



BUS.MK1 Market research and segmentation

AQA 8132 · Calculator allowed · about 60 minutes

Total Marks

Name: _____ Date: ____ / ____ / ____

Answer ALL questions in the spaces provided. Show your working for every calculation: method marks are available even if your final answer is wrong. Kestrel Trail Co, used throughout this pack, is a fictional business.

1 Which one of the following best describes the purpose of market research?

- ☐ A) To find out about customer needs and wants, and about the market a business operates in
- ☐ B) To calculate a business's break-even point
- ☐ C) To recruit and train new employees
- ☐ D) To record a business's day-to-day cash transactions

(Total for Question 1 is 1 mark)

2 A business asks its own staff to interview shoppers outside its store this week. Which type of research is this?

- ☐ A) Primary research
- ☐ B) Secondary research
- ☐ C) Desk research only
- ☐ D) Quota research

(Total for Question 2 is 1 mark)

3 State two examples of primary market research methods.

(Total for Question 3 is 2 marks)

4 State two examples of secondary market research sources.

(Total for Question 4 is 2 marks)

- 5 Kestrel Trail Co, a fictional trail-running shoe maker, wants a sample that is fair and inexpensive to collect, and is willing to accept it will not be fully representative of every runner in the country.
Identify which type of sample this describes.

(Total for Question 5 is 2 marks)

- 6 Kestrel Trail Co surveys 400 runners about a new waterproof trail shoe. 260 of the 400 respondents say they would buy a waterproof-lined version.
Calculate the percentage of respondents who said they would buy the waterproof-lined shoe.
Show your working.

(Total for Question 6 is 2 marks)

- 7 Kestrel Trail Co estimates its target market at 50,000 regional trail runners. Using your answer to question 6, estimate how many of these runners would buy the waterproof-lined shoe. Show your working.

(Total for Question 7 is 2 marks)

8 Kestrel Trail Co wants a quota sample of 100 runners, split proportionally across three running clubs' memberships: North Club has 300 members, East Club has 200 members and South Club has 500 members (a total population of 1,000 runners across the three clubs). Calculate how many runners should be sampled from each club. Show your working for each part.

(a) Calculate the number to be sampled from North Club. (2)

.....
(b) Calculate the number to be sampled from East Club. (2)

.....
(c) Calculate the number to be sampled from South Club, and confirm the three parts of your sample add up to the target of 100 runners. (2)

.....
(Total for Question 8 is 6 marks)

9 Define the term 'market segmentation'.

(Total for Question 9 is 1 mark)

10 For each of the following, state which type of segmentation Kestrel Trail Co is using: demographic, geographic, psychographic or behavioural.

- (a)** Kestrel Trail Co markets a lightweight shoe specifically to runners aged 18 to 30. **(1)**
- (b)** Kestrel Trail Co sells a rain-ready shoe with extra grip specifically in wetter, hillier regions of the country. **(1)**
- (c)** Kestrel Trail Co markets its premium range to runners who see themselves as serious, competitive athletes and are willing to pay more for performance. **(1)**
- (d)** Kestrel Trail Co offers a loyalty discount to runners who have bought three or more pairs of its shoes in the last year. **(1)**

(Total for Question 10 is 4 marks)

11 Explain one benefit to Kestrel Trail Co of segmenting the running-shoe market.

(Total for Question 11 is 2 marks)

12 Kestrel Trail Co's survey in question 6 was based on a sample of only 400 runners out of a target market of 50,000 (question 7).

Explain one limitation of using this survey to make a decision about launching the waterproof-lined shoe nationally.

(Total for Question 12 is 3 marks)

- 13** Analyse how the segmentation findings in question 10 could shape Kestrel Trail Co's marketing mix for its premium psychographic segment (serious, competitive athletes).

(Total for Question 13 is 4 marks)

- 14** State two limitations of market research generally, other than sample size.

(Total for Question 14 is 2 marks)

- 15** Kestrel Trail Co is deciding how to research demand for the new waterproof-lined shoe before its national launch. It is considering either relying only on the 400-runner survey already carried out (questions 6 and 7), or commissioning a larger, professionally run survey of 4,000 runners drawn randomly from across the country, which would cost more and take longer. Recommend which approach Kestrel Trail Co should take. Justify your answer using the figures and points made earlier in this pack.

(Total for Question 15 is 9 marks)

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Question 1

- **B1** A cao
- **Answer: A**

Question 2

- **B1** A cao
- **Answer: A**

Question 3

- **B1** any one primary method, e.g. survey/questionnaire
- **B1** any second distinct primary method, e.g. focus group, interview, observation, product trial
- **Answer: Any two, e.g. survey/questionnaire and focus group.**

Question 4

- **B1** any one secondary source, e.g. government statistics
- **B1** any second distinct secondary source, e.g. trade publications, competitor websites, existing market reports, the business's own past sales data
- **Answer: Any two, e.g. government statistics and existing market reports.**

Question 5

- **B1** quota sample identified
- **B1** explanation that a quota sample selects people to match set proportions of a population (e.g. by club, age or region) rather than sampling entirely at random, keeping it quicker and cheaper
- **Answer: A quota sample: it selects people to match set proportions of the population rather than sampling entirely at random, so it is quicker and cheaper but less representative than a full random sample.**

Question 6

- **M1** $(260 / 400) \times 100$ seen
- **A1** 65% cao
- **Answer: 65%.**

Question 7

- **M1** $65\% \times 50,000$ seen (ft from question 6)
- **A1** 32,500 runners cao
- **Answer: 32,500 runners.**

Question 8

- (a) **M1** $(300 / 1,000) \times 100$ seen
- (a) **A1** 30 runners cao
- (a) **Answer: 30 runners.**
- (b) **M1** $(200 / 1,000) \times 100$ seen
- (b) **A1** 20 runners cao
- (b) **Answer: 20 runners.**
- (c) **M1** $(500 / 1,000) \times 100$ seen
- (c) **A1** 50 runners cao, with $30 + 20 + 50 = 100$ confirmed
- (c) **Answer: 50 runners; $30 + 20 + 50 = 100$, matching the target sample size.**

Question 9

- **B1** dividing a market into groups of customers with similar needs or characteristics
- **Answer: Dividing a market into groups of customers with similar needs or characteristics.**

Question 10

- (a) **B1** demographic (age)
- **(a) Answer: Demographic.**
- (b) **B1** geographic (location/climate)
- **(b) Answer: Geographic.**
- (c) **B1** psychographic (lifestyle/attitude)
- **(c) Answer: Psychographic.**
- (d) **B1** behavioural (purchase behaviour/loyalty)
- **(d) Answer: Behavioural.**

Question 11

- **B1** identifies a benefit, e.g. Kestrel Trail Co can target its marketing more precisely at each group
- **B1** develops it, e.g. because each segment's shoe design, price and promotion can be tailored to what that group actually wants, making marketing spend more effective and increasing the chance of a sale
- **Answer: Segmentation lets Kestrel Trail Co target its marketing more precisely, tailoring product, price and promotion to what each group wants, making its marketing spend more effective.**

Question 12

- **B1** identifies a limitation, e.g. 400 respondents is a very small proportion (0.8%) of the 50,000-runner target market
- **B1** explains the consequence, e.g. the sample may not accurately represent the views of all 50,000 runners, especially if respondents were not chosen randomly or came from a limited area
- **B1** links this to the decision, e.g. so Kestrel Trail Co risks over- or under-estimating national demand (the 32,500 estimate in question 7) based on unrepresentative data
- **Answer: 400 respondents is a small fraction (0.8%) of the 50,000-runner target market, so the sample may not represent all runners' views accurately, meaning the 32,500-runner demand estimate could be wrong.**

Question 13

- **B1** identifies a relevant marketing mix element, e.g. price
- **B1** links it to the segment, e.g. this segment is willing to pay more for performance, so Kestrel Trail Co can set a premium price
- **B1** identifies a second element, e.g. promotion
- **B1** links it to the segment, e.g. advertising could emphasise competitive performance data and sponsorship of races, since this appeals to this segment's self-image, rather than general low-price messaging
- **Answer: Price can be set higher, since this segment values performance over cost; promotion can emphasise competitive performance and race sponsorship, since this fits the segment's self-image as serious athletes.**

Question 14

- **B1** any one limitation, e.g. respondents may not answer honestly, or intentions expressed in a survey may not match actual future buying behaviour
- **B1** any second distinct limitation, e.g. research can quickly become out of date, or it can be expensive and time-consuming to carry out
- **Answer: Any two, e.g. respondents may not answer honestly or act as they said they would, and research findings can become out of date quickly.**

Question 15

- **Level 1** (1-3): Makes simple, undeveloped comments about the two research options, with little or no use of the pack's figures and no clear recommendation.
- **Level 2** (4-6): Gives a developed argument for or against one option, using some of the pack's figures, but does not fully weigh both sides or reach a clearly justified recommendation.
- **Level 3** (7-9): Weighs the evidence for and against both options, using the sample-size and representativeness points from this pack, and reaches a justified recommendation supported by that analysis.
- **Indicative content:**
 - Relying on the existing 400-runner survey is free of extra cost and immediately available, and it already suggests strong demand (65% interest, an estimated 32,500 buyers from question 7).
 - However, as question 12 showed, 400 respondents is only 0.8% of the 50,000-runner target market, so this result may not be representative and risks a costly wrong decision if the national launch is based on it.
 - A larger, randomly drawn survey of 4,000 runners (ten times the original sample) would be far more representative of the national target market and reduce the risk of an unrepresentative result skewing the launch decision.
 - Against the larger survey: it costs more and takes longer to run, delaying the launch and giving competitors more time to act, and Kestrel Trail Co must weigh this cost against the risk of a wrong decision.
 - Judgement: given that a national launch is a significant, largely irreversible commitment and the existing sample is very small relative to the 50,000-runner market, the larger, more representative survey is the safer choice, provided the extra cost and delay are affordable, since it substantially reduces the risk of misjudging national demand.