

# Unit 5: Chapter 14

IDENTIFYING BUSINESS OPPORTUNITIES

# Learning Outcomes from this chapter

## ***On completion, you should be able to:***

- Illustrate how new business ideas are formed
- Compare and contrast the main sources of new product ideas
- Identify techniques for developing business ideas and researching them
- Explain the steps involved in developing a new product
- Evaluate the contribution of different steps in developing a new product





A collage of social media icons including Facebook, Twitter, Pinterest, and a 'Like' button.

# External sources of ideas for an existing business

1. Family and friends
2. Media (e.g. Instagram trends)
3. Import substitution
4. State agencies (e.g. Enterprise Ireland)
5. Competitors
6. Trade shows
7. Customer complaints
8. Import substitution
9. Market research



# Stages in new product development

Idea generation

Product screening (ideas)

Concept development

Feasibility study

Prototype development

Test marketing

Product launch

# Stage 1: Idea generation



Brainstorming is used to throw around ideas and come up with options. It is a great way to spark new ideas in a group.



Market research is used to find out what consumers want through surveys or observation.



Good idea generation allows the business to have many varied ideas to choose from, maybe identifying new areas or types of products instead of getting stuck in the same pattern.



# Stage 2: Product screening (ideas)

Ideas are analysed and the weaker ones are discarded following a **SWOT** analysis (**S**trengths, **W**eaknesses, **O**pportunities and **T**hreats).

Ideas that have potential are explored. The business identifies products worth developing by comparing to similar products on the market.

Ideas with no future potential can be discarded.

## Stage 3: Concept development

- The basic idea is now converted into a product concept that is capable of satisfying consumers. Design, layout, function and features are developed to evolve beyond the basic idea.
- The product's USP (Unique Selling Point) is established.
- The business establishes the main differentiating factor that will make the new product stand out against current competitors in the market.





# Stage 4: Feasibility study

- Can it be done?
- **Financial feasibility:** A break-even analysis can be carried out to see how many units would need to be sold to cover costs.
- **Production feasibility:** Is it technically possible to produce?
- **Commercial feasibility:** Is the market large enough for the business to make a profit? (Conduct research to establish market size.)

# Stage 5: Prototype development

- An original working model of the product is produced.
- The working model makes it possible to identify possible production difficulties.
- Calculations are made on the raw materials and labour needed to produce the product.
- Additional prototypes can be improved by development and testing until the product is ready to proceed.

## Stage 6: Test marketing

- Release the product on a small scale initially (supply the product to a small group of the target market).
- Take feedback into account and make modifications, as necessary.
- If feedback is strongly negative, shelve the idea. Develop new ideas.

## Stage 7: Product launch



The business can now set up production facilities – or outsource the production.



The business gets media coverage and may hold a press conference.



Social media is used to gain publicity for the launch and for the new product.