Your notes

GCSE Business: revision notes

Market segmentation

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Market segmentation

- **Market segmentation** means dividing a market into groups of customers with similar characteristics, so a business can target them more effectively.
- Markets can be segmented by location, **demographics** (such as age, gender or family size), income and lifestyle (interests, hobbies and values).

Benefits and drawbacks

- Benefits: products can meet specific needs, marketing is more effective and less money is wasted, sales can rise, and niche opportunities can be found.
- Drawbacks: each segment is smaller, research costs money, and other customers may be missed.

Market mapping

- A **market map** positions brands on two features, such as price (high to low) and quality (high to low). It shows where competitors are and can reveal gaps in the market.

Mass and niche markets

- A **mass market** is large and general, such as bottled water. A **niche market** is small and specialised, such as a gluten-free bakery.
- **Niche markets** often have less competition and allow higher prices, but sales are smaller and they are vulnerable to changes in demand.

Key terms

Market segmentation	Dividing a market into groups of customers with similar characteristics.
Demographics	Characteristics of a population, such as age and gender.

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Lifestyle segmentation	Grouping customers by their interests, hobbies and values.
Market map	A diagram that positions brands on two features, such as price and quality.
Niche market	A small, specialised part of a market.
Mass market	A large market with many customers.
Gap in the market	A customer need that no business is meeting.

Quick questions

Cover the answers and test yourself: remembering is what makes it stick.

1. What is market segmentation?
2. Which of these is demographic segmentation?
3. Which of these is lifestyle segmentation?
4. What is a market map?
5. What can a market map help a business find?
6. What is a niche market?
7. What is a mass market?
8. What is an advantage of targeting a niche market?

Answers

1. Dividing a market into groups of customers with similar characteristics
2. Grouping customers by age or gender
3. Grouping customers by interests and hobbies
4. A diagram positioning brands on two features, such as price and quality
5. Gaps in the market
6. A small, specialised part of a market
7. A large market with many customers
8. Less competition, and the chance to charge higher prices

What to do next

Practise 12 questions on this topic

Try 4 exam questions, with mark schemes

Read the lesson, one step at a time

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