Exercise walk-through

Market research ▪ 3.2

eXercise

You must be able to

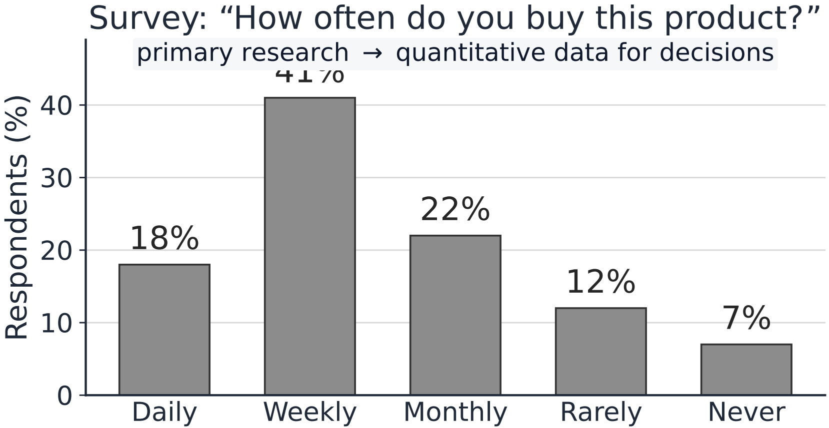
- explain the difference between primary and secondary research
- explain quantitative versus qualitative data and the main sampling methods
- analyse and evaluate how a business should research a market

Method — Research, data and sampling

- **Primary:** new data you collect (survey, interview) — fits your needs but costs more. **Secondary:** existing data (reports, sales records) — cheap and quick but may be old.
- **Quantitative** = numbers (easy to compare); **qualitative** = opinions and reasons (deeper understanding).
- **Sampling:** random, quota, stratified — a larger, well-chosen sample lowers **bias** and raises reliability.

Answer shapes: AO1 + AO2 + AO3 (reasoning chain) + AO4 (a supported judgement *in context*).

Method — Research, data and sampling



Primary research produces quantitative data a firm shows in a chart and reads to decide

Practice 2.1 ▪ 2 marks

Define the term *primary market research*.

Solution 2.1

Method: Research, data and sampling

Worked steps

new information a business collects itself for its own purpose, e.g. by survey, interview or observation (2 for a clear definition; 1 for a partial idea).

Practice 2.2 ▪ 2 marks

State two methods of **sampling**.

Solution 2.2

Worked steps

any two of: random sampling; quota sampling; stratified sampling $(1 + 1)$.

Practice 2.3 ▪ 2 marks

State the difference between *quantitative* and *qualitative* data.

Solution 2.3

Method: Research, data and sampling

Worked steps

quantitative data is facts in numbers that are easy to compare; qualitative data is opinions and reasons that give deeper understanding (2 for a clear difference; 1 for a partial idea).

Exam-style 3.1 ▪ 3 marks

Explain one benefit to a business of using **primary** market research.

Solution 3.1

Method: Research, data and sampling

Worked steps

[3] **AO1** 1 — name a benefit (fits the firm's exact needs; up to date; the firm owns the data). **AO2** up to 2 — develop it, e.g. a survey asks exactly what this firm needs to know → the findings match its product → better decisions and less risk (2 developed / 1 limited).

Exam-style 3.2 ▪ 8 marks

Analyse two reasons why a business carries out market research before launching a product.

Solution 3.2

Method: Research, data and sampling

Worked steps

[8] For **each** of two reasons: **AO1** 1 + **AO2** 1 + **AO3** up to 2. Example chains — *lower risk*: research shows whether customers want the product → the firm avoids launching an unwanted product → less wasted cost. *Better mix*: research reveals the right price and features → the product matches demand → higher sales. Maximum 4 per reason, 8 total.

Exam-style 3.3 ▪ 12 marks

A small business is launching a new product and must research its market. Evaluate whether it should use mainly primary or mainly secondary research.

Solution 3.3

Method: Research, data and sampling

Worked steps

[12] **AO1** 2 / **AO2** 2 / **AO3** 2 / **AO4** up to 6. **Primary:** exact, current, owned — but costly and slow for a small firm. **Secondary:** cheap and fast to start — but may be old or not specific. Judgement: a small firm with little money often starts with secondary research to learn the market cheaply, then uses some primary research to check its exact idea — the best mix depends on its budget and time.