

How will customers respond? Elasticity and product development

A Level 8.1.1 Elasticity · 8.1.2 Product development

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Running case: Saffra Foods, Pune · 60 minutes

How this topic is examined

Paper 3 • Decision-making • 60 marks • 1 h 45

Calculate PED, YED or promotional elasticity [2]–[4]

Calculate revenue after a price change [4]

Evaluate the usefulness of elasticity data [12]

Evaluate the importance of R&D [12]

Paper 4 • Business strategy • 40 marks • 1 h 15

Evaluate a product development strategy [20]

Advise on the marketing mix using evidence [20]

Use the timeline and data

Link analysis to strategy

Typical questions on this topic

Calculate the price elasticity of demand if the price rises from \$3.50 to \$4.00. [2]

Calculate the income elasticity of demand for [product]. [2]

Evaluate the usefulness of elasticity measures when deciding the marketing mix. [12]

Evaluate the importance of following the product development process. [12]

Evaluate the importance of R&D to [business]’s future success. [12]

By the end of this lecture you can...

- 1 Calculate and interpret price elasticity of demand.
- 2 Calculate and interpret income and promotional elasticity.
- 3 Use elasticity in pricing, promotion and forecasting decisions.
- 4 Evaluate the limitations of elasticity.
- 5 Explain the stages and sources of ideas in product development.
- 6 Evaluate the importance of R&D.

END OF PREVIEW

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