3.1 Marketing, competition and the customer

Name: _____ Class: _____ Date: _____ **Total: 20 marks**

KEY WORDS market • product • marketing • mass market • customer loyalty

Objective

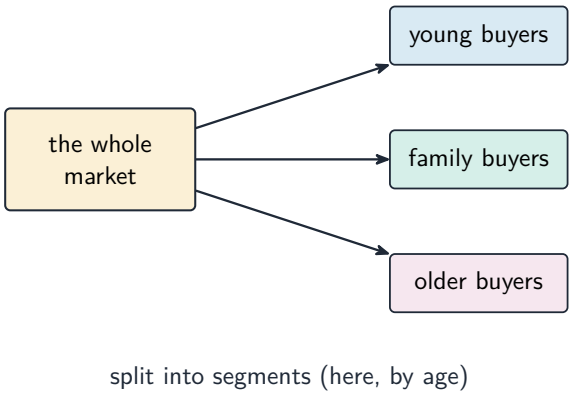
Build the skills to answer exam questions on **marketing, competition and the customer** – the role of marketing, why customers matter, **niche and mass markets**, and **market segmentation**.

You must be able to:

- explain the role of marketing and why keeping customers matters
- distinguish niche from mass markets
- explain the benefits of market segmentation

1 Key knowledge and worked examples

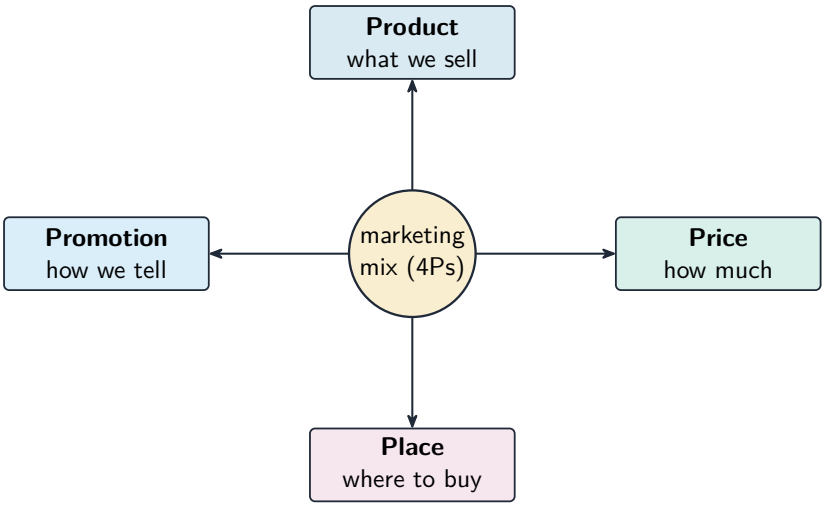
Marketing and the customer



Marketing finds out what customers want and satisfies it at a profit

- **Marketing**: find and satisfy customer wants, build **customer loyalty**.
- Keeping a customer is far cheaper than winning a new one.

- **Niche market** : small, special needs. **Mass market** : large, many similar buyers.
- **Segmentation** : split the market by age, income, gender, location → target each group.



Once a segment is targeted, the four Ps of the marketing mix are used to satisfy it

Answer shapes: K + App + An + Ev (a justified judgement, for "do you think" questions).

2 Practice

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]

3 Exam-style questions

3.1 Identify two roles of marketing. [2]

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

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]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

Each answer shows the steps, then the **result**.

2.1

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

2.2

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

2.3

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

3.1

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

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

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