

Exercise walk-through

Marketing, competition and the customer ■ 3.1

eXercise

You must be able to

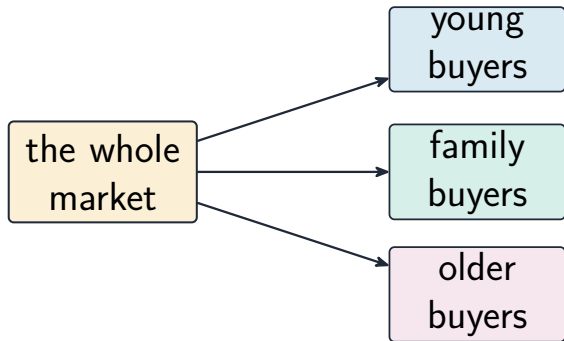
- explain the role of marketing and why keeping customers matters
- distinguish niche from mass markets
- explain the benefits of market segmentation

Method — Marketing and the customer

- **Marketing** 营销: find and satisfy customer wants, build **customer loyalty** 顾客忠诚度.
- Keeping a customer is far cheaper than winning a new one.
- **Niche market** 利基市场: small, special needs. **Mass market** 大众市场: large, many similar buyers.
- **Segmentation** 市场细分: split the market by age, income, gender, location → target each group.

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

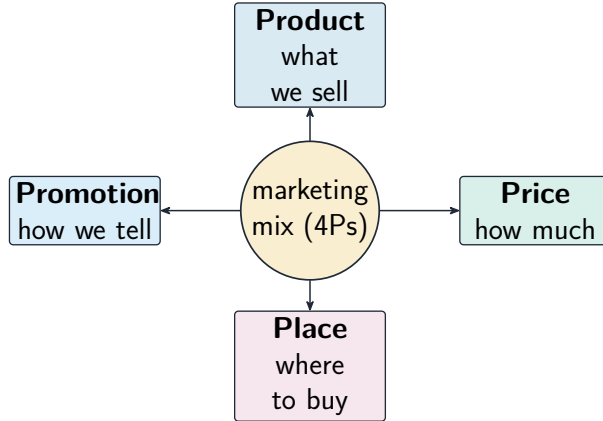
Method — Marketing and the customer



split into segments (here, by age)

Segmentation splits the whole market into groups of similar buyers

Method — Marketing and the customer



The marketing mix combines the four Ps — Product, Price, Place and Promotion

Practice 2.1 ■ 2 marks

Define the term *market segmentation*.

Solution 2.1

Method: Marketing and the customer

Worked steps

splitting a market into groups of buyers who share something, such as age, income or location (2 for a clear definition; 1 for a partial idea).

Practice 2.2 ■ 2 marks

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

Solution 2.2

Method: Marketing and the customer

Worked steps

a niche market is a small part of a market with special needs; a mass market is a large market with many similar buyers (2 for a clear difference; 1 for a partial idea).

Practice 2.3 ■ 2 marks

Identify two benefits of segmenting a market.

Solution 2.3

Worked steps

any two of: design a product to fit each group; aim advertising at the right people; spot gaps in the market ($1 + 1$).

Exam-style 3.1 ■ 2 marks

Identify two roles of marketing.

Solution 3.1

Worked steps

any two of: find and satisfy customer wants; keep and increase sales/market share;
build customer loyalty ($1 + 1$).

Exam-style 3.2 ■ 6 marks

Explain two reasons why keeping existing customers is important to a business.

Solution 3.2

Method: Marketing and the customer

Worked steps

[6] For **each** of two reasons: $K_1 + A_n$ up to 2 — e.g. *cheaper than new customers*: keeping a customer avoids heavy advertising costs → lower costs and steady sales. *Loyalty and repeat sales*: loyal customers buy again and recommend the business → higher long-term revenue. Maximum 3 each.

Exam-style 3.3 ■ 6 marks

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

Solution 3.3

Method: Marketing and the customer

Worked steps

[6] Both sides + judgement. **For niche:** less competition, loyal customers, a small firm can serve it well. **Against:** small sales, and risky if the niche shrinks; a mass market has high sales but tough competition. **Judgement (Ev):** a small new business often does better starting in a niche it can serve well, then growing — but it depends on its resources and how crowded the niche is.