

### Identifying Opportunities – Higher Level

*The main objective of marketing is to ensure that the business obtains the revenues it needs to achieve its profit targets.*

*(A) Define Market Research.*

*Explain the reasons why a business enterprise would conduct it.*

*(25 m) (LCHL 2004)*

**Marks:**

Definition: 2 points of information @ 6 marks + 4 marks = 10 marks.

Explanation: 3 points @ 5 marks each [3 marks for stating the point; 2 marks for elaborating a little] (15 marks)

**A SAMPLE ANSWER:**

Market Research is the systematic gathering of relevant information about the market for a product.

Businesses do market research because it reduces the risk of products failing in the marketplace, and increases their chances of success, by finding out important information e.g. about

- The size of a potential market, before entering it.
- The kind of people who form the target market - so that advertising can be designed to influence them.
- The preferences of consumers - so that products can be designed to satisfy them.
- The appeal of competing products, so that we can compete more effectively with them.

*(B) Analyse two market research techniques for a product or service of your choice.*

*(20 m)*

**Marks:**

• 2 techniques @ 10 marks each [2 marks for naming the technique and 4 marks each for 2 points of information about the technique]

- Must choose a product and apply information presented to the product.

*A SAMPLE ANSWER:*

Product: a new chocolate bar.

(i) Desk Research:

Accessing information, which is already available e.g.

**Internal:** Previous market research surveys carried out for the firm which identify preferences in chocolate tastes, sales records showing sales of different bars, indicating market share etc.

**External:** Trade figures showing imports of competing bars, newspapers/magazines articles analysing any aspect of the market.

(ii) Field Research: Generating new information by asking specific targeted questions by phone, post or face to face e.g. a survey of 1000 customers asking about preferences in chocolate bars, attitudes to prices etc.

This research is more expensive and time-consuming but it allows the firm to find out the specific information they need from the specific people they are interested in.

*(C) Explain the advantage for business enterprise of adopting the marketing concept. (35m)*

**Marks:**

- Explanation of marketing concept 5 marks.
- Explanation of the advantage 10 marks.

*A SAMPLE ANSWER:*

The marketing concept means seeing your business from the point of view of the customers: understanding their needs and adapting the business to satisfy those needs better than the competitors do, while operating profitably.

This involves putting customers' needs to the forefront in every decision on product, price, place and promotion and finding decisions, which satisfy those needs while maintaining profitability.

The advantages is that it can sell much more easily because it offers customers what they want, rather than asking them to buy what it suits the firm to produce.