Guide 8: Choose your idea and update the market analysis

Your goal

Choose a business idea to carry forward. Use what you learned about customers, solutions, and production to update your view of the market.

You may have changed your mind during Unit 1. Changing an idea because of evidence is useful progress.

What to produce

- A revised product idea, if a change is needed.
- A revised PESTEL analysis of the possible market.
- A plan to seek competitive advantage in that market.

Use paper or your own document. Follow your teacher's submission instructions. The review prompts below are optional support, not extra project requirements.

Key terms

- **Desirable:** wanted by customers.
- **Feasible:** possible to provide with available or obtainable resources.
- **Viable:** able to work as a business, including covering costs over time.
- **Competitive advantage:** a reason customers might choose your business over competitors.

You do not need to prove every part of the business at this stage. You do need to explain what the evidence suggests and what remains uncertain.

Step 1: Review what changed

Gather your Unit 1 work: customer description, market analysis, interviews, product idea, solution test, purpose statements, and supply chain plan.

Compare your starting assumptions with your current thinking.

- Did customers describe the problem you expected?
- Did the solution test show a useful benefit?
- Can you provide the product safely and practically?
- Did you discover an alternative that customers already prefer?

Look at evidence against your idea as well as evidence supporting it. Do not choose only the comments you like.

Step 2: Choose an idea to carry forward

Decide which customer group and product you will pursue in the next part of the project. Explain the reason using your research and planning.

You may keep the current idea, change part of it, or select a different idea. If you make a major change, check which earlier work needs updating. Research about one customer or product does not automatically support a different one.

If evidence is still weak, discuss the next step with your teacher. State what is uncertain rather than claiming success without evidence.

Example: Ready Pouch reviews its choices

Ready Pouch is our fictional example business. Its proposed product is a small pencil pouch for students.

Suppose testing suggested a compact pouch could help a particular group of students, but the production plan showed that many small pockets would take too long to sew. These are possible findings for illustration, not actual research.

The team could carry forward a simpler design. Its decision should explain both the customer benefit and the production limit. Removing pockets would still need checking if customers valued them.

The team should also compare the simpler design with existing pouches. A smaller design alone does not prove a competitive advantage. Customers might already have an option that meets the same need at a suitable price.

Step 3: Update your PESTEL analysis

Return to the analysis from Task 2. Review the political, economic, social, technological, environmental, and legal factors.

Does each factor still apply to the product and market you selected? Add relevant evidence, correct earlier assumptions, and remove claims that no longer fit. Record the source and date for factual information.

Explain the most important opportunities and risks. A list of factors is not enough. Connect each factor to its possible effect on your business.

Do not claim that a risk has disappeared because you have a response. A response may reduce the risk without removing it.

Step 4: Revise your competitive plan

Identify direct and indirect competitors for the chosen idea. Compare the benefit you propose with what customers can already obtain.

Explain the difference you will aim to offer and why it could matter. Check whether your production plan can support that difference.

For example, faster delivery needs a process that can deliver on time. Lower prices need costs that allow them. Claims such as “best quality” need a clear meaning and evidence.

Your turn

Update your market analysis and explain your decision:

“We will pursue [idea] for [customer]. The evidence that most influenced us was [finding]. We changed [part] because [reason]. Our proposed advantage is [difference]. We still need to check [unknown].”

Save earlier drafts so you can explain how your thinking developed. Label your current choice clearly.

Check your work

- My chosen idea is clear.
- I connected the choice to evidence and practical limits.
- I updated PESTEL for the actual idea and market.
- My competitive plan considers existing alternatives.
- I explained changes and remaining uncertainties honestly.

Next: Build a customer profile

In Unit 2, Task 1, you will identify target customers in more detail and develop a customer profile.

Independent guidance based on the AP Business with Personal Finance CED, printed page 159. This is not an official College Board resource.