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**CAMBRIDGE
NATIONAL**

LEVEL 1/LEVEL 2

**ENTERPRISE
AND
MARKETING**

J837

Tess Bayley

**EXAM
PRACTICE
WORKBOOK**

Topic Area 2: Market research to target a specific customer

When an entrepreneur thinks about a new enterprise activity, an important aspect of research that needs to be completed is investigating the market. This topic area helps you to understand the various elements of research and why they are used to benefit both the business and its potential customers.

2.1 Purpose of market research

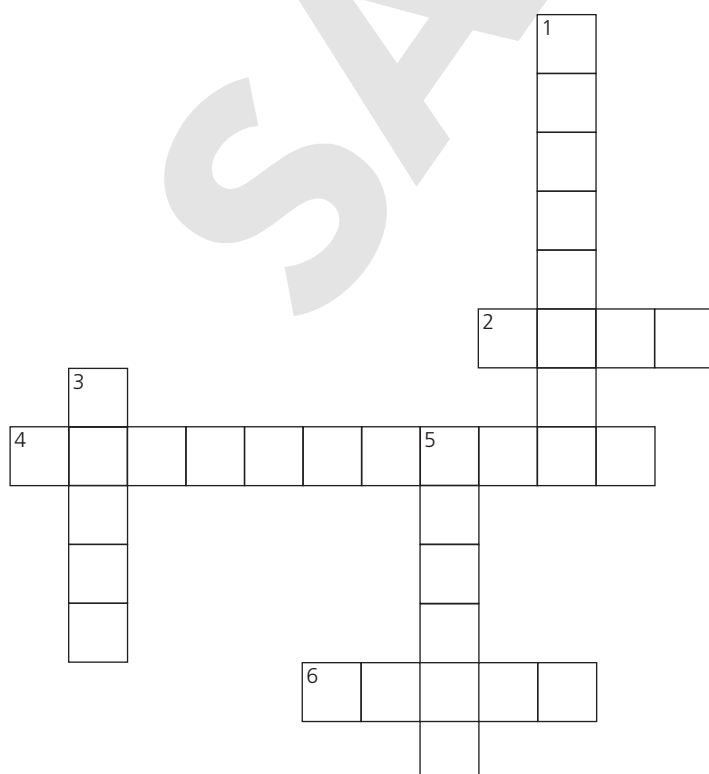
Recall activities

- 1 Use the word list below to fill in the gaps in the following paragraph:

customers in-depth information market research research setting up

..... is essential for the success of any business and involves finding out about the market in which the business operates. It is vital to the potential market when a business. and the market as a whole change over time, so it is very important to undertake market research throughout the life of the business.

- 2 Solve the clues to identify the purposes of market research and complete the crossword.



ACROSS

- 2 A word that explains why a business must complete research to understand customers' needs and wants, so the business may not fail (4)
- 4 Businesses often complete research to help the process of product (11)
- 6 A business will interview customers to gain their opinions or (5)

DOWN

- 1 Research helps a business when making an important (8)
- 3 A business completes market research to understand customers and wants (5)
- 5 A word that describes the type of research a business completes to better understand the area of business it will operate within (6)

- 3 It is important for a business to understand the market research process. Draw lines to put the market research stages in the correct order.

1

Collate and analyse the results of the research.

2

Select the type of research.

3

Use the information gained to plan the business.

4

Produce the platform to collect the research.

- 4 Draw lines to match the purposes of market research with their descriptions.

To aid decision making

When an existing product is altered or changed to make a whole new product

To inform product development

Why a business analyses feedback from customers when deciding what products/ services to provide in the future.

To gain customer views and understand needs/wants

Why a business asks individuals their opinions

- 5 Complete the table by giving an example of when an entrepreneur may use each element of market research.

Element	Example
To aid decision making
To inform product development
To gain customer views and understand needs/wants

Short-answer exam-style practice questions

- 1 Which of the following is a definition of market research?

- A A method of reducing financial risks to a business
- B A procedure for developing a wide range of products
- C A process of gathering information about customers' needs and wants
- D A way of promoting a business to as many customers as possible

☐☐☐☐

[1]

2 Which of the following is a purpose of market research?

- A To aid its production processes
- B To fulfil all of its customer wants
- C To increase the number of products it sells
- D To understand the market for its products

☐
☐
☐
☐

[1]

3 Before a business starts any form of market research, a key question should be:

- A How can we use this information?
- B How quickly can we process the results?
- C What are the key trends?
- D What are the overall aims of this research?

☐
☐
☐
☐

[1]

4 Explain **two** reasons why a small business is more likely to complete its own market research.

.....

.....

.....

.....

.....

..... [4]

5 Explain why it would be important for an entrepreneur to understand how a good/service complements others already on the market.

.....

.....

.....

.....

..... [2]

Long-answer exam-style practice questions

Answer questions 1 to 4 using the information given in the scenario below.

Gina runs a cake-making business. Over the past two years, her business profits have started to fall. She wants to find out why this has occurred.

- 1 Gina would like to complete some quantitative and qualitative data collection. Explain the main differences between quantitative and qualitative data.

Hint

Make sure you understand the differences between the two types of data.

Quantitative data:

.....

.....

.....

Qualitative data:

.....

.....

..... [4]

- 2 Gina has decided to use a focus group to gain the views and ideas from her customers directly. Analyse **two** advantages and **two** disadvantages of using focus groups to understand the views of customers.

[6]

Plan your answer

Read the following extract from a sample answer:



Sample answer

A focus group is where a group of people are chosen to contribute to a business in terms of its market research. The participants in the group often represent a cross-section of the general public to ensure that a wide range of views are heard. The downside to a focus group is that it can be expensive.

Does the candidate answer the question fully? YES / NO

Justify your decision:

.....

.....

.....

- 3 Gina is considering using a market research company that sells research data to businesses. Analyse **two** disadvantages of using this type of secondary research for understanding customers.

Hint

Make sure that you refer to Gina's business as this provides context, and explain two different disadvantages for the examiner to read.

.....

.....

.....

.....

..... [4]

- 4 Gina is interested to know about market segmentation, as she has heard from a friend that it could help her understand the market she operates within.

- a Describe market segmentation.

.....

..... [1]

- b Explain **two** ways that market segmentation could help Gina understand her market.

.....

.....

.....

.....

..... [4]

- c Analyse **two** benefits to Gina of understanding market segmentation for her business.

Benefit one:

.....

.....

.....

Benefit two:

.....

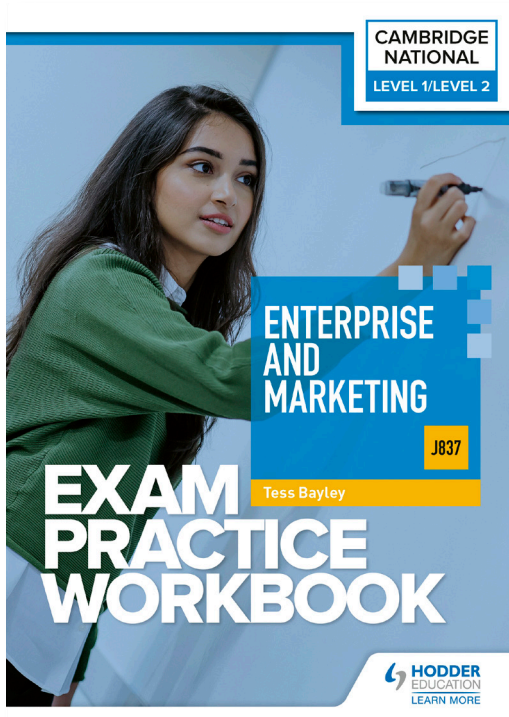
..... [6]

Hint

When answering this question, it is important that you explain the benefits to Gina's business to provide context within your answer. A generic answer will score low points.

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