3.3 Innovation, cost, intellectual property and ethics

Name: _____ Class: _____ Date: _____ **Total: 30 marks**

KEY WORDS invention • innovation • market pull • technology push • intellectual property • patent • appropriate technology • greenwashing

Objective

Build the skills to answer exam questions on **innovation** and commercial design: invention and innovation, market pull and technology push, the product life cycle and diffusion of innovations, costs and break-even, **intellectual property** , and ethical design and appropriate technology.

You must be able to:

- distinguish invention and innovation, and incremental, radical and disruptive innovation
- identify the right form of intellectual property: patent, registered design, copyright, trademark
- calculate break-even with a selling price
- explain appropriate technology, greenwashing and eco-labels
- explain market pull, technology push and the diffusion of innovations
- explain the stages of the product life cycle (sales) and extension strategies

1 Key knowledge and worked examples

■ Innovation

- **Invention**: a new idea, product or process. **Innovation**: an invention that is brought to market and used.
- **Incremental**: small improvements (a better camera each year). **Radical**: a big change creating something new (the first touch-screen smartphone). **Disruptive**: starts with overlooked low-end or new users, then moves into the mainstream.
- **Market pull**: users' needs drive the product. **Technology push**: a new technology looks for uses (lasers before barcode scanners).
- **Product life cycle (sales):** introduction (low sales, loss) → growth → maturity (sales level off, rivals copy) → decline. **Extension strategies:** new model, new

features or colours, lower price, new markets.

- **Diffusion of innovations** (Rogers): innovators 2.5 %, early adopters 13.5 %, early majority 34 %, late majority 34 %, laggards 16 %. Firms target early adopters, who influence the majority.

Cost and intellectual property

$$\text{break-even} = \frac{\text{fixed costs}}{\text{price} - \text{variable cost per item}}$$

protection	what it protects	typical length
patent	an invention: how it works	about 20 years
registered design	appearance: shape, pattern	up to about 25 years
copyright	drawings, writing, software	the creator's life plus 50 to 70 years; automatic
trademark	names and logos of a brand	renewable while used

A patent needs novelty, an inventive step and industrial use; applying makes the invention public. **Open source** design shares designs under a licence so others can study, change and make them.

Ethics

Safety in foreseeable misuse; fair pay and safe work in the supply chain; no hazardous or conflict materials; respect for cultures; honest claims (exaggerated green claims are **greenwashing**). **Appropriate technology** suits the people and place: affordable, local materials, repairable with local skills, little energy. **Eco-labels** (EU Ecolabel, Energy Star, FSC) show a product meets stated standards.

Worked example. A lamp sells for ¥70; fixed costs ¥20,000; variable cost ¥30 per lamp. Break-even $= 20\,000 \div (70 - 30) = 500$ lamps.

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2 Practice

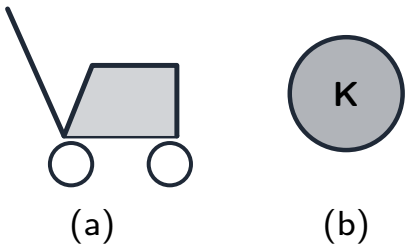
2.1 Distinguish between an **invention** and an **innovation**. [2]



2.2 Identify the form of intellectual property that would protect:

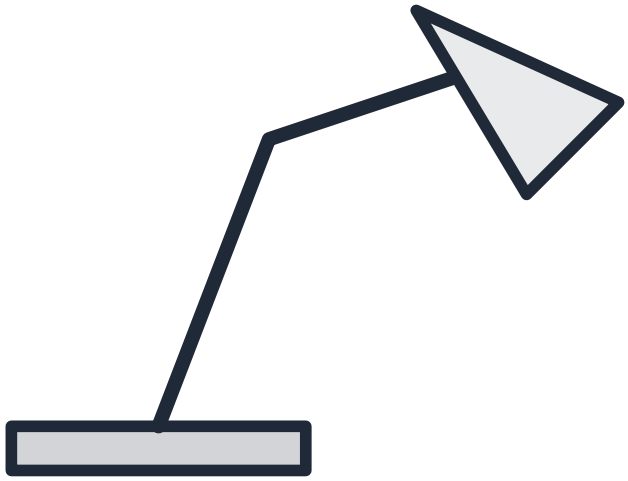
(a) a new mechanism for a folding pushchair; [1]

(b) the logo of the pushchair company. [1]



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2.3 A desk lamp sells for ¥60. Fixed costs are ¥12,000 and the variable cost is ¥20 per lamp. Calculate the break-even number of lamps. [2]

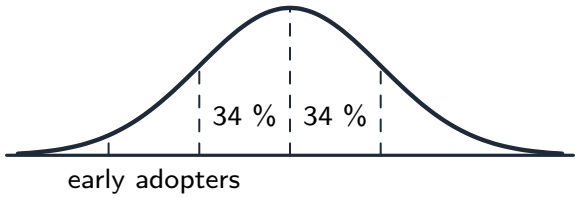


2.4 Distinguish between **market pull** and **technology push**, with an example of each. [4]



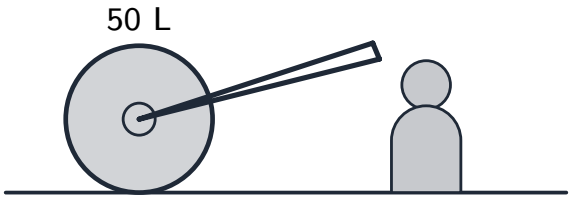
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2.5 Explain why designers and marketers often target **early adopters** when launching a new product. [3]



3 Exam-style questions

3.1 A design team has developed a rolling water container for villages where people carry water a long way by hand. It holds 50 litres and is pushed with a handle.

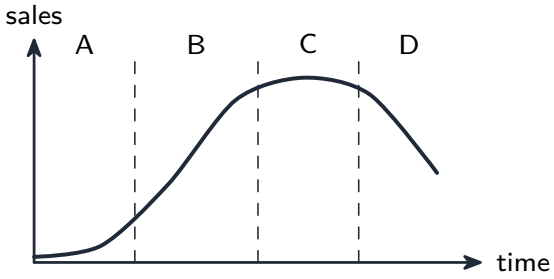


(a) Outline **two** features that make this an example of appropriate technology. [4]

(b) The team could patent the design or share it as open source. Explain **one** advantage and **one** disadvantage of a patent. [4]

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3.2 The sales of a smart speaker are shown.



(a) Identify the stages labelled **A** and **C**. [2]

(b) Explain **two** extension strategies the firm could use at stage C. [4]

(c) Explain how disruptive innovation differs from incremental innovation, with an example. [3]

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