
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>
economic environment	value of Australian dollar
political environment	working conditions
ecological environment	sustainable / environmentally friendly.

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Question 26 (continued)

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

The pricing structures can go up or down depending on various factors due to the economy.

Prices will go down if the Australian dollar is high, on imported produce from other countries.

The price will also go down if there is a boom in crop numbers.

Competing companies like Coles & Woolworths can also reduce pricing structures in an attempt to convert / attract consumers. However, having such large shares in the Australian market, they may also force prices up.

Prices will also go up, if the Australia dollar is weak, on imported produce from other countries.

Prices of produce will go up if produce is limited (or in short supply), eg banana prices skyrocketed after NT banana crops were destroyed

End of Question 26

by cyclone Larry. Prices exceeding \$25/kg