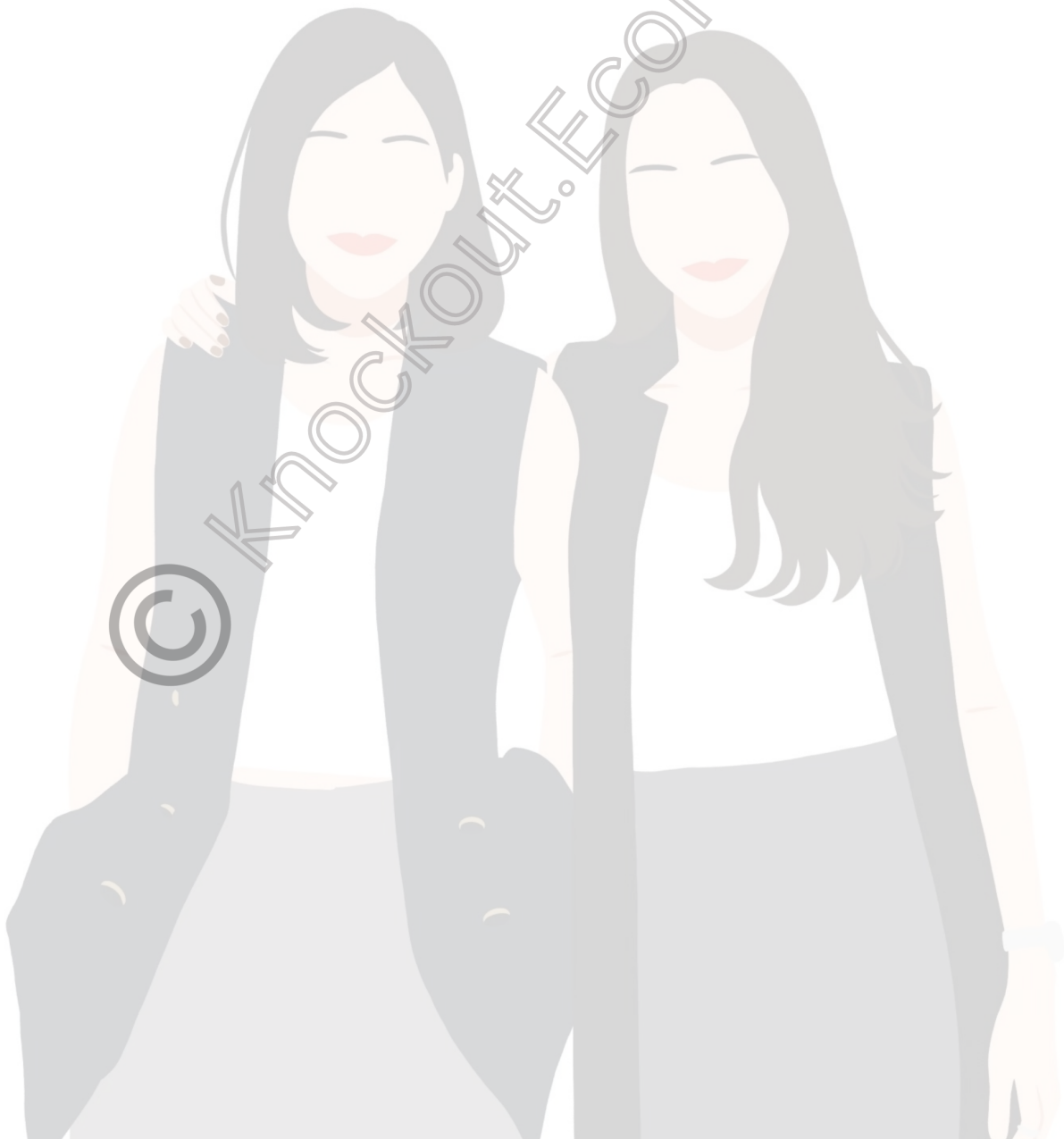


Section 3: Marketing

Chapter 10: Marketing, Competition and customer

Key terms

1. Market share: is the percentage of total market sales held by one brand or business.
2. Mass market: is where there is a very large number of sales of a product.
3. Niche market: is a small, usually specialised, segment of a much larger market.
4. Market segment: is an identifiable subgroup of a whole market in which consumers have similar characteristics or preferences.



1. Market changes

1.1 Why customer / consumer spending patterns change

- Change in customer tastes and fashion
- Change in technology : old versions have low sales.
- Change in income: during economic growth the sales of luxury goods increase.
- Ageing population : increasing in demand for some products e.g. healthcare

1.2 Why have some markets become more competitive?

- Globalisation : products are sold around the world.
- Transportation improvements : It is easier to buy products from other places.
- Internet / E-commerce : Customers can search products easily.

1.3 How can businesses respond to changing spending patterns and increased competition?

- Maintain good customer relationships : continue to meet customer needs and do market research.
- Keep improving its existing product
- Create new products to keep customers interested : this will help maintain or increase market share for businesses.
- Keep costs low to maintain competitiveness

2. Concepts of niche marketing and mass marketing

2.1 Mass marketing: where there is a very large sales of the products e.g. water.

Advantages	Disadvantages
<ul style="list-style-type: none">• The sales are very large.• Firms can benefit from economies of scales.• Firms can sell a wide variety of products to diversify risk.• Opportunities for growth of the business due to large potential sales.	<ul style="list-style-type: none">• High levels of competition between firms• High cost of advertising• Producing standardised products or services may not meet specific needs.

2.2 Niche marketing: is a small, usually specialized segment of a much larger market. Eg. Rolex watches are aimed at a small section of the larger market.

Advantages	Disadvantages
<ul style="list-style-type: none"> • This can avoid competition from the larger businesses. • The needs of customers can be focused on and therefore targeted by the firm in a niche market. 	<ul style="list-style-type: none"> • There is a limited number of sales. • If a product is no longer demanded, the business may fail from producing only the specific product.

3. How and why market segmentation is undertaken

Market segment : is an identifiable subgroup in the whole market which consumers have similar characteristics and preferences.

Segmenting a market can help a business to :

- Make marketing expenditure cost effective by producing a product which closely meets the needs of these customers.
- Get higher sales and profits, because of cost-effective marketing
- Identify a market segment which is not having its needs fully met, and therefore offer the opportunities to increase sales

Ways of segmenting a market :

By socio-economic group	E.g. Higher income ⇒ Ferrari Medium income ⇒ Toyota
By age	E.g. Baby, Children, Adult
By region/location	E.g. Europe ⇒ Sweater Tropical Countries ⇒ Linen clothes
By gender	E.g. Man ⇒ Shaving razor Woman ⇒ Sanitary Napkin
By lifestyle	E.g. Single person ⇒ Enjoy traveling or shopping Married with three children ⇒ Spend on education

Advantages	Disadvantages
<ul style="list-style-type: none">• Company can serve the specific demand of customer to increase sale (Zara:Man,Woman,Kids)• Diversify risks	<ul style="list-style-type: none">• High cost of investment

