

DEVELOPING MARKETING STRATEGIES

MARKETING SEGMENTATION AND DIFFERENTIATION OF PRODUCTS

The next two pages were adapted from www.bbc.co.uk/schools/gcsebitesize/sosteacher/business/38059.shtml (accessed 8 May 2006)

Firms undertake market research in order to identify how the potential market for their products has been segmented. The *market research process* is necessary because of the decline of mass markets; when satisfying the needs of customers firms can no longer simply produce one and say, "One size fits all": different customers have different requirements of products based on factors such as price and quality. The potential market for products can be said to have segmented into different groups according to these factors and others. This process is known as *market segmentation*.

Market Research provides the following information:

1. It defines the market.

It would describe the key features of the market such as size and character.

2. It analyses how the market is segmented.

How many different segments make up the market? Are different distribution channels used to reach different groups of customers?

3. It analyses the profile of the customers and the customers' requirements.

It provides a profile of customers (i.e. demographic, geographic, lifestyle factors). Customers' requirements - at the present time and in the future.

4. It would analyse the firms that supply the goods and services to the market.

What is their relative competitive position e.g. big, medium, small? What marketing/competitive strategies do they employ?

5. External factors that affect the market.

Political, legal, economic and environmental factors may affect the market.



For each of the following products, provide point form answers for points 1 – 5 above.


