

Knockout.Economics by Kru P'Eve & Kru P'Da

# IGCSE -Business studies

## The role of market research and methods used 🔍

- Executive summary IGCSE Business studies
- Series of exam questions each chapter
- Exam Strategies and exclusive tips to achieve A\* from Knockout.Economics
- Exclusive Key Terms for IGCSE Business studies exam



# Overview

1. Market-oriented business and Product-oriented business
2. Primary research and secondary research
3. Methods of primary research
4. Methods of secondary research
5. Factors influencing the accuracy of market research data
6. Presentation of data from market research



# 1. Market-oriented business and Product-oriented business

## Market-Oriented

Business focuses on the market.

Business responds to customer needs and wants-designs products accordingly.

## Product-Oriented

Business focuses on products.

Business develops products based on what it is good at doing.

Meaning

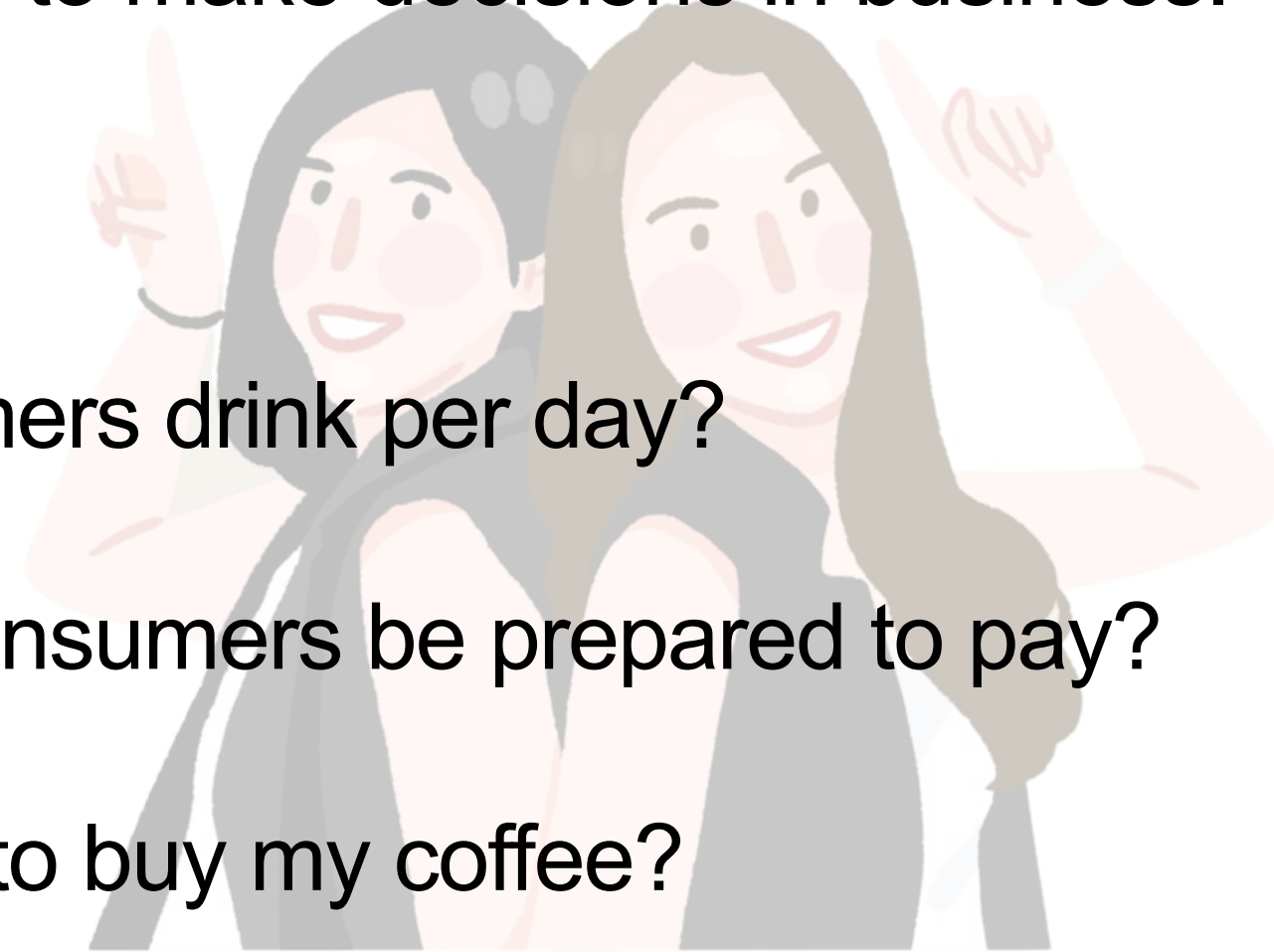
## 2.Primary research and secondary research

### What is market research? And Why is market research needed?

**Market research** : is the process of combining, analysing and interpreting information about market. It is important since market research is used to make decisions in business.

For example

- How many cups of coffee that consumers drink per day?
- What price of the cup of coffee that consumers be prepared to pay?
- What consumer segments would like to buy my coffee?
- What type of promotion would be effective to attract new customers or maintain existing customers?



## 2.Primary research and secondary research

### Type of information ?

	Primary research	Secondary research
Meaning	It is first-hand report of a study. It is the collection or observation from the original sources of information directly.	It involves using information that has already been gathered and is available for use by others.
Example	<ul style="list-style-type: none"><li>• Questionnaire</li><li>• Interview</li><li>• Focus group</li><li>• Observation</li></ul>	<ul style="list-style-type: none"><li>• Internal sources of information</li><li>• External sources of information</li></ul>

**Sample** : the group of people who are selected and represented the whole market by responding to a market research

- Random sample : It is required that samples be randomly drawn from the population of interest.
- Quota sample : It is a sampling methodology that data is collected from a homogenous group. (Such as age, gender, income)

### 3. Methods of primary research

#### Primary research

- **Questionnaires** : A list of questions that several people are asked so that information can be collected about something. This can be done by face-to-face or online platforms.

#### Advantages

1. Questionnaires can gather both qualitative and quantitative information about product and services.
2. It is cheaper when carrying out online. It is easier to collect and present the results.
3. This can encourage people to answer questionnaires by linking to prize draws.

#### Disadvantages

1. If the questions are ambiguous, the answers then will be inaccurate.
2. It might take longer time to construct questions, collect and interpret information.

# 3. Methods of primary research

## Example - Questionnaire

### User Survey Questionnaire of the Medicines Information Service

Centre:  Enquiry No:

Title:

Please complete the following  questionnaire with specific regard to the above enquiry, by placing a CROSS in the appropriate box

	strongly agree	agree	uncertain/ not applicable	disagree	strongly disagree
1. Initially I was able to contact the service easily	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I was informed when I could expect an answer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The answer provided was sufficiently detailed for my needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. In general I found the service to be helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I had to contact the MI centre more than once before I received a response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I received the answer to my enquiry too late for it to be useful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The information was received when requested	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I did not receive the information that I required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. I received the answer to my enquiry within the time requested	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. I was happy with the answer to my question	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. My question was answered in full	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Cr. Pinterest

### 3. Methods of primary research

#### Primary research

• **Interview** : When the interviewer ( person who asking questions) ask interviewees (person who answering questions) questions.

#### Advantages

1.The interviewees can ask more information if the questions are not clear.  
: Therefore, interviewees understand the questions and can respond more accurate.

2. Interviewees can provide detailed information to interviewers.  
: This can be both qualitative and quantitative information.

#### Disadvantages

1. It is very time consuming.  
: Since it need to spend time to construct questions and find interviewees to answer questions.

2. Interview provides inaccurate information since interviewees might be biased.

### 3. Methods of primary research

#### Primary research

• **Focus group**: is when a group of people who have been brought together to discuss a particular subject in order to solve a problem or suggest ideas.

#### Advantages

1. This can gather detailed information about customers' views.

#### Disadvantages

1. It is very time consuming.  
: Since it need to spend time to construct questions and find a group of interviewees to answer questions.  
2. This can provide inaccurate information since some interviewees may get pressure from others and answer the questions with bias.

### 3. Methods of primary research

#### Primary research

Observation : This can receive information from watching or auditing etc.

#### Advantages

1. The cost is inexpensive when comparing with interview or questionnaires.

#### Disadvantages

1. Only basic figures can be received.  
: This cannot help manager to make decision.

## 4. Methods of secondary research

**Secondary research** : is also known as desk research. It involves using information that has already been gathered and is available for use by others.

### Secondary research

#### Internal information

: Information is obtained from the company's own records.  
E.g. customer feedback survey from marketing department, financial statement from finance and accounting department.

#### External information

: Information is obtained from outside the company.  
E.g. Newspapers, Market research agencies, Internet or government statistics.

## 4. Methods of secondary research

### Advantages and disadvantages Secondary research

#### Advantages

1. It is easily accessible and cheaper cost .  
: Firms can obtain data from existing sources e.g. Google, Newspaper, Magazine etc.
2. Secondary research can give information that primary research is difficult to do.  
For example : To find number of population in Thailand, it is easier to use secondary research from government statistics.

#### Disadvantages

1. It is not always up to date.
2. It is not always reliable.  
For example : Wikipedia allows everyone to edit.  
Also, firms don't know sources of information.

## 5. Factors influencing the accuracy of market research data

The accuracy of the data that has been collected depends on

### **1. Size of sample**

- : If the size of sample is larger, the research will likely to be more accurate.
- : Larger size of sample can better represent the whole population.

### **2. Clear questions**

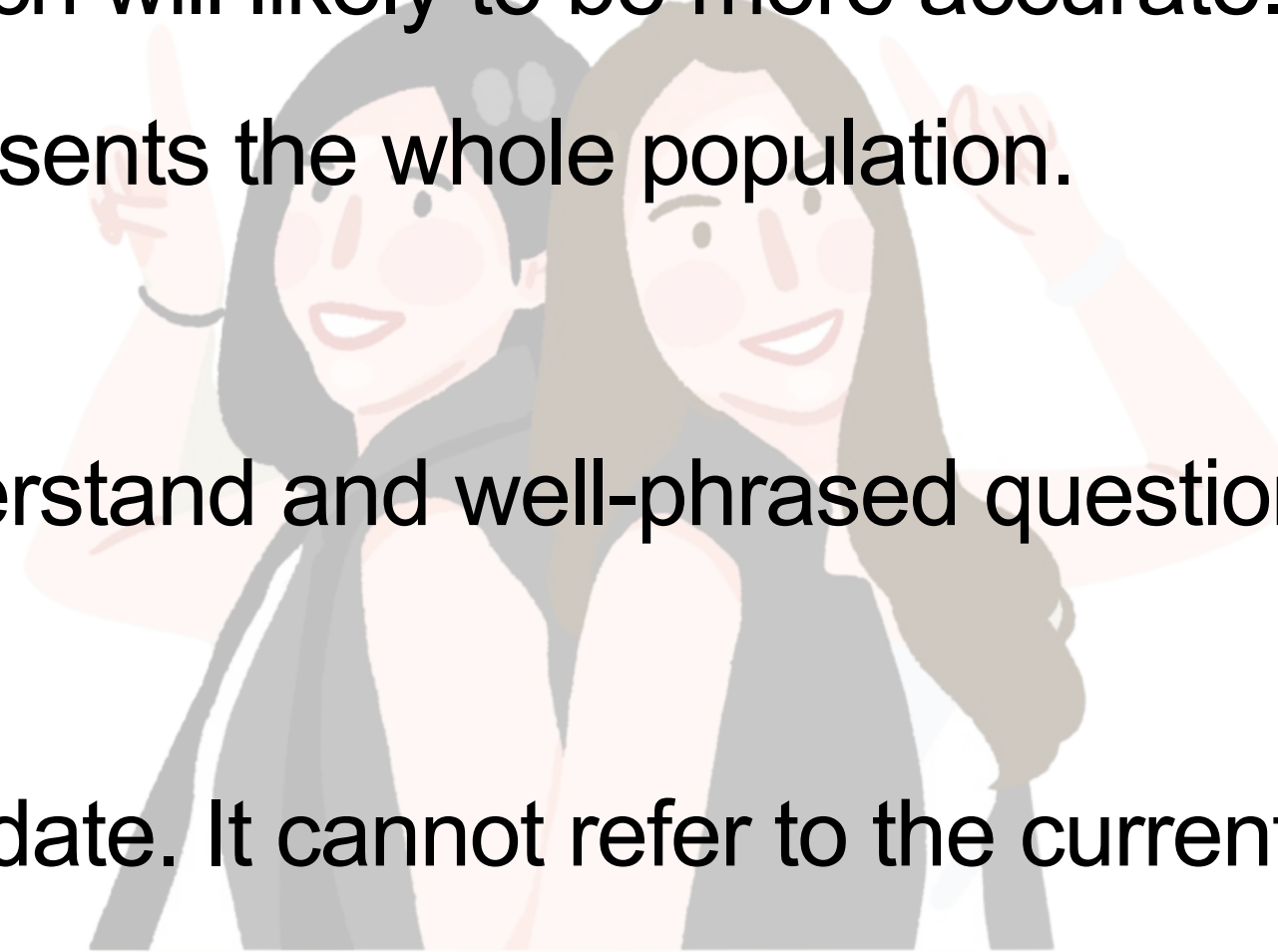
- : The questions need to be easy to understand and well-phrased questions.

### **3. Age of the information**

- : Some data can quickly become out of date. It cannot refer to the current situation and current customer behaviour.

### **4. Bias articles**

- : Some articles in newspapers or magazine may be written with bias. So the information is inaccurate.



## 6. Presentation of data from market research

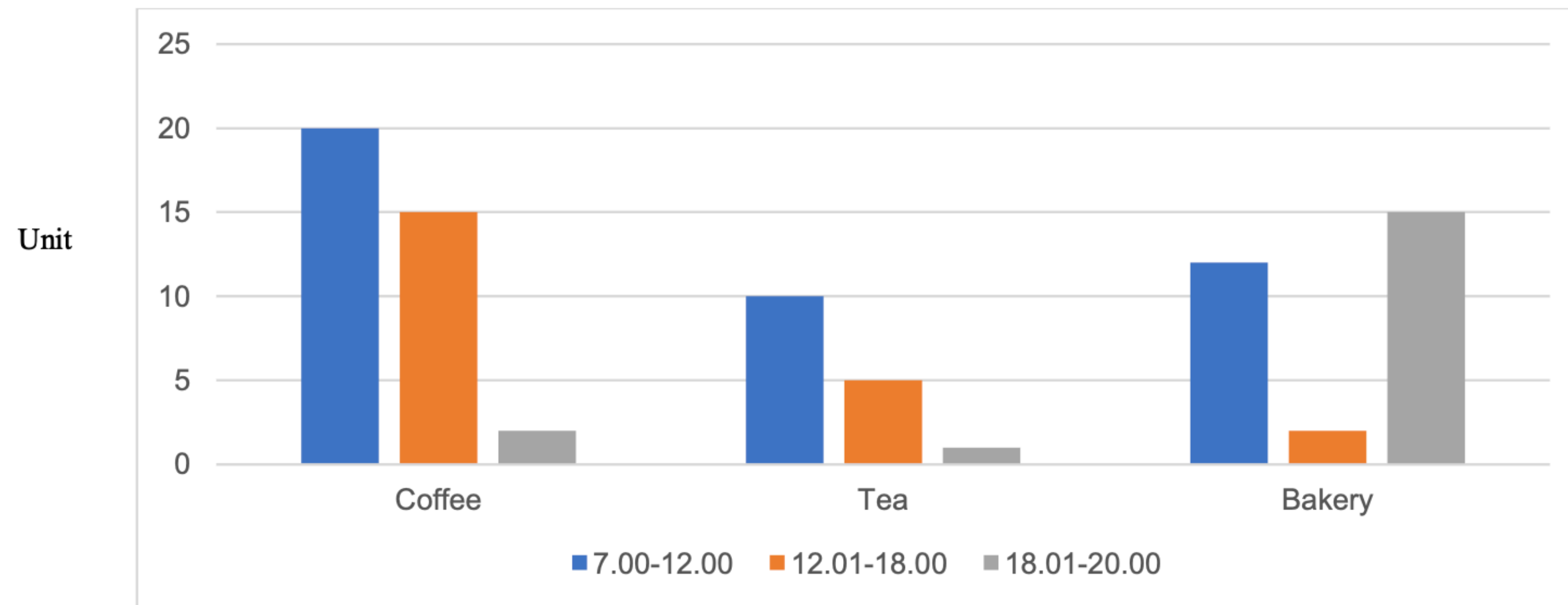
Some data is difficult to understand in written form. So it is better to convert into a form which is easier to understand. This form could be

### 6.1 A table or tally chart :

Time	Coffee	Tea	Bakery
7.00-12.00			
12.01-18.00			
18.01-20.00			-

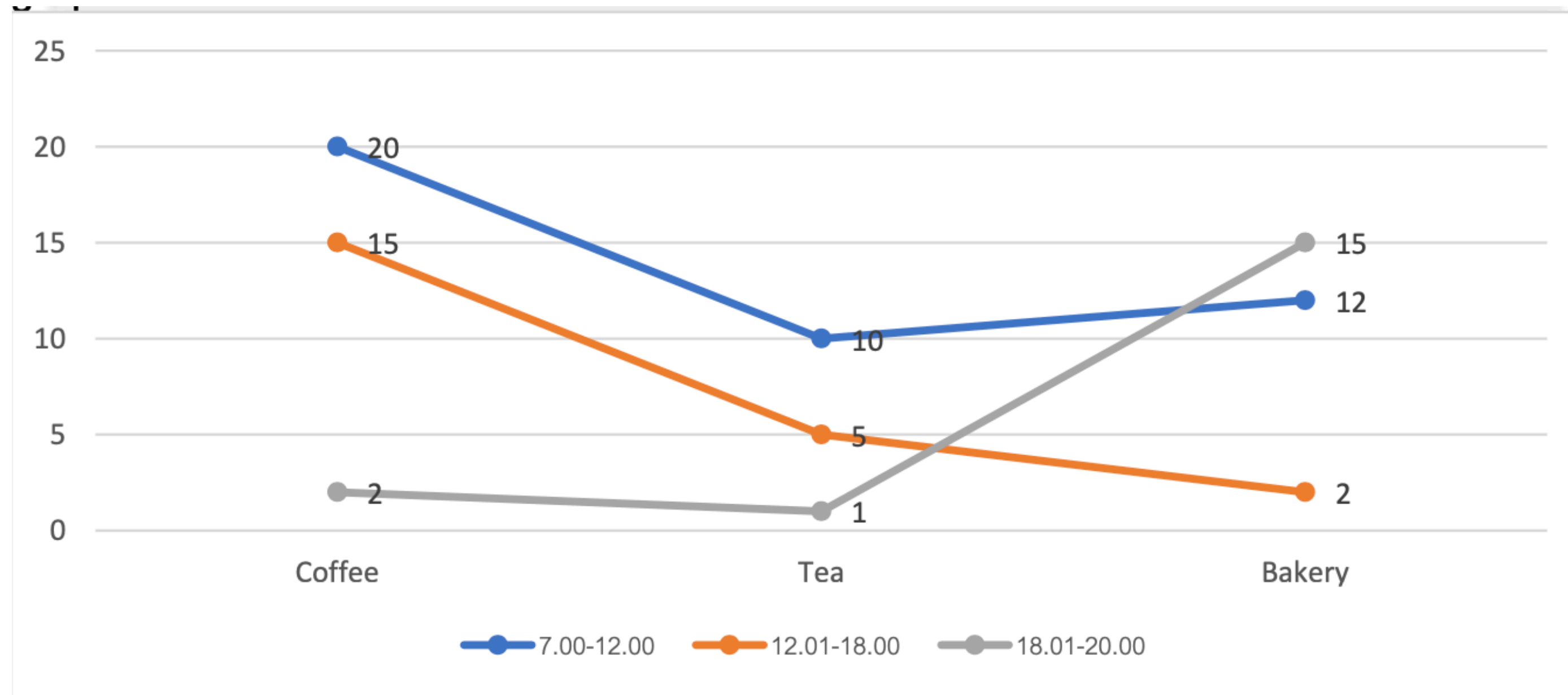
# 6. Presentation of data from market research

## 6.2 A bar chart



# 6. Presentation of data from market research

## 6.3 A line graph



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## Exercise- The role of market research and methods used 🔍

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# Exercise

1. XYZ is a public limited company. It makes a range of **beauty products including shampoo and soaps** for the **mass market**. Last year XYZ's revenue fell. The Marketing Director has been looking at some results from its **primary market research**. It was based on a **sample of 3,000 people**.

(A) Identify **four** methods of primary market research that a business could use. (4 marks)

## Command word

Identify : Name, Select and recognise

Factor 1 :

.....

Factor 2 :

.....

Factor 3 :

.....

Factor 4 :

.....

# Exercise

1. ABC provides **short-distance flights between 50 countries**. It is a **multinational company** based in country X. ABC uses **market segmentation** when deciding on its pricing method. The marketing department is carrying out market research to **gain feedback on customer experiences**. ABC is considering ways in which it can contribute to **sustainable development**.

(A) Outline **two** factors which could affect the accuracy of ABC's market research. (4 marks)

Factor 1 :

.....

.....

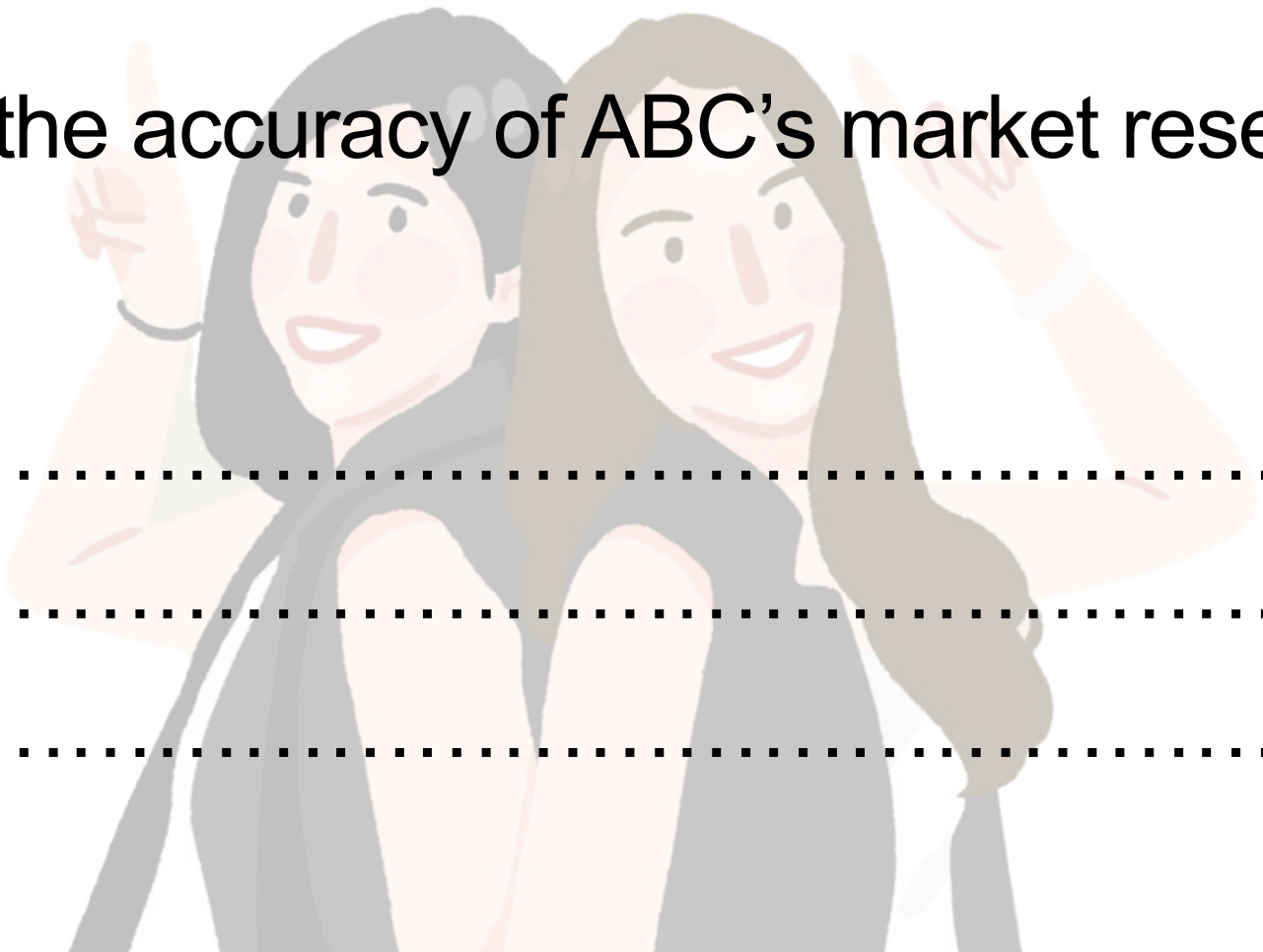
.....

Factor 2 :

.....

.....

.....



# Exercise

3. Sarah is bored with her work in a large factory. As a **creative person**, she would like to leave and **start up a flower shop**. Sarah has also carried out some market research and found out that the **demand for flowers is likely to be high during festivals**. She thinks she has the right characteristics to be a successful entrepreneur .

(A) Explain **one** method of primary market research and **one** method of secondary market research Sarah could have used. (6marks)

## Command word

Explain : set out purposes or reasons / make the relationships between things clear / say why and/or how and support with relevant evidence

Method of primary market research:

.....  
.....

Explanation:

.....  
.....

Method of primary market research:

.....  
.....

Explanation:

.....  
.....

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