

Chapter 13 - Business in action

1 (2017)

(a)

	Full Label
A	FIXED COSTS
B	TOTAL REVENUE
C	TOTAL COSTS
D	BREAK EVEN POINT

(b)

Calculation of Margin of Safety

$$75,000 \text{ units} - 50,000 \text{ units} = 25,000 \text{ units}$$

OR

$$€1,350,000 - €900,000 = €450,000$$

*Answer must show correct unit of measurement to be awarded marks (units or €).

Explanation:

How far forecasted sales/sales revenue can fall before the firm becomes lossmaking.

2 (2014)

10

	Workings	Answer
(a)	Sales 60,000 x €5	€300,000
(b)	FC €48,000 + (VC €2 x €60,000)	€168,000
(c)	€300,000 - €168,000	€132,000
(d)	B/E Formula $\frac{48,000}{5-2}$	16,000 units

10

3 (2014)

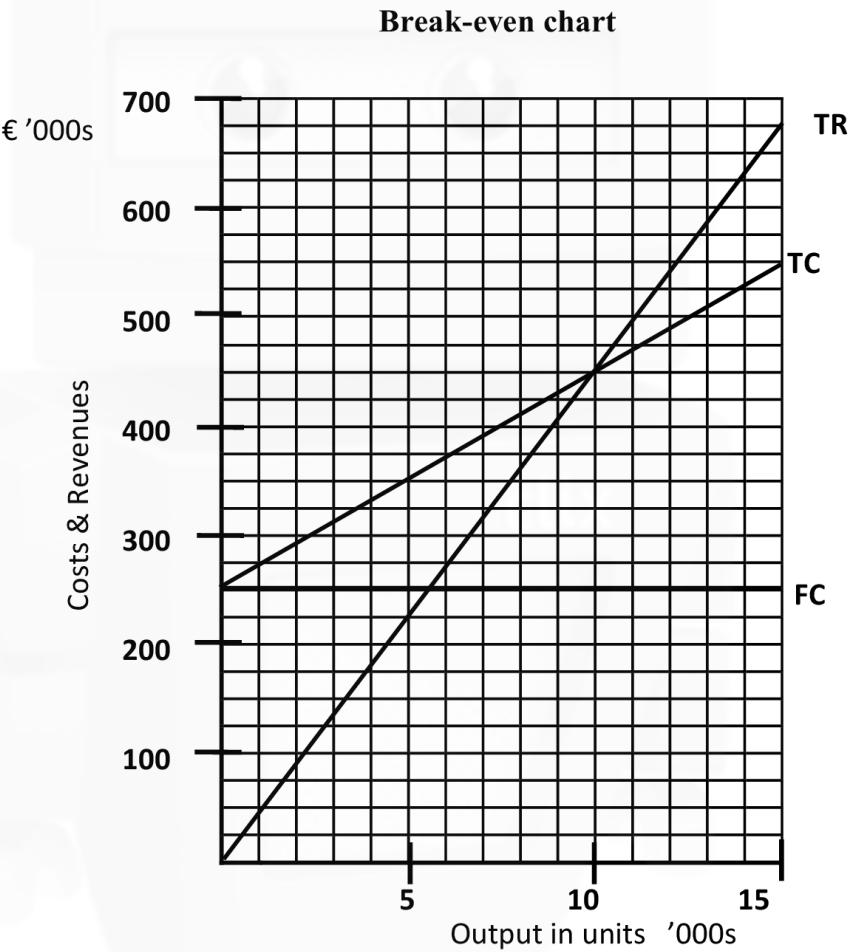
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Column 1 is a list of *business terms*. Column 2 is a list of *possible explanations* for these terms. (One explanation does not refer to any of the terms)

10

1.	2.	3.	4.	5.
B	F	D	A	C

10. Break-even chart



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: <u>10,000</u> € 450,000
Profit at Forecast	€ 125,000

(iii) Margin of Safety shows the amount by which sales can fall before reaching the Break-Even point where no profits are made.
Margin of safety shows how far estimated sales can fall before a firm becomes loss making.

6. (i) Break even point in units- 4,000 units

Break even point in euro-€40,000

- (ii) Profit at forecast sales- €30,000

- (iii) Margin of safety- 6,000 units

(a) Desk Research is:

Research based on **secondary sources of information** i.e. research that has already been conducted by others. Internal and external sources of information may be used in desk research.

Example: The total number of cars sold in the first quarter of 2009 can be found through the research conducted and published by the CSO or Society of the Irish Motor Industry (SIMI).

Internal Sources of Information: Company Reports, Management Accounts, Marketing Plan, Company Strategy, Customer Feedback etc

External Sources of Information: Websites (e.g. for financial information www.finfacts.ie, Irish Finance Portal), Reports from state agencies (e.g. CSO, Enterprise Ireland, ESRI, FÁS), business publications and newspapers, IMI, Trade Associations (e.g. Society of Irish Motor Industry), Industry experts etc.

(b) Field Research is:

Research based on **primary sources of information**. Field research (primary research) seeks to discover new detailed information about the target market. Market research methods used may include:

Example: Car dealership checking satisfaction rating of customer purchasing new car in relation to car and experience of dealership may use questionnaire

- (i) Questionnaires
- (ii) Observation
- (iii) Sampling
- (iv) Personal Interviews etc.

Name	Break Even Chart
Label 1	Fixed Costs
Label 2	Total Costs (Fixed and Variable)
Label 3	Total Income/Revenue (Income from Sales)

10. 2 + 2 + 2 + 2 + 2 marks

10. On the Break Even Chart provided indicate clearly the following information: Total Cost Line, Revenue Line, Margin of Safety, Fixed Costs Line, Break Even Point. The answers are straightforward except in the case of the Margin of Safety which, in the absence of a level of production in the question, a broad indication of the relevant area on the graph was accepted.

9. 6 + 4 marks

9. Feasibility Study:

A market study conducted to research the viability of a product/business idea both commercially and technically. It assesses the viability of a business/product proposal. The study is conducted in such a way as to confirm or otherwise the possible success of a product/idea in a target market.

It examines research and development, prototype production, test marketing, consultancy advice, financial projections, the preparation of a formal business plan, grants, the manufacturing process, the availability of plant and equipment, the sourcing of raw materials, etc.

A feasibility study attempts to answer questions like:

Should the product be produced or the service provided?

Will the sales increase and by how much?

How much will it cost to develop? Can the business afford it?

When, and to what extent, will the profits of the enterprise rise because of the new product?

5. 6 + 4 marks

6. 6 + 4 marks

7. (A)	<p>(i) Outline the advantages and disadvantages of using secondary (desk) research as a method of collecting information on a market.</p> <p><u>Advantages:</u></p> <p>Usually faster to complete than primary research/may be carried out online/research reports/press reports/CSO publications, etc.</p> <p>Relatively inexpensive compared to primary research thereby keeping business costs down.</p> <p>More and more sources are available online so results can be checked for accuracy.</p> <p>Can provide information on competitors and consumer spending patterns.</p> <p>It can be a starting point to allow business to focus primary research on a particular area identified through secondary research.</p> <p><u>Disadvantages:</u></p> <p>Information is also available to your competitors.</p> <p>Accuracy of information cannot be completely verified/can be difficult to find the original source.</p> <p>Information collected may be out of date.</p> <p>Information may be biased depending on who developed it.</p>	25 marks (15m+10m)
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(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.

Desk: (quantitative data)

CSO Statistics- to determine population trends (age, sex, family structure) and forecasts/rate of pedestrian and traffic flow past business compared to that of rivals/ footfall in a location.

Household budget survey (CSO) would give information on household spending patterns for different types of goods.

Internet –could view the pricing and promotion strategies of competitors from their websites to help develop its own pricing or promotion policies.

Daily sales records would indicate if consumer patterns have changed and if consumers would be interested in the new service.

Government Publications/Enterprise Ireland etc.

Previous Market Research reports/trade association reports.

Own previously published reports.

Press (newspaper and magazine) articles - useful general information.

Reason for your choice must be given.

Field: (opinions and attitudes-qualitative data)

Questionnaires/Surveys where individuals are asked specific questions and detailed information is received about consumer's tastes, behaviours in the market place.

Focus Groups/selected individuals are involved in discussions about the product or service/scripted series of questions or topics.

Personal Interviews/provide more subjective data.

Observation/viewing customers in action and purchasing patterns are observed by trained staff.

Reason for your choice must be given.

(B)	<p>Evaluate the effectiveness of sales promotion techniques Alex could consider to boost sales.</p> <p><u>Customer Loyalty programmes</u> – offering discounts, cash back, points etc. to regular customers (through key fob, customer card etc.). This will reward the loyal customers. One free dry clean for every five shirts dry cleaned.</p> <p><u>Special Offers:</u> Free gifts – adding a free gift “dry clean suit – shirt and tie cleaned for free”). May encourage the occasional customer to avail of the service more often. (Get suit cleaned every 2 weeks rather than every month) OR Buy One Get One Free/3 for price of 2 – getting 3 items dry cleaned/ altered only pay for 2 items. May increase the volume of trade for Stitch Express. OR Introductory Offer</p>	15 marks
	<p><u>Money off vouchers/coupons</u> – putting coupons in local papers and magazines for reduction in cost of dry cleaning/alteration service. May attract new customers to the service.</p> <p>Could run <u>competitions</u> on social media. Could encourage customers to share posts from Stitch Express on Facebook by offering the winners €100 worth of dry cleaning etc. This could be a reward for the loyal customers.</p> <p>Evaluation of each technique you have chosen *****</p>	
(C)	<p>Discuss the benefits of branding as a marketing tool for business, providing examples to support your answer.</p> <p>Possible responses include:</p> <p>Having a brand name makes it easier to distinguish the product from competitor’s products/it is instantly recognisable. Can be used as a marketing tool for advertising purposes. Kelloggs is a well-known brand and they have different promotions to keep the brand name to the fore of consumer’s minds.</p> <p>It is easier to introduce new products if the brand name is already well known. Different products are released under the Kelloggs brand e.g. All-Bran Breakfast Biscuits, Coco Pops, Frosted Flakes.</p> <p>A well-known brand name can command a premium price. Kellogg’s brands command higher prices than for instance own brand labels/ premium prices can be charged. May be perceived as high quality.</p>	20 marks

Repeat purchases as a result of branding will increase sales.

Individual **market segments** can be identified and targeted with different products under the brand name.

e.g. Kellogg's Rice Krispies for kids/All-bran/ Mc Donalds childrens' meals.

Over time consumers become loyal to a particular brand and will not change. Consumers tend to eat the same brand each day. (Brennan's Bread). Branding allows a company to differentiate itself from the competition and, in the process, to bond with their customers **to create loyalty**.

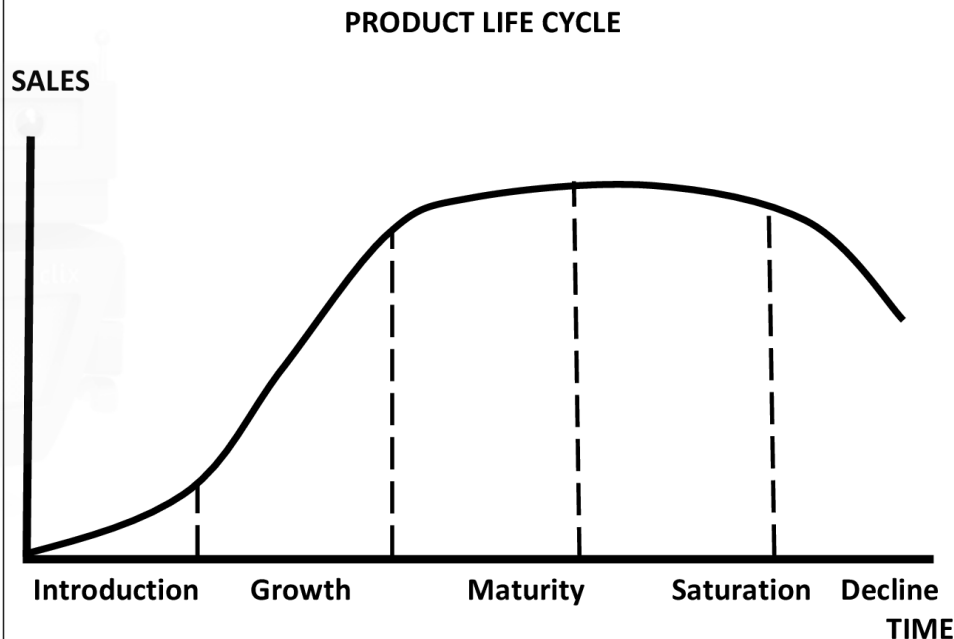
"Brennan's Bread, Today's Bread Today"

A position is created in the marketplace that is much more difficult for the competition to 'steal'. A satisfied customer may leave, but a loyal one is much less likely to. Consumers who have grown up with Kellogg's breakfast cereals will have strong associations of childhood and home. They will have developed **confidence in** the brand.

Brand names can be registered to protect the owner so that no other firm can use that name.

Some brands become so popular overtime that **the product becomes the brand** e.g. Google, hoover, biro, tippex etc.

12 (2015)



Example required:

Introduction: There is heavy expenditure on promoting the product and the company has to decide on a suitable pricing strategy e.g. Apple went for a high pricing strategy while Samsung went for a lower pricing strategy in order to capture market share.

Slow Sales Growth / High Expenditure (Advertising, Sales promotion, Distribution) / Negative cash flow/ No profits

		<p><u>Growth:</u> Investment in production capacity is needed to keep up with demand. The company must be ready to improve the design of the product, tweaking a feature such as internet access or the size of the screen on the iPhone 6, in order to compete.</p> <p>Rapid Sales Growth / Costs falling / Positive Cash Flow / Growing profits/Expanded production requiring further investment.</p> <p><u>Maturity:</u> Sales and profits reach a peak/start to level off and the product has reached most customers in the market. The focus may be on how to extend its life and maintain its competitiveness. Advertising may be reinforcing or reminding customers of the product. Other markets may be sought (e.g. mobile phones in China). Rival products may enter market.</p>	
		<p>Sales increasing but at decreasing rate / Profits reach a peak & start to level off / If no further product development it may go into decline.</p> <p><u>Saturation:</u> Sales begin to slow down and intensive advertising and promotion take place to maintain market share. Brand loyalty is vital at this stage. The big mobile phone companies spend millions of dollars each year on advertising and promotion. According to <i>Reuters</i>, Samsung spent an estimated \$14 billion on marketing in 2013.</p> <p>Sales slowing down as market saturated / Costs up (Advertising & Sales promotion)/ Prices may fall to encourage consumption.</p>	
		<p><u>Decline:</u> Sales and profits begin to fall and there may be an effort made to extend the product life or to re-launch the product in a new market. For example Smartphone technology lead to the demise of the Nokia handheld mobile phone.</p> <p>Sales & Profits falling / Withdrawal of product from the market / Product could be re-launched in a different market/ Product harvesting (selling a product in decline without any expenditure on promotion for short-term gain.</p>	
	i	<p>List the four stages/steps above in the correct order.</p> <ol style="list-style-type: none"> 1. Product Screening 2. Feasibility Study 3. Prototype Development 4. Test Marketing 	
	ii	<p>Outline your understanding of any three of these stages.</p> <p><u>Product screening</u> (Screening Ideas): All ideas are vetted and the impractical and unworkable ideas are dropped, leaving the most viable ones for further examination and development. Careful screening helps businesses avoid huge expenses in developing ideas that are subsequently not marketable and ensures that good opportunities are not lost.</p> <p><u>Feasibility Study:</u> This is carried out to assess if a product has potential. It looks at whether it can be produced technically (production feasibility) and if it will be profitable (financial feasibility). It seeks answers to questions such as, what will it cost to produce and can the business afford it?</p>	

Prototype Development: This stage involves developing a sample or model of a product. It is produced to see what materials are required to make it. It can be used to test the product to see if it conforms to certain standards and to determine what adjustments/ improvements can be made before deciding to go into full production.

Test Marketing/Product Testing: It involves doing a small-scale trial to identify possible faults and to assess customer reaction. The product is tested on a sample of potential consumers before going into full production.

13 (2013)

Question 6

(A)	Outline the internal and external sources of new product ideas for technology companies like Google.	2 internal sources@ 5 marks (2+3) 2 external sources@ 5 marks (2+3)	20
(B)	Evaluate two methods of business expansion.	2 methods @ 10 marks (2+3+3+2)	20
(C)	Discuss the short- term and long- term implications of business expansion using the following headings: <i>Organisation Structure;</i> <i>Product mix;</i> <i>Profitability;</i> <i>Employment</i>	4 @ 5 marks (4+1)	20

(A) Outline the internal and external sources of new product ideas for companies like Google.

Internal

- Brainstorming sessions. This involves people from different areas of the business coming together and creatively thinking up new ideas. Some of these ideas are rejected while some are giving further consideration. The diversity of the team assists in the creativity process.
- Sales personnel. Market research or feedback from sales representatives is a major source of product innovation and new product ideas.
- Ideas from employees through suggestion schemes or suggestion boxes. A good idea may be rewarded by a bonus. A good intrapreneurial culture exists within Google fostering innovation e.g. "Google's "20 Percent Time" strategy gives engineers time and space to work on their own projects.
- The R&D department may discover a new product/or improve an existing product through research and development, for example Google spent in the region of 13% of its revenue (\$3.7 billion in 2011) on research and development.

External

- Monitoring competitors and copying some of their product ideas, while being mindful of patent and copyright law e.g. Samsung and Apple.
- Import substitution where a product that is currently being imported is substituted by a home produced product of a similar quality or price.
- Use a Market Research company to identify gaps in the market and market trends. Companies can then exploit these gaps or niche markets.
- Customer Complaints/Feedback could result in changes in or further developments of existing products.
- Foreign travel or trade shows such as the Dublin Web Summit could inspire companies to make a new product for the domestic market.

(B) 'For a business to survive it needs to grow and expand'.

Evaluate two methods of business expansion.

A merger:

- A **friendly or voluntary** amalgamation or joining together of two or more firms for their mutual benefit, trading under a common name.
- A **single new legal entity** is formed once it is approved by shareholders.
- E.g. Irish Permanent and Trustee Savings Bank merged to form Permanent TSB. Avonmore Co-op and Waterford Foods merged to form Glanbia plc.
- It is a defensive strategy as the merger may involve diversification into new product areas, which reduces the risk of the firm 'having all its eggs in the on basket'.
- Costs will be lower because of economies of scale and the sharing of costs and resources.

Evaluation: Own judgement required

A takeover:

- This occurs when one company **purchases 51% or more** of the shares in another company in either a hostile or friendly manner.
- The acquiring company absorbs the other company, which loses its identity after the acquisition and becomes part of the acquiring company.
- The cost of the takeover can be very expensive.
- Eircom took over Meteor mobile phone company for €420 million. Google bought the popular online video site YouTube for \$1.65 billion. Google has acquired Motorola Mobility, a mobile device manufacturing company, for \$12.5 billion.

Evaluation: Own judgement required

A Strategic alliance:

- When two or more independent firms agree to co-operate and share resources and expertise with each other for the mutual benefit of all parties involved.
- The firms remain **completely independent legally** and each firm maintains its own separate trading identity.
- Google has worked with several corporations, in order to improve production and services. In January 2013, Google announced a partnership with Kia Motors and Hyundai. The partnership integrates Google Maps and Places into new car models to be released later in 2013.
- The firms benefit from the sharing of resources and talent that otherwise they wouldn't have access to. Either party can end the arrangement easily if they choose to do so.

Evaluation: Own judgement required

A Franchise:

- This is a business arrangement whereby the franchisor (the existing business with the proven business model) grants a contractual licence/permission to the franchisee (person setting up the business) to use its name, logo and business idea in return for a fee or a percentage of profits or sales.
- The franchisor can expand his business without having to invest further capital or take additional risks as these are passed onto the franchisee in the contractual arrangement.
- Some franchises in Ireland include, The Zip Yard, Gloria Jean's Coffees, McDonalds and GEMS.

- It is a cost effective form of expansion for the franchisor. It can be risky for a franchisor as if standards are not maintained by the franchisee the image of the franchisor could be affected.

Evaluation: Own judgement required

(C) Discuss the short term and long term implications of business expansion using the following headings:

Organisation Structure; Product mix; Profitability; Employment

Organisation structure:

Short-term Implication

- As the business expands a new structure may be required as more activities may need to be organised. The business needs a formal organisation structure such as a functional structure which clearly identifies the chain of command and span of control within the business.

Long-term Implication

- This functional organisation structure may be replaced by a geographic structure to facilitate expansion into new geographic regions or a product structure to facilitate the increased range of products.
- As businesses grow they rely more on specialist support functions and personnel. An IT Department and/or a HR Department may be introduced to assist line managers and thereby increase efficiency.

Product mix:

Short-term Implication

- As the business begins to expand the product mix and portfolio of products available for sale will increase to suit the wider range of market segments targeted by the business.
- Any products acquired during growth that do not fit the company's business model may be sold off.
- Wider product range makes the management of the marketing mix more difficult.

Long-term Implication

- Mergers and acquisitions will allow the business to satisfy the various niche markets. This will result in further investment in R&D and product development in order to satisfy the wide range of market segments the business is selling into.
- Different marketing mixes may have to be put in place for the wider range of products.

Profitability:

Short-term Implication

- Short-term restructuring costs. Initially profits may fall as a result of the increased expenditure on assets such as machinery, buildings, IT and R&D, premises etc.
- Diseconomies of scale due to lack of proper management and duplication of work.

Long-term Implication

- As the business consolidates its position during business growth and maturity, sales and revenues should increase leading to greater profitability.
- The business may develop economies of scale such as bulk buying, increased market power, automation and elimination of duplication leading to efficiencies and greater profitability.
- Greater profits will allow for higher dividends to shareholder encouraging further investment and the building up of reserves.
- Profits could also fall in the long term due to diseconomies of scale (poor management, lower employee motivation resulting from very big business). Disconnection between management and employees.

Employment:

Short –term Implication

- Initial expansion may result in rationalisation as the business attempts to remove wasteful duplication of roles. This can lead to compulsory redundancies. The uncertainty/fear about the future can demotivate staff and management and cause industrial relations problems (different pay and reward systems).
- Work relationships could be stressful, due to uncertainty.
- More training required for staff.

Long-term Implication

- As the business consolidates its position during business growth and maturity its HR department may be able to engage in a recruitment drive for new employees as part of its manpower planning.
- The business may be able to motivate workers through higher wages and better working conditions.
- Staff training and development opportunities could open up promotion possibilities for staff improving staff morale and industrial relations.
- Bigger businesses could attract highly qualified personnel.
- Employees may become alienated and demotivated in a very large business, leading to inefficiencies.

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

Idea Generation

Definition: This is an efficient, methodical way of finding ideas for new products and services and can come from internal or external sources.

Internal

- Brainstorming sessions. This involves people from different areas of the business coming together and creatively thinking up new ideas. Some of these ideas are rejected while some are giving further consideration. The diversity of the team assists in the creativity process.
- Sales personnel either through market research or feedback from sales representatives is a major source of product innovation/new product ideas.
- Ideas from employees through suggestion schemes/suggestion boxes. A good idea may be rewarded by a bonus for example.
- The R&D department may discover a new product through research and development.

External

- Monitoring competitors and copying some of their product ideas, while being mindful of patent and copyright law.
- Import substitution where a product that is currently being imported is substituted by a home produced product of a similar quality or price.
- Use a Market Research company to spot gaps in the market and market trends.
- Customer Complaints could result in changes/developments in products.
- Foreign travel/trade shows.

PRODUCT/SERVICE REQUIRED WITH REFERENCE TO IDEA GENERATION.

Feasibility Study

Definition: The feasibility study takes place after the concept development phase and investigates how viable it will be to produce the product in terms of production, cost and profitability. A feasibility study is an investigative report into the potential and profitability of a business idea.

- **Market feasibility** i.e. is there a demand for the product/what is the best marketing mix for the product and what are the sales figures likely to be?
- **Financial feasibility** i.e. can the business finance the development, production and marketing of the product?
- **Production/technical feasibility** i.e. does the business have the machinery, equipment and buildings to manufacture the product?
- **Skills feasibility** i.e. does the business have the requisite skills to make the product e.g. management skills and employee skills or will training be required and if so how much will this training cost?
- **Environmental feasibility** i.e. will the production processes necessary for the new product have an impact on the local environment? Will planning permission be required?

Product: Steve Jobs figured that more and more functions were going to end up on mobile phones because people didn't have enough hands or pockets to keep track of all their gadgets e.g. a blackberry for e-mail, an iPod for music etc. He realised that all this hardware should exist on a single package i.e. the iPhone.

Development of the iPhone began in 2005. The Apple CEO Steve Jobs directed that Apple engineers investigate the feasibility of touch screens (production feasibility). The touch screen could show a keyboard when it was needed and then hide it when the user wanted to surf the web or look up a map.

(20 marks)

(C)

Outline internal **and** external sources of product innovation for Kilronan Ltd.

Internal

- Brainstorming sessions. This involves people from different areas of the business coming together and **creatively thinking** up new ideas. Some of these ideas are rejected while some are giving further consideration. The diversity of the team assists in the creativity process.
- **Sales personnel** either through market research or feedback from sales representatives is a major source of product innovation/new product ideas.
- Ideas from employees through **suggestion schemes/suggestion boxes**. A good idea may be rewarded by a bonus for example. A good intrapreneurial culture within Kilronan Ltd could foster innovation.
- The **R&D department** may discover a new product through research and development.

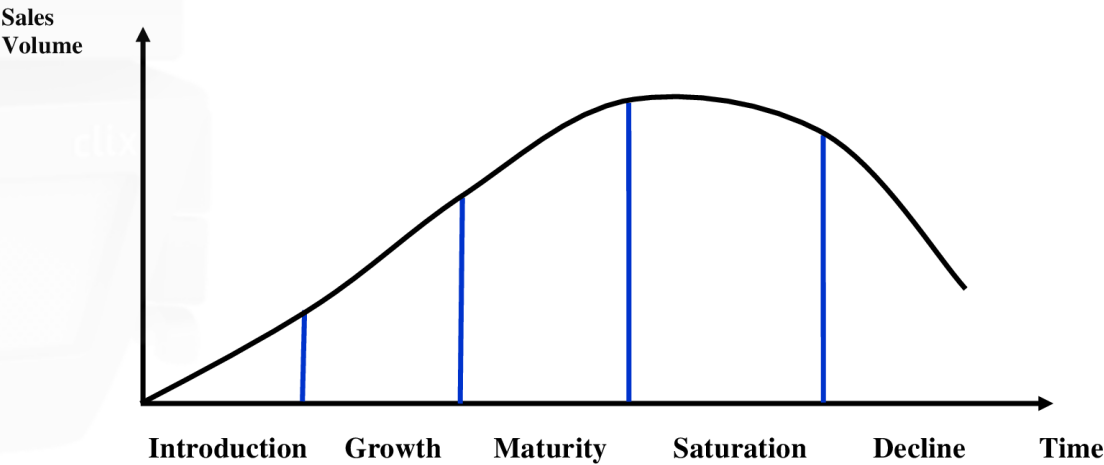
External

- Monitoring **competitors** and copying some of their product ideas, while being mindful of patent and copyright law.
- **Import substitution** where a product that is currently being imported is substituted by a home produced product of a similar quality or price.
- Use a **Market Research** company to spot gaps in the market and market trends. Kilronan Ltd could then exploit these gaps or niche markets.
- **Customer Complaints** could result in changes/developments in products.
- **Foreign travel/trade shows** could inspire Kilronan Ltd to make a new product for the domestic market.

(20 marks)

(B) (i) Draw and label the 'product life cycle' diagram

The Product Life Cycle



Note: Diagram requires title, axes correctly labelled and stages must be in correct order.

- (ii) Illustrate the methods a business could use to extend a product's life cycle.

The business will have to change the **marketing mix** associated with the product in order to extend its life cycle.

Product

Improve the product/change its use/introduce line extensions (different flavours and sizes):

- The business could improve the design of the product, tweaking a feature e.g. adding internet access to a mobile phone. May attract new customers or previous customers may retry the product to find out what has improved.
Change the use of the product and may attract a wider consumer base/different market.
Different product line extensions will appeal to different market segments and may increase sales.
Alter the packaging which may appeal to a different market segment.

Price

Increase/decrease price:

- The business could change its pricing strategy. Adopting a different pricing strategy may increase sales and revenue e.g. selling match tickets at a lower price, which in turn sells out the stadium and maximises revenue. Price rise may make the product more exclusive and attract customers. Price decrease may mean existing customers buy more of the product.

Promotion:

Change the method of promotion

- Use a different and more effective promotion technique. Changing to television advertising may be expensive but it could increase awareness of the product, encourage customer loyalty and increase sales.
- Change the name of the product and new promotional techniques could then be used to attract attention.

Place:

Alter the place the product is sold

- Use a different distribution system e.g. direct selling to customers using the internet (Ryanair and Dell) may rejuvenate sales and extend the product's life cycle.
- Selling online can attract a worldwide audience.

(25 mark)

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

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

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.

$$SP = €20$$

$$VC = €10$$

$$\text{Contribution per unit} = €20 - €10 = €10$$

$$(a) \text{ Break-even point} = \frac{\text{Total fixed costs}}{\text{Contribution per unit}}$$

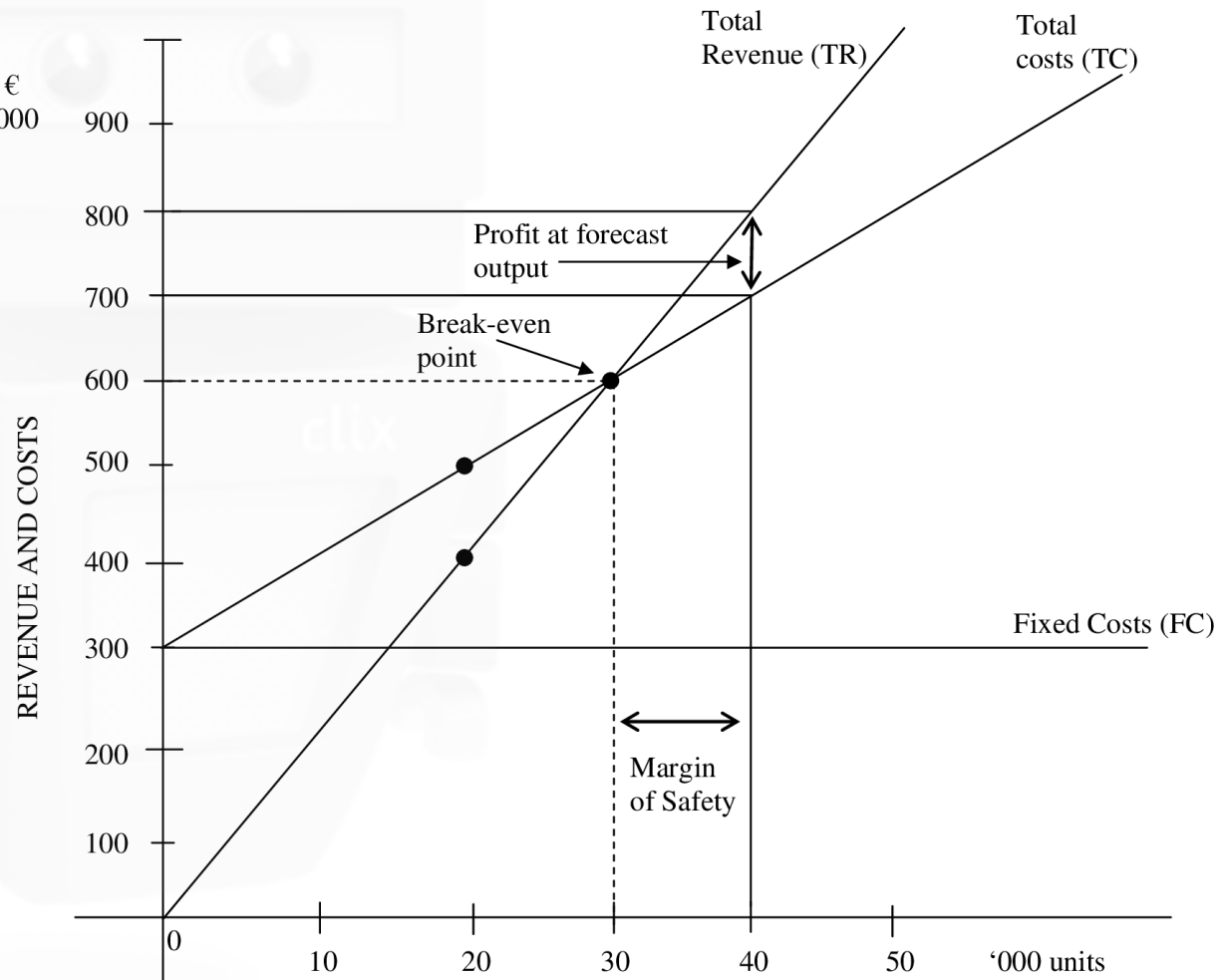
$$= \frac{300,000}{10} = 30,000 \text{ units}$$

Units	S/P	V/costs	F/Costs	T/Costs	T/Revenue	Profit
0	20	0	300,000	300,000	0	0
30,000	20	300,000	300,000	600,000	600,000	0
40,000	20	400,000	300,000	700,000	800,000	100,000

$$(b) \text{ Profit at forecast output} = €800,000 - €700,000 = €100,000$$

$$(c) \text{ Margin of Safety} = 40,000 - 30,000 = 10,000 \text{ Units}$$

(i) Break Even Chart- Moore Ltd



(ii) Outline **one** other function of a feasibility study for Moore Ltd.

A feasibility study is an investigative report into the potential and profitability of a business idea.

- **Market feasibility** i.e. is there a demand for the product/what is the best marketing mix for the product and what sales figures are likely to be?
- **Production/technical feasibility** i.e. do we have the machinery, equipment and buildings to manufacture the product?
- **Skills feasibility** i.e. does our business have the requisite skills to make the product e.g. management skills and employee skills or will we require training and if so how much will this training cost?
- **Environmental feasibility** i.e. will the production processes necessary for the new product have an impact on the local environment? Will I need planning permission?

(20 marks)

- **Market:** it provides information about the size of the market and whether it is growing. It also provides information about the characteristics of the market (age of people in it, their income, their location)/measures brand recall, recognition.
- **Competitors:** it reveals information about competition in the market, their products, market share and their strengths and weaknesses.
- **Marketing Mix:** it helps a business decide on the marketing mix it will use to sell its products. i.e. the Product, its Price, method of Promotion and the Place where it will be sold.
- **Consumer Reaction:** businesses can find out the reasons why consumers buy a particular product and what influences their buying behaviour.
- **Reduces Risk:** market research makes it more likely that a product will succeed. It reduces the risk of the business using resources producing products, which the consumer does not want/ may explore ways to expand and develop business with a view to providing the customer with greater quality and service.
- **Sales:** it assists a business in working out the likely sales for its products.

(B) Evaluate “Sales Promotion” and “Public Relations” as forms of Promotion.

Sales Promotion is the use of short-term incentives/ “GIMMICKS” to attract customers to the product or services on offer. Activities other than direct advertising are included. It adds to the attractiveness of the product. It is useful for stimulating sales by offering customers price reductions, buy one get one free, coupons, samples, prizes, free draws, in-store displays etc or any other incentives directly related to the product. It aims to attract new consumers for the product, rewarding loyal consumers and increasing buying frequency among occasional consumers.

Sales promotion techniques involve some contact between the customer and the seller. It lasts for a short period of time and may be repeated at a later date.

Evaluation required:

Sales Promotion is popular in the large multiples such as Tesco, Dunnes, Superquinn in the current climate in an effort to increase market share.

Public Relations is taking steps to **create a good image** for the product/service. It aims to achieve favourable publicity and build a good corporate image of the business. Public Relations is about building a relationship with the public stakeholders. It is not directly concerned with increasing sales of products.

The activities include: press releases; press conferences; TV Programmes; promotional films; sponsorship; publicity literature; donations to charity.

Sometimes you will see that in certain businesses, when dealing with certain issues, they will have a spokesperson to come out and speak about the issue. This person is usually referred to as a Public Relations Officer. The activity may be carried out by the company’s own Public Relations Officer (PRO) or by a specialist PR agency.

Public relations can pose challenges. Negative product publicity can be a nightmare for businesses e.g. Toyota recall of cars. It can lead to loss in the market share and customers losing trust in the quality of the product/service being offered.

Public Relations: can take the form of press releases where the media are given information about the company. **Sponsorship** is another form where businesses pay money so that their product name will be displayed by individuals, organisations or at particular events. e.g. The Heineken Cup. (Rugby). Vodafone (Dublin's senior football and hurling teams).

Evaluation required.

(C) **Many businesses spend large sums of money developing a brand name. Illustrate the benefits of branding for the consumer and the business.**

Benefits to the business:

- **Marketing:** Having a brand name makes it easier to distinguish the product from competitor's products/instantly recognisable. Can be used as a marketing tool for advertising purposes. Kelloggs is well known and they have different promotions to keep it to the fore of consumer's minds.
- **New Products are easier to introduce** if the brand name is already well known. Different products are released under the Kelloggs brand.
- **Pricing:** A well-known brand name can command a premium price. Kellogg's brands command higher prices than for instance own brand labels/ premium prices can be charged.
- **Sales increase:** Repeat purchases increase sales.
- **Market Segmentation:** Individual market segments can be identified and targeted with different products under the brand name. e.g. Kelloggs Rice Krispies.
- **Customer Loyalty:** Over time consumers become loyal to a particular brand and will not change. Consumers tend to eat the same brand or cereal each day. Branding allows a company to differentiate themselves from the competition and, in the process, to bond with their customers to create loyalty. A position is created in the marketplace that is much more difficult for the competition to 'poach'. A satisfied customer may leave, but a loyal one is much less likely to. Consumers who have grown up with Kellogg's breakfast cereals will have strong associations of childhood and home.
- Brand names can be **registered** to protect the owner so that no other firm can use that name.
- **Products may become the brand.** Some brands become so popular overtime that the product becomes the brand e.g. Google, hoover, biro, tipex etc.

Benefits for the consumer:

- Branding helps the buyer to **identify** a particular supplier's goods and creates and **maintains their confidence** in the performance of the brand.
- Consumers remember simple names. It is important to make sure the name can be associated with a positive value, characteristic, or position. Consumers like products to which they can **associate positive qualities**. Kellogg's Corn Flakes was the only cereal to be eaten aboard Apollo 11, the first lunar landing.
- The purchase and use of brands allows a consumer/buyer to fulfill their need of self expression and also communicate his or her self image. A consumer/ buyer who defines him/herself as successful and powerful may drive a Mercedes!
- Brands help consumers/buyers to judge the value/measure the quality of a product. Country of origin can influence consumers in making judgements as to whether a product is of value or not. e.g. French perfume, Italian leather, Swiss watches.
- Kellogg's has, over the years, built up some key core brand characteristics, **emphasising quality** and nutritional benefits that will apply to any Kellogg's product. Consumers will trust the Kellogg's brand name to fulfill these requirements whichever type of cereal they choose. There are currently 29 products in the Kellogg's family.

(A) **Outline the stages involved in the development process of the Hoodie Tracksuits.**

Idea Generation: Initial ideas for the new product are thought up. It may take the form of brain-storming.

Product Screening: The ideas are vetted and the impractical and unworkable ideas are eliminated, leaving the most likely one for further examination and development.

Concept Development: This involves turning the idea into an actual product or service that will appeal to customers. A unique selling point (USP) is identified which will distinguish it from other products.

Feasibility Study: This is carried out to assess if a product is viable. It looks at whether it can be produced technically and will it be profitable. It answers question like:

- What demand is there
- What will it cost
- Can the business afford it.

Prototype Development: This is a sample or model of a product. It is produced to see if a product can be made and what materials are required to make it. It can be used to test the product to see what improvements can be made. Samples of the tracksuit can be produced.

Test Marketing: The product is tested on a sample of consumers before going into full production.

Production and Launch: The product is put into production and introduced to the market. The firm will select a suitable marketing strategy to persuade consumers to buy the product.

(B) (i) Explain the term ‘Market Segmentation’, illustrating your answer with reference to Olympian Ltd.

Market segmentation involves dividing up the market into **clearly identifiable sections**, which have **common characteristics**. It allows a firm to identify who their target market is. Olympian may segment the overall market for tracksuits either by demographic or physiological methods. The **teenage market** has been identified as a **target market** for the Hoodie Tracksuit – this market may be further segmented e.g. males and females, sporty and non-sporty types to help develop and support an effective marketing strategy.

(ii) Outline two benefits to Olympian Ltd of segmenting the market.

- Marketing strategy will focus on the customers who are most likely to buy the Hoodie Tracksuit
- Cost effective use of resources – avoids markets which will not be profitable
- May give Olympian Ltd a competitive advantage in the Hoodie Tracksuit market
- Olympian Ltd will have the opportunity to build loyal relationships with its customers from a young age – potential for development of future products etc
- Market segmentation provides information to help Olympian decide on the most appropriate marketing strategy to use for marketing the tracksuits e.g. Radio, T.V. etc.

(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.

The factors which should be taken into account when deciding on the selling price include:

Costs: The price should cover the firm’s costs (production, marketing, distribution etc) and include a profit margin/Cost plus pricing.

Competitors Prices: Competition is very intense in the sportswear industry and this will influence the price to be charged/Going rate pricing.

Type of Product: As the firm is selling branded tracksuits the price is likely to be high to reflect this/ Premium Pricing.

Stage of Product Life Cycle: As the products are new and at the introductory stage a high price is suitable to help recover costs/Price skimming.

Consumers: The type of buyers will determine the price which can be charged. The target market has been identified as the teenage market.

19 (2008)

(A) A business plan (Outline benefits for a new business):

- **Guide to Future Action:** Having a plan provides a focus for the business and guides the actions of individuals.
- **Viability:** In preparing a business plan all aspects of a business are analysed. A S.W.O.T. analysis may be carried out. Any problem areas can be identified and steps taken to deal with them.
- **Finance:** It can be used when seeking finance for a business venture/ Grants from various bodies.
- **Assessing Performance:** It provides a benchmark against which performance can be measured/Targets set. If not reached then actions to fix the problem can be implemented.

(B) (i) Break Even Chart (illustrate)

SP = €15

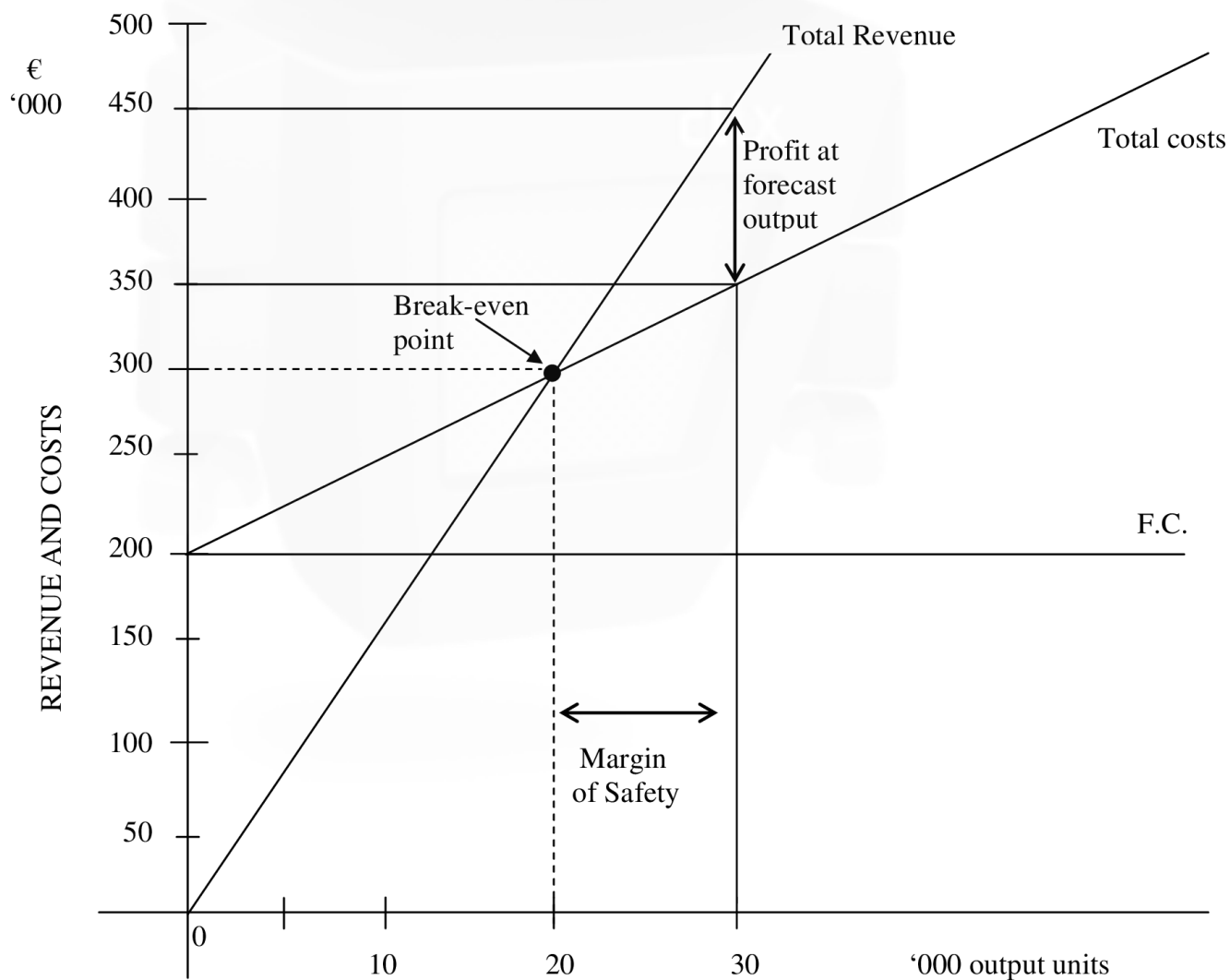
VC = €5

contribution per unit = €15 - €5 = €10

$$\text{Break-even point} = \frac{\text{Total fixed costs}}{\text{Contribution per unit}}$$

$$= \frac{200,000}{10} = 20,000 \text{ units}$$

Units	S/P	V/costs	F/Costs	T/Costs	Revenue	Profit
0	15	0	200,000	200,000	0	0
20,000	15	100,000	200,000	300,000	300,000	0
30,000	15	150,000	200,000	350,000	450,000	100,000



- (a) Break-even point 20,000 units €300,000
- (b) Profit at forecast output €100,000
- (c) Margin of Safety 10,000 units

(ii) **Margin of Safety:** How far estimated sales can fall before the firm becomes loss making.

(C) **Feasibility Study** (evaluate for a new product):

This is a study carried out to assess the commercial and technical viability of a product. It looks at whether it can be produced technically and if it will be profitable/financial feasible and marketable. It answers question like:

- Is there a demand?
- Can the business actually manufacture it?
- What will it cost/profitability?
- Can the business afford it?

Prototype Development (evaluate for new product):

A prototype is a sample/mock up or model of a product. The product concept is turned into a physical product. It is produced to see if a product can be made and what materials are required to make it. It can be used to test the product to see what improvements can be made/adjustments can be made if required.

20 (2006)

(A) The stages in the development of a new product/service (explain)

- Idea generation and development
- Product or service screening
- Concept development
- Feasibility study
- Prototype development
- Test marketing
- Launch on the market.

(B) The significance of 'packaging', 'branding' and 'product life cycle (explain)

- Packaging – significance of 'packaging' and reference to the business required
- Branding – significance of 'branding' and reference to the business required
- Product Life Cycle – significance of 'product life cycle' and reference to the business required.

(C) Channel of Distribution (explain and recommend)

The term 'channel of distribution' refers to the movement of goods from one party to another, i.e. manufacturer to wholesaler to retailer to consumer.

Recommendation of suitable channel required

Note: **One** single report required for question

- Formal report structures include:
 - Title
 - Names
 - The Executive Summary
 - Introduction / Terms of Reference
 - Findings
 - Recommendations
 - Acknowledgements
 - Appendices
 - Bibliography / Reference
 - Index.

(A) External sources of new product/service ideas

Since most business ideas are second hand or adaptations of existing products and services, keep a close eye on the existing market and look for gaps that can be filled. For example, 'Green' products or 'Low Fat' products. These are simply variations of products which were in existence already but when consumer demand changed, the new product varieties blossomed. All changes in society such as new legislation, regulations of various bodies and codes of practice etc. offer the opportunity to be first in with the new requirements.

Spotting the future requirements and needs of the market place will give an edge over the competition and ensure a good market share.

What the competitors are doing and any trends that are developing. What the competitors are not doing, ie potential customers that are being neglected.

Outside research agencies eg. professional business advisers and consultants, trade publications and advertising agencies.

Databases available on computer worldwide. The list of ideas in the patent office or research being conducted into product innovations at various educational establishments.

Organisations such as An Bord Trachtála, Forbairt, the Central Statistics Office, county enterprise boards, government departments, business associations can have very useful statistical information readily available which may produce the germ of a successful product or service idea.

Product idea centres are located at all the regional offices of Forbairt and allow access to all the trade statistics on record together with information on new products, sub-contracting and licensing opportunities. Forbairt also has a very successful product development service.

Products or services that are available in other countries but not in Ireland as yet, could be adapted for the Irish market. If, for example a product has no patent it may be freely copied without cost.

Investigate the needs of businesses and the bigger organisations in the market place. Organisations may be willing to sub-contract work such as cleaning or catering, offering a ready-made opportunity for a small business. Permanent sub-contract work is now very common in Ireland with the services being provided under commercial contracts and in a lot of cases solely for one firm.

Request people to submit their ideas, conduct student competitions, public competitions, complaints made by existing customers, etc.

Business Activity Groups.

Franchising is almost like owning your own business but with strict conditions attached. The owner of an idea franchises it, allowing somebody else make or sell their idea provided they do it in a certain way.

Other opportunities may be identified in the following areas:

- Manufacturing. Producing products in Ireland in your own manufacturing facility.
- Agency. Having an agency means selling for a foreign manufacturer or distributor on the Irish market and receiving payment on a commission basis
- Import Substitution. Locating an imported product on sale on the Irish market at the moment and displacing it with a home-produced product of similar quality and price. Study in detail the imports lists of goods coming into the country.
- Services. Many service providers/traders are enjoying good growth, especially with services such as professional consultants (banking, marketing, architecture, personnel, etc.) the

entertainment industry (show business, films, television, etc.) personal services (hairdressing, sport, social), home services (gardening, cleaning, decorating, child minding), business services (printing, design, book keeping etc.).

- Public Procurement. The EU now require that all public bodies such as local and central government publicly advertise all contracts above a certain value throughout the EU. An Irish-based firm will have location advantages which should translate into a competitive price.

(B)(i) Break-Even Chart.**(a) Break-Even Point (BEP)**

Costs

Fixed Costs (FC) 300,000

Variable Costs (VC) 400,000

700,000

Revenue 1,000,000 (ie. 20,000 x €50)

Profit €300,000

BEP = Fixed Cost/Contribution per Unit

Contribution = Selling Price (€50) minus Variable Cost (€20) = €30

€300,000/€30 = 10,000 units.

(b) Profit at forecast output

Revenue 20,000 units x €50 each = 1,000,000

FC = 300,000

VC = 400,000

Profit = 300,000

(c) Margin Of Safety at forecast output

How far the forecast sales can fall before the business is no longer viable ie. it becomes loss making.

Each unit contributes €30 to the Fixed Costs

Fixed costs are €300,000

Therefore Sales of 10,000 units covers these costs

Sales can drop from 20,000 units to 10,000 units before the business suffers loss

Therefore the margin of safety is also 10,000 units.

(ii) Variable costs increase to €25 per unit

FC 300,000

VC2 500,000

800,000

Revenue 1,000,000 (ie. 20,000 x 50)

Profit € 200,000

BEP = Fixed Cost/Contribution per Unit

Contribution = Selling Price (€50) minus Variable Cost (€25) = €25

300,000/25 = 12,000 units.

Question 7 (A) Reasons why a business enterprise would conduct Market Research.

Market research is the gathering, in a systematic way, of important and relevant information about specific market features and trends. It includes the following:

- Market research gathers both quantitative (the number of customers in the market, their spending patterns etc.) and qualitative (customer likes and dislikes, opinions on why a product is preferred etc.) market information on its customers.
- Information is as accurate and reliable as it can be.
- Information like market size, future potential growth, details on competitors and customer profiles are important.
- Market research involves making a comprehensive analysis and evaluation of the market features and reporting this information back to the business so that the business may make sense of the market.
- Since market research involves the studying of market trends, patterns and the state of consumer demand, it reduces risk for a business and allows the business to plan for the future based on evidence rather than hunch and hearsay.

(B) Market Research techniques for a product or service.

Desk Research: Involves the examination of both internal and external records including all past sales records and salespersons reports on file.

Internal Sources: The study of these sources from the firm's files will help to locate the most and least successful products, any changes that have taken place and trends for the future. The research will reveal the nature of the problem you have.

External Sources: Internet, telephone, print media, trade directories and agencies, public libraries, . Examples of the most common are the following:

The population census. Available from the Central Statistics Office giving the population details of areas and towns around the country under headings age, sex, marital status and family structure, religion etc.

The census of distribution gives details of retail sales patterns and the sales turnover for various types of retail business.

Trade statistics for the country. Listed here will be the various types of imports and exports for Ireland. Trends may be noticed.

The Statistical Abstract of Ireland and the Irish Statistical Bulletin provide relevant data on the consumer price index and the wages index.

Thom's Commercial Directory lists all the businesses in Irish towns according to type.

The Household Budget Survey. This sets out the spending pattern of Irish households on different types of goods.

All government departments publish reports and printed material on all aspects of the departments.

The media in general, including all trade magazines and publications such as newsletters from trade associations, and both national and local newspapers and free sheets.

Field Studies. Some of the methods for field studies are as follows:

Surveys. The main purpose of surveys is to determine from the responses how consumers in general will react to new products. Determining the reactions of consumers is achieved by randomly selecting a sample of people from the entire market for the survey and using their reactions to make generalisations about the market as a whole. The survey is usually conducted by telephone or by post.

They require that potential customers are actually interviewed by researchers and the responses recorded and analysed.

Questionnaires should be prepared in such a way that the information acquired is useful and relevant. The questionnaires are completed by members of the public at large, randomly selected or by certain sections of the public who are specifically relevant. If customers have carried out tests on the product prototype they will complete very specific questionnaires on the product.

Observational Methods. Observe and watching the reactions of individuals in relevant real or contrived situations.

(C) Advantage of adopting the marketing concept.

The marketing concept has been defined as: 'understanding the needs and wants of customers in the market and of adapting the operations of the organisation to deliver the right goods and services more effectively and efficiently than its competitors.'

The marketing concept means that every effort is aimed at all times to satisfying its customer wants profitably. The organisation always attempts to ensure that the desired product, suitably priced and using the best promotion possible will be delivered on time to the right place. The enterprise's customers and their needs always come first. The firm begins with an in-depth analysis of the needs of the customer and only then move on to the design or manufacture of the product.

Advantage: Business will always be able to compete (sell) in the most competitive of markets, because they will produce what its customers need rather than attempting to get customers to purchase what the firm has produced.

24 (2003)

Question 7. (Business in Action)

- A. Internal and external sources of new ideas 7 + 6 and 6 + 6 marks. (Total 25 marks)
- B. Marketing mix 4 Ps 9 + 9 + 9 + 8 marks (3 + 3 + 3) and (3 + 3 + 2). (Total 35 marks)

QUESTION 7

(A) Sources of new product or services ideas

Internal Sources

- **Research and Development department** in the business, staffed with technical experts such as scientists, engineers and technicians.
- Employees improving or developing new products services based on the **existing products** of employers.
- Idea generation from within can be encouraged by **rewarding the staff**, who come up with ideas, with cash bonuses, added fringe benefits, indeed any incentive that encourages the idea generation process (intrapreneurship).
- Idea generation and development techniques such as **brainstorming** are usefully employed.
- Part time **hobbies** or occupations.
- **Community** needs.
- Agents or **distributors** for others.

External Sources

- **Changing customer needs.** All changes in society such as new legislation, regulations of various bodies and codes of practice, etc. offer the opportunity to be first in with the new requirements.
- What the competitors are doing and any trends that are developing. **What the competitors are not doing**, i.e. potential customers that are being neglected.
- **Outside research agencies** e.g. professional business advisers and consultants, trade publications and advertising agencies.
- Databases available on computer **worldwide**. The list of ideas in the patent office or research being conducted into product innovations at various educational establishments.
- **Organisations** such as An Bord Trachtála, Forbairt, the Central Statistics Office, county enterprise boards, government departments, business associations all have very useful statistical information readily available which may produce the germ of a successful product or service idea.
- **Product idea centres** are located at all the regional offices of Forbairt and allow access to all the trade statistics on record together with information on new products, sub-contracting and licensing opportunities. Forbairt also has a very successful product development service.

- Products or services that are available in **other countries** but not in Ireland as yet, could be adapted for the Irish market. If, for example a product has no patent it may be freely copied without cost.
- Investigate the needs of businesses and the bigger organisations in the market place. Organisations may be willing to **sub-contract** work such as cleaning or catering, offering a ready-made opportunity for a small business. Permanent sub-contract work is now very common in Ireland with the services being provided under commercial contracts and, in a lot of cases, solely for one firm.
- Request people to submit their ideas, conduct student competitions, public **competitions**, complaints made by existing customers, etc.
- Since most business ideas are second hand or changes to existing products and services, keep a close eye on the **existing market** and look for gaps that can be filled. For example, 'Green' products or 'Low Fat' products. These are simply variations of products which were in existence already.
- Spotting the **future requirements** and needs of the market place will give the edge over the competition and ensure a good market share.

Business Activity Groups

- **The Retailing Sector**
Retailing comprises enterprises like supermarkets, restaurants, garages, boutiques
- **Franchising**
Franchising is almost like owning your own business but with strict conditions attached. The owner of an idea franchises it, allowing somebody else make or sell their idea, provided they do it in a certain way.
- **Importing**
You may be able to bring products into the country that are not readily available on the market at the moment or are available at a very high price.
- **Exporting**
Exporting is a specialist business that has huge potential in the EU and further afield. An exporting business might be ideally based in Ireland.
- **Manufacturing**
Manufacturing is producing products in Ireland in your own manufacturing facility.
- **Agency**
Having an agency means selling for a foreign manufacturer or distributor on the Irish market and receiving payment on a commission basis.
- **Import Substitution**
Locating an imported product on sale on the Irish market at the moment and displacing it with a home-produced product of similar quality and price. Study in detail of
 - the imports lists coming into the country.
- **Provide a service**
Many service providers/traders are enjoying good growth, especially with services such as professional consultants (banking, marketing, architecture, personnel, etc.) the entertainment industry (show business, films, television, etc.) personal

services (hairdressing, sport, social), home services (gardening, cleaning, decorating, child minding), business services (printing, design, book keeping etc.)

- **Public Sector Purchasing (Public Procurement)**

The EU now require that all public bodies such as local and central government publicly advertise all contracts above a certain value throughout the EU. An Irish-based firm will have location advantages which should translate into a competitive price.

(B) Elements of the marketing mix

- **Product**

The product is made up of the detailed characteristics of the item on offer, e.g. its distinctive features, its form, shape and colour. It would include any relevant information on the item for the customer such as its quality, after-sales service, guarantees, brand name and image.

- **Price**

Price is what one pays for a product. It is also the representation of the value of the product to the buyer. If the buyer is happy with the price of the product then the price is right. The price of a product on the market will be determined by: the product's unique properties, the cost of manufacture, the level of competition etc. Enterprises may keep the price of a newly launched product a little lower than the competition's price in an attempt to gain market share. If the particular product is aimed at the luxury end or segment (niche) of the market then the price set may be high and vice versa.

- **Promotion**

This is used by business enterprises to let existing and possible future customers know about the products on offer and to get them interested in buying the goods. The essential promotional techniques (methods) are advertising, sales promotion, public relations and personal selling. The purpose of all four elements of promotion is to inform the market that the enterprise has something for sale and to convince someone to actually purchase it.

- **Place**

There is no point in going to the trouble of locating a target group of customers and then not making the products and services readily accessible and available to that group. The promotion and sale of the enterprise's products is the primary focus and to help with this, channels of distribution such as agents or distributors are used.

Any Product or Service

Product.

Mercedes Benz Coupe

This is one of a range of German made Mercedes cars. Very reliable with a high specification.

It includes a driver's airbags and ABS among its many safety features.

It carries an anti rust warranty.

Good resale value.
Prestige market vehicle.

Price.

It is the top model in its price range and its list price is a competitive (compared to other car makes) from €50,000 - €78,000. Market share pricing.

Finance available. Competitive with similar standard cars from other marques.

Cash customers can avail themselves of a large cash discount.

Aimed at relatively high income earners.

Price includes AA membership, service agreements for years etc.

Promotion

Emphasis is placed on brand loyalty.

Advertised on television and in business and fashion magazines. Targeted market.

Mercedes are sponsors of many prestige events.

Free testing at any Mercedes garage nationwide.

Brand emphasis on safety and reliability and high quality.

Place

Main Mercedes garages distribute - Nationwide sales and service network locally

Geographically dispersed service centres. Worldwide

Reliability, dependability, convenience, service

Purchase directly from Mercedes importer/Agent in Dublin

The Coupe can be imported directly from Germany

Personal Selling

25 (2001)

(b)	B E Chart	Chart with Wrong Calcs	Calcs. With no chart	Answer no workings
Scale	4 marks	4	0	0
Fixed Cost Line	4 marks	4	0	0
Total Cost Line	12 marks	0	0	0
Track the Sales line	5 marks	5	0	0
Identify Break Even Point	5 marks	3	8	3
Profit at Full Capacity	5 marks	3	8	3
Margin Of Safety	5 marks	3	8	3

Incorrect Figures

3 marks out of 5 for showing Break Even Point, Profit at Full Capacity and Margin Of Safety

Figures Only: 24 marks (Profit 8 + BEP 8 + Margin of Safety in Units 8)

Answers Only : Profit 3 marks + BEP 3 marks + Margin of Safety in Units 3 marks

Workings done /not identified on chart: Profit 3 + BEP 3 + Margin of Safety 3 marks

