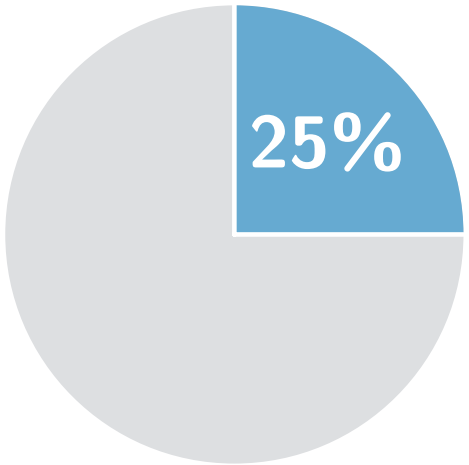
Exercise walk-through

4.2
Market research and sales forecasting

International Baccalaureate · IB Diploma · Business Management · HL

Figure: The role of marketing



the business: 2,000 repairs
all other garages: 6,000

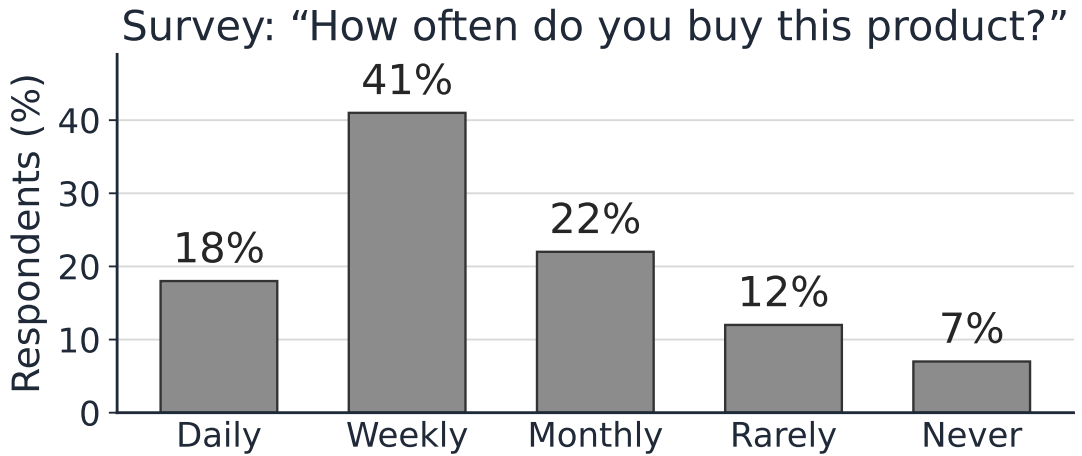
$$\text{share} = 2{,}000 \div 8{,}000 \times 100 = 25\%$$

- Market share = firm's sales / market sales x 100.
- Read the axes and units first.

Market research

- **Primary research** collects new data for the business's own purpose: **surveys**, interviews, **focus groups** (a small group discussing a product), observation and test marketing. It fits the question exactly and is up to date, but it is slow and costly.
- **Secondary research** uses data that already exists: government statistics, industry reports, newspapers, competitors' websites and the firm's own sales records. It is quick and cheap, but it may be out of date or collected for another purpose.

Figure: Market research



primary research → quantitative data for decisions

- **Primary research** → **quantitative data** that guides marketing decisions
- Read the axes and units first.

Exercises 2.1·2.2

2.1 Distinguish between primary and secondary market research. [2]

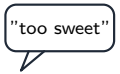

survey



report

2.2 Distinguish between qualitative and quantitative research. [2]


62%



Exercises 2.1·2.2

2.1 Distinguish between primary and secondary market research. [2]


survey



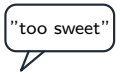
report

2.1

primary research: collecting new data first-hand for a specific purpose, e.g. a survey; secondary research: using data already collected by others, e.g. government statistics

2.2 Distinguish between qualitative and quantitative research. [2]





2.2

quantitative: numerical data that can be measured and analysed statistically; qualitative: opinions, attitudes and reasons, often from interviews or focus groups

Exercise 2.3

2.3 Explain **one** advantage and **one** disadvantage of using a focus group to test a new snack. [4]



Exercise 2.3

2.3 Explain **one** advantage and **one** disadvantage of using a focus group to test a new snack. [4]



2.3

advantage: detailed opinions and reasons, e.g. why people like the taste, which help improve the snack; disadvantage: small group may not represent the market / one strong member may influence others / costly to run

Exercise 2.4

2.4 Distinguish between quota sampling and random sampling, and explain **one** advantage of each. [4]

group	quota
students	20
workers	20



names drawn at random

Exercise 2.4

2.4 Distinguish between quota sampling and random sampling, and explain **one** advantage of each. [4]

group	quota
students	20
workers	20



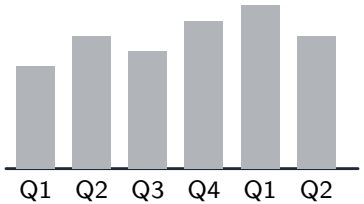
names drawn at random

2.4

quota: a set number of people from each group is chosen by the researcher; advantage: quick and cheap, and makes sure each group is represented; random: every member of the population has an equal chance of being chosen; advantage: less bias, so results are more representative

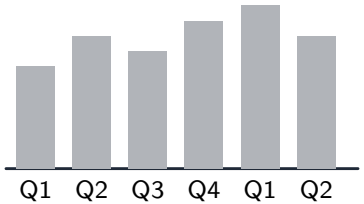
Exercise 2.5

2.5 A shop's quarterly sales ($000) are 20, 26, 23, 29, 32, 26. Calculate the four three-part moving averages and describe the trend. [4]



Exercise 2.5

2.5 A shop's quarterly sales ($000) are 20, 26, 23, 29, 32, 26. Calculate the four three-part moving averages and describe the trend. [4]



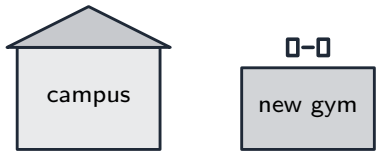
2.5

$(20+26+23)\div 3 = \mathbf{23}$; $(26+23+29)\div 3 = \mathbf{26}$; $(23+29+32)\div 3 = \mathbf{28}$; $(29+32+26)\div 3 = \mathbf{29}$; the trend is rising

Exercise 3.1 (a)

3.1 FitZone runs 8 gyms and plans to open a new one near a university campus. It needs to know how many students and local workers would join, and what they would pay.

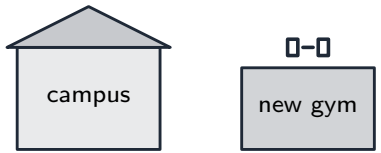
(a) Explain **two** sources of secondary research FitZone could use. [4]



Exercise 3.1 (a)

3.1 FitZone runs 8 gyms and plans to open a new one near a university campus. It needs to know how many students and local workers would join, and what they would pay.

(a) Explain **two** sources of secondary research FitZone could use. [4]



(a) any two, explained: government or local population data on the number and age of people near the campus; market analyses of the fitness industry, e.g. average membership prices; data on competitors' gyms from their websites or media articles; the university's published student numbers

Exercise 3.1 (b)

3.1 FitZone runs 8 gyms and plans to open a new one near a university campus. It needs to know how many students and local workers would join, and what they would pay.

(b) Discuss the most suitable primary research and sampling methods for FitZone. [10]

Exercise 3.1 (b)

3.1 FitZone runs 8 gyms and plans to open a new one near a university campus. It needs to know how many students and local workers would join, and what they would pay.

(b) Discuss the most suitable primary research and sampling methods for FitZone. [10]

(b) award up to [10]: survey/questionnaire: reaches many people, gives quantitative data on willingness to join and price; but poorly written questions or low response rates reduce accuracy; focus group: detailed reasons, e.g. opening hours, classes students want; but small and costly; sampling: quota sampling of students and workers ensures both groups are included; random or stratified sampling would be more representative but needs a full list; convenience sampling on campus is cheap but biased; ethics: consent and data protection; judgement: e.g. a survey with quota sampling plus one focus group