

# IB Business Management – Operations Management

## 5.6 Research and Development: Exam Practice Question



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### 5.6 RESEARCH AND DEVELOPMENT: EXAM PRACTICE QUESTION

Read the case study information below and answer the questions that follow.

#### GILLETTE: MANAGING PRODUCT INNOVATION



Gillette has always believed that continuous new product development resulting from extensive R&D is necessary to differentiate itself from its competitors. True to its corporate mantra of 'innovation is Gillette', the company has introduced some of the most successful and widely acclaimed innovative products in the consumer products industry. Its product range, protected by trademarks, is legendary with such brands as Sensor, SensorExcel, Mach 3 and Gillette for Women Venus.

The company's policy is to generate 40% of its sales from products launched within the last five years. One reason for Gillette's strong focus on new product development is that the competition has successfully learned to copy its products very quickly. For example, Schick (part of Warner Lambert, later taken over by Pfizer but known as Wilkinson Sword in many parts of the world) had imitated Gillette's Track II twin-blade razor within five months of the product's launch. Thus, the product life cycle of many Gillette's fast moving consumer goods is relatively short.

Further product launches have added to the brand value of Gillette. It has succeeded, in some markets, in making razors less of a commodity product – which consumers just buy on

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price and convenience considerations – but a branded product that consumers will pay a premium price for. It has also had success in process innovation, developing new manufacturing techniques that greatly reduce the need for labour in the production process. Gillette was also the firm who managed to reposition the razor as an essential in women's grooming, and faced much criticism from feminist groups in their marketing practices used to change perceptions.

On a positive note, Gillette has been quick to respond to the exploitative use of animals in their R&D laboratories when developing and testing new products. Animals no longer factor in their R&D process and sophisticated software and powerful computer processing can model the effects of chemical and biochemical interactions of new skin and hair products on people.

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### QUESTIONS: 25 MARKS, 45 MINUTES

1. Define the following terms:
  - i. Research and development
  - ii. Innovation

**[4 marks]**
  
2. Outline **three** types of innovations evident in the Gillette case study. 

**[6 marks]**
  
3. Distinguish between adaptive creativity and innovative creativity. 

**[5 marks]**
  
4. Discuss how the pace of industry change **and** ethical considerations may influence research and development practices **and** strategies at Gillette. 

**[10 marks]**