

Exercise walk-through

3.1

Marketing, competition and the customer

IGCSE Business Studies

What marketing is, and what it is for

marketing

finding out what **customers** want, then making, pricing, selling and promoting products to meet those wants **at a profit**

identify wants

research first – a product nobody asked for is the most expensive kind

anticipate change

spot what customers will want next, before rivals do

satisfy them

keep the customers you have; retaining one costs far less than winning a new one

build customer loyalty

repeat buyers are cheaper to sell to and more forgiving of a mistake

Marketing is not just advertising. Advertising is one part of **promotion**, which is one of the four Ps.

Selling in other countries

A business can grow by entering an **international market** in another country.

- Opportunities: many more customers, higher sales, and spreading risk across markets.
- Problems: different languages and tastes, higher transport costs, foreign laws and **tariffs** (taxes on imports), and strong local **competition**.

Exam tips

- Learn the **four Ps** of the marketing mix – product, price, place, promotion – and remember they must fit each other and the target customer.
- **Primary** research collects new data (surveys, questionnaires; up to date but costly); **secondary** research uses existing data (cheap and quick but may be out of date).
- Know the **product life cycle** (introduction, growth, maturity, decline) and that an **extension strategy** revives falling sales.
- Match the pricing methods: **penetration** (low, to enter a market), **skimming** (high, for a new product), plus cost-plus, competitive, promotional and dynamic pricing.
- A **niche market** is small and specialised; a **mass market** is large, with many similar buyers.

Exercises 2.1-2.3

2.1 Define the term *market segmentation*.

[2]

2.2 State the difference between a *niche* and a *mass* market.

[2]

2.3 Identify two benefits of segmenting a market.

[2]

Exercises 2.1-2.3

2.1 Define the term *market segmentation*. [2]

2.1

- **market segmentation** is splitting a market into groups of buyers who **share something** (age, income, location) (K)

2.2 State the difference between a *niche* and a *mass* market. [2]

2.2

- **niche**: a small part of a market with special needs (K)
- **mass**: a large market with many similar buyers (K)

2.3 Identify two benefits of segmenting a market. [2]

2.3

- any **two** of: design a product for each group / aim advertising / spot gaps (K, K)

Exercises 3.1-3.2

3.1 Identify two roles of marketing.

[2]

3.2 Explain two reasons why keeping existing customers is important to a business. [6]

Exercises 3.1-3.2

3.1 Identify two roles of marketing.

[2]

3.1

- any **two** of: find and satisfy wants / increase sales or market share / build loyalty (K, K)

3.2 Explain two reasons why keeping existing customers is important to a business. [6]

3.2

- for **each** of two reasons: K + An, max 3 each
- e.g. **cheaper than new customers**: avoids heavy advertising → lower costs and steady sales
- e.g. **loyalty**: repeat sales and recommendations → higher long-term revenue

Exercise 3.3

3.3 Do you think selling in a niche market is better than selling in a mass market for a small new business? Justify your answer. [6]

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3.3

- **for niche:** less competition, loyal customers, a small firm can serve it well
- **against:** small sales; risky if the niche shrinks
- **judgement (Ev):** a small new business often does better in a niche, then growing – it depends on resources and how crowded the niche is