

Exercise walk-through

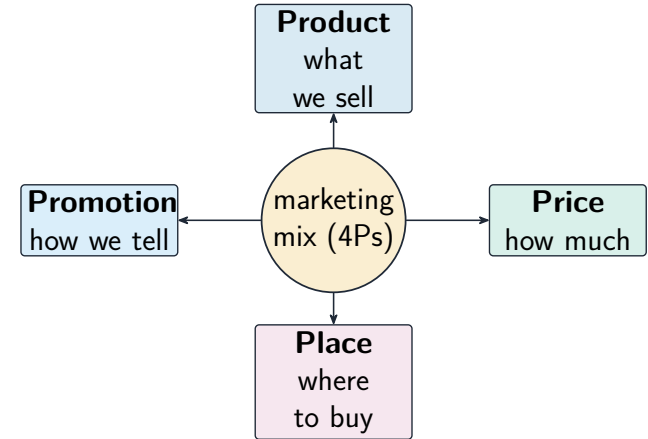
3.2

Market research

IGCSE Business Studies

What we will cover

- 1 What marketing does
- 2 Market segmentation
- 3 Market research
- 4 The marketing mix (4 Ps)
- 5 Product life cycle
- 6 Place & distribution



the four Ps

What marketing is, and what it is for

marketing

finding out what **customers** want, then making, pricing, selling and promoting products to meet those wants **at a profit**

identify wants

research first – a product nobody asked for is the most expensive kind

anticipate change

spot what customers will want next, before rivals do

satisfy them

keep the customers you have; retaining one costs far less than winning a new one

build customer loyalty

repeat buyers are cheaper to sell to and more forgiving of a mistake

Marketing is not just advertising. Advertising is one part of **promotion**, which is one of the four Ps.

Exam tips

- Learn the **four Ps** of the marketing mix – product, price, place, promotion – and remember they must fit each other and the target customer.
- **Primary** research collects new data (surveys, questionnaires; up to date but costly); **secondary** research uses existing data (cheap and quick but may be out of date).
- Know the **product life cycle** (introduction, growth, maturity, decline) and that an **extension strategy** revives falling sales.
- Match the pricing methods: **penetration** (low, to enter a market), **skimming** (high, for a new product), plus cost-plus, competitive, promotional and dynamic pricing.
- A **niche market** is small and specialised; a **mass market** is large, with many similar buyers.

Exercises 2.1-2.3

2.1 Define the term *primary research*.

[2]

2.2 Identify two methods of primary research.

[2]

2.3 State why a sample must be chosen carefully.

[2]

Exercises 2.1-2.3

2.1 Define the term *primary research*. [2]

2.1

- **primary research** is new information a business collects **directly for the first time** (K)

2.2 Identify two methods of primary research. [2]

2.2

- any **two** of: questionnaires / interviews / surveys / observation (K, K)

2.3 State why a sample must be chosen carefully. [2]

2.3

- a sample that is too small or not typical gives **unreliable data**, so decisions may be wrong (K)

Exercises 3.1-3.2

3.1 Identify two sources of secondary research.

[2]

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

[6]

Exercises 3.1-3.2

3.1 Identify two sources of secondary research.

[2]

3.1

- any **two** of: government reports / websites / past sales records (K, K)
-

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

[6]

3.2

- for **each** of two reasons: K + An, max 3 each
- e.g. **lower risk**: shows whether customers want the product → less wasted money
- e.g. **better mix**: right price and features → the product matches demand

Exercise 3.3

3.3 A small business has little money. Do you think it should use mainly secondary research rather than primary research? Justify your answer. [6]

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3.3

- **for secondary:** cheap and quick
- **against:** may be old or not specific; primary checks the real product
- **judgement (Ev):** start with cheap secondary, then some primary to test the exact idea – it depends on budget