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