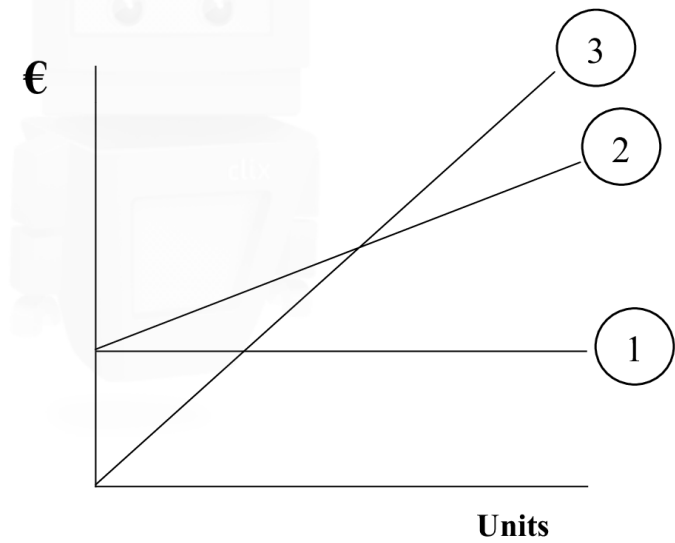
(a) Desk Research is:

Example: \_\_\_\_\_

(b) Field Research is:

Example: \_\_\_\_\_

9. Below is a diagram used in business. In the answer box beside this diagram, name the diagram and insert the appropriate labels for the numbered lines in the diagram:

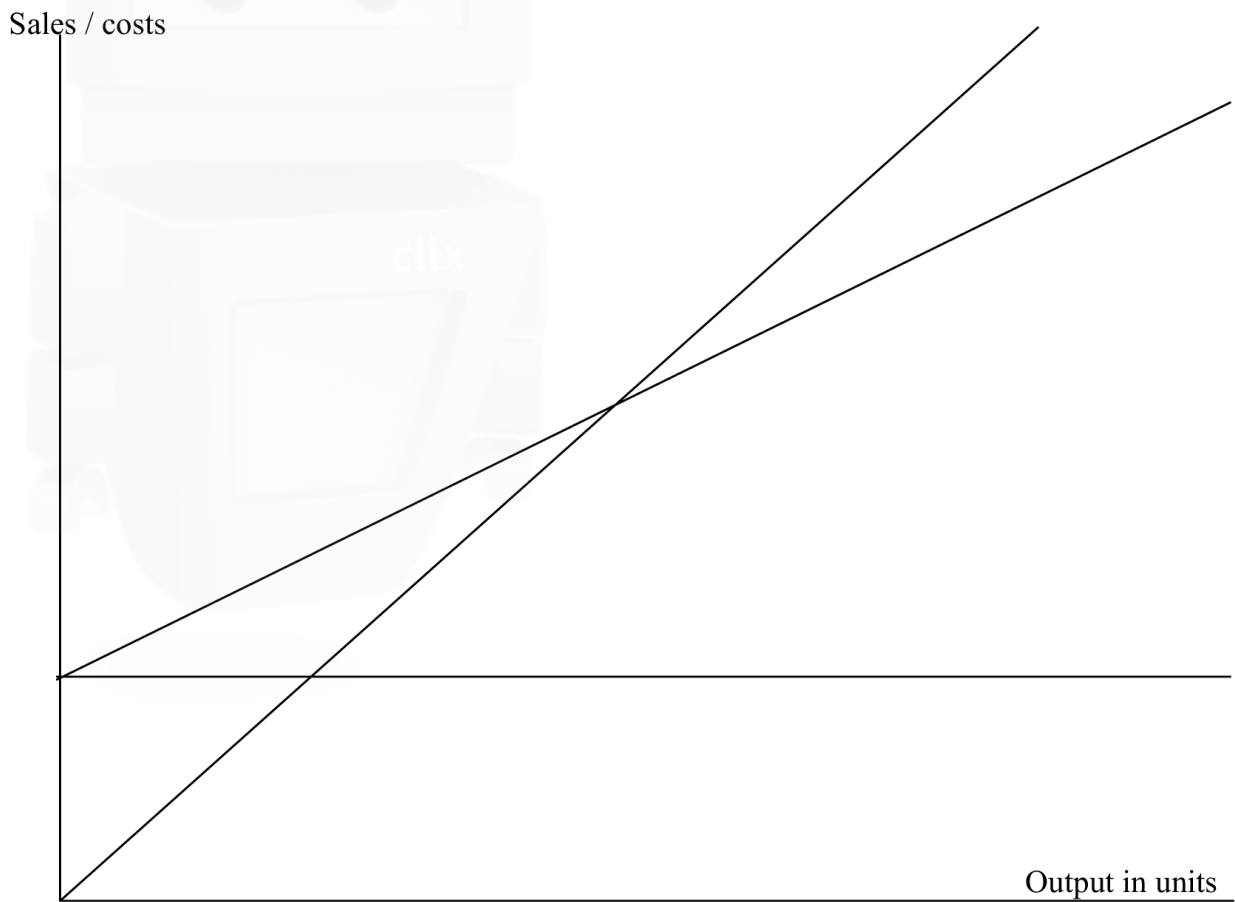


Answer Box

Name	
Label 1	
Label 2	
Label 3	



10. On the Break Even Chart below indicate clearly the following:  
Total Cost Line, Revenue Line, Margin of Safety, Fixed Costs Line, Break Even Point.



9. A 'Feasibility Study' is used to:

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5. Define market research:

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6. Prototype development involves:

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### Question 7

Read the information supplied and answer the questions which follow.

#### ***Stitch Express***

Stitch Express is a business set up by Alex Dunne originally offering clothing alterations, dress restyling and repairs. The business has grown and Alex believes it is time to update his marketing strategy. Following market research, Alex introduced a dry cleaning service. There are a few competitors in the market, so Alex decided to review his pricing and promotion policies. Alex believes he will need to rebrand the business, as a result of introducing the dry cleaning service.



- (A) (i) Outline the advantages **and** disadvantages of using secondary (desk) research techniques for collecting information on a market.  
 (ii) Illustrate **one** source of desk research **and one** source of field research that Stitch Express might use, giving a reason for your answer in **each** case. (25 marks)
- (B) Evaluate the effectiveness of sales promotion techniques Alex could consider to boost sales. (15 marks)
- (C) Discuss the benefits of branding as a marketing tool for business, providing examples to support your answer. (20 marks)  
**(60 marks)**



- (A) (i) Draft and label a product life cycle.  
 (ii) Describe **one** characteristic of each stage of the product life cycle with reference to a product of your choice. (25 marks)
- (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)

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)
- (B) '*For a business to survive it needs to grow and expand.*'  
 Evaluate **two** methods of business expansion. (20 marks)
- (C) Discuss the short-term and long-term implications of business expansion using the following headings:  
**Organisation Structure; Product mix; Profitability; Employment.** (20 marks)
- (60 marks)**

- (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)

*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)



- (B) (i) Draw and label the 'product life cycle' diagram.  
 (ii) Illustrate the methods a business could use to extend a product's life cycle. (25 marks)

- (C) As part of its feasibility study for a new product, Moore Ltd supplies the following financial information:

Forecast Output (Sales)	40,000 units
Selling Price per unit	€20
Fixed Costs	€300,000
Variable Cost per unit	€10

- (i) Illustrate by means of a breakeven chart the following:
- (a) The Breakeven Point;
  - (b) Profit at forecast output;
  - (c) The Margin of Safety at forecast output.
- (ii) Outline **one** other function of a feasibility study for Moore Ltd. (25 marks)

*Companies which invest in marketing in downturns benefit more when market conditions begin to pick up.*

- (A) Discuss the reasons why businesses carry out market research. (15 marks)
- (B) Evaluate 'Sales Promotion' and 'Public Relations' as forms of promotion. (20 marks)
- (C) 'Many businesses spend large sums of money developing a brand name'. Illustrate the benefits of branding for the business **and** the consumer. (25 marks)
- (60 marks)**



*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)
  - (B)
    - (i) Explain the term ‘market segmentation’, illustrating your answer with reference to Olympian Ltd.
    - (ii) Outline **two** benefits to Olympian Ltd of segmenting the market. (20 marks)
  - (C) Describe the factors that the Marketing Manager of Olympian Ltd should consider when deciding on the selling price of their new range of Hoodie Tracksuits. (20 marks)
- (60 marks)**

- (A) Outline the benefits for a new business of preparing a Business Plan. (15 marks)
  - (B) Motor Manufacturing Ltd. is considering the introduction of a new product. The business has provided the following figures:

<i>Fixed Costs</i>	<i>€200,000</i>
<i>Variable Cost per Unit</i>	<i>€5</i>
<i>Selling Price</i>	<i>€15</i>
<i>Forecast Output (Sales)</i>	<i>30,000 Units</i>

    - (i) Illustrate by means of a break-even chart:
      - (a) The Break - Even Point.
      - (b) Profit at forecast output.
      - (c) The Margin of Safety at forecast output.
    - (ii) Explain ‘Margin of Safety’. (30 marks)
  - (C) Evaluate the importance of ‘Feasibility Study ‘and ‘Prototype Development’ in the development process of a new product of your choice. (15 marks)
- (60 marks)**



Deirdre Moloney hopes to start up her own cosmetics and personal beauty products business aimed at the consumer market. She has approached you as a marketing consultant for some marketing advice. In **one** single report, explain to her:

- (A) The stages in the development of a new product/service. (20 marks)
- (B) The significance of 'packaging', 'branding' and 'product life cycle' with reference to this business. (30 marks)
- (C) The term 'channel of distribution' and recommend a suitable one for her business. (10 marks)
- (60 marks)**

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

- (B) (i) A business supplies the following figures about its activities.

<i>Forecast Output (Sales)</i>	<i>20,000 units</i>
<i>Selling Price</i>	<i>€50 per unit</i>
<i>Fixed Costs</i>	<i>€300,000</i>
<i>Variable Cost per unit</i>	<i>€20</i>

Illustrate by means of a break-even chart:

- (a) The Break-Even Point.
- (b) The Profit at forecast output.
- (c) The Margin of Safety at forecast output. (25 marks)
- (ii) Outline the effect on the break-even point if variable costs increased to €25 per unit. Illustrate your answer on the break-even chart. (10 marks)



### Question 7

*The main objective of marketing is to ensure that the business enterprise obtains the revenues it needs to achieve its profit targets.*

- (A) Define Market Research.  
Explain the reasons why a business enterprise would conduct it. (25 marks)
- (B) Analyse two Market Research techniques for a product or service of your choice. (20 marks)
- (C) Explain the advantage for a business enterprise of adopting the marketing concept. (15 marks)
- (60 marks)**

### Question 7

- (A) Illustrate **two** internal and **two** external sources of new product or service ideas. (25 marks)
- (B) *If the Marketing Mix is to succeed, it must be based on customer needs and must support the required image for a particular product or service.*  
  
Analyse, for a product or service of your choice, the elements of the marketing mix. (35 marks)
- (60 marks)**

- (B) 'Seatsoft' Ltd. manufactures office chairs. To survive it must meet its costs. 'Seatsoft' supplies the following figures about its activities:

Fixed Costs IR£ 1 million  
Variable Costs per unit IR£20  
Forecast output (Sales) 70,000 units  
Selling Price IR£40 per unit.

Illustrate by means of a break even chart:

- (i) The Break Even Point.
- (ii) The Profit at full capacity.
- (iii) The margin of Safety. (40 marks)



