
Question 26 (9 marks)

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

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<i>External factor</i>	<i>Example</i>
Technological	The development of new sensory technology
Political	A change in legislation
Ecological	The use of renewable energy.

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Question 26 (continued)



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

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In order for a company to maintain its financial position, they will adjust the prices of its products in response to changes in the economy. When the economy is going through a recession, prices need to be lowered as an individual's disposable income decreases whilst levels of unemployment increase. Global economics also affect the food industry because if another country is going into recession, export prices may need to be lowered to encourage continuation of trade or if another country has entered a boom, increase the price to maximise company profitability.

End of Question 26