
Question 26 (9 marks)

- (a) Identify THREE external factors that affect food product development, and give a relevant example for each.

3

<i>External factor</i>	<i>Example</i>
Political	labelling legislation - laws.
Company Image	- Reputation. - Expectation from consumer.
Environmental	- Pollution - Packaging materials.

eg. Biodegradable packaging is more ecologically friendly.

Question 26 continues on page 16

Company's reputation is for 'clean, green' produce than their new product must meet consumer expectations.

Question 26 (continued)

- (b) How does the food industry adjust its pricing structures in response to changes in the economy? 6 ✓

Businesses and organisations in the food industry develop pricing strategies that will benefit their company and give them the market edge over competitors, especially overseas competitors. Pricing strategies such as selective, and psychological strategies can be utilised to increase the revenue of the organisations product.

The Australian Food Industry as a whole is also influenced by the Australian economy in areas such as taxation, fluctuations and the availability of produce which in turn increases the price of products. The Australian dollar is influenced by overseas influences and markets either increasing ~~or~~ or decreasing the value of Australian products.

End of Question 26

Taxation on food such as the 'Carbon Tax' and 'tariffs' also add to the cost of ingredients in Australian produce and our export market.

Farms produce is affected by the economy which in turn affects the Australian Food industry. If farmers do not create enough revenue from their product (controlled by Aus) them Farmers dollar will become bankrupt