

The Markets – general terms

1	What is the Market	The place where buyers and sellers interact
2	Mass Market	a market for goods produced on a large scale for a significant number of end consumers.
3	Niche Market	a small, specialized market for a particular product or service
4	Dynamic Markets	A market is subject to constant change
5	Online Retailing/ Markets	Online shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser.

Market Segmentation Groups

1	Gender	Some goods are aimed at men and others at women. Some businesses target one particular gender group
2	Age	A business may well offer products that appeal to individuals of a certain age group
3	Income	An individual's income affects their buying habits. E.g. Those on larger incomes are more likely to buy expensive luxury goods.
4	Geographic	The Place where people live may effect their buying habits,
5	Lifestyle	Many businesses target individuals that have special interests which effect their buying habits

Innovation and Market Growth

Markets grow and change because of:

1	Economic Growth	Living standards generally rise over a period of time. This means the population have more disposable income.
2	Innovation	innovation is when an organisation introduces new processes, services , or products to affect positive change in their business
3	Social Change	Change in society will impact on the markets. For example the increase in single households.
4	Legislation	New laws can affect markets and products. E.g. Cigarettes.
5	Demographics	Changes in the structure of the population and on effect the size of the market.

Key Formula
$$\frac{\text{Sales of a business}}{\text{Total Sales in the market}} \times 100$$

Innovation: Adapting and improving an existing product
Invention: Designing a new product

Five types of Market

Five types of Market		Examples
1	Consumer	Food, cosmetics, newspaper
2	Services	hairdressing, decorating
3	Housing	Buying and selling of property
4	Commodities	Raw materials e.g. oil
5	Financial	Currencies & financial products

Key Vocabulary

1	Marketing	A process in which a business in identifying and satisfying customer needs
2	Brand Name	A name or logo or design that allows customers to identify the goods and differentiate them from other competitors goods.
3	E Commerce	Conducting business transactions online
4	Market Share	The proportion of total sales in a particular market

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Examples

Key Vocabulary

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3	E Commerce	
4	Market Share	

Market research

Sources of primary research

Key Vocabulary

1	Purpose of market research	The purpose of Market Research is initially to find out what customers want and need – this helps businesses develop products that are more likely to be successful. Market Research also helps understand customers' tastes and opinions and can change the design or specification of products based on the outcomes of the research. Finally, Market Research can also be used to gauge what products are already on the market and what competitors are doing.
2	Benefits of primary market research	Carrying out Primary Research means that the results are exactly what the business wants to find out, because this research has been tailor made for their own specific needs. Researchers can include everything the business wants to find out from their potential customers.
3	Drawbacks of primary market research	Primary Research is usually more expensive to carry out than Secondary Research because the business is creating and analysing everything from scratch. This also means that Primary Research is more time consuming to carry out and is, therefore, slower to get results for the business.
4	Benefits of secondary market research	Secondary Research is quicker to complete, because the data has already been collected and, in some cases, analysed. Secondary Research is also cheaper to carry out – looking at websites for Internet Research is clearly cheaper than preparing and carrying out a questionnaire, for example.
5	Drawbacks of secondary market research	The data that is used when completing Secondary Research is not unique and not specific to the business's needs, unlike when Primary Research is carried out.

1	Questionnaires	A list of written questions that are used to record the views of the respondents.
2	Postal Surveys	Questionnaires sent out in the post to people and they are asked to complete them in their own time.
3	Telephone Interview	A cheaper form of market research and respondents can be from a wide range of geographical locations.
4	Focus Groups	This is a group where a number of customers are invited to attend a discussion led by market researchers. The group must be representative to whole population.
5	Test Marketing	This involves selling a new product in a restricted geographical area prior to a national launch to obtain feedback.
6	Observation	This is where market researchers "watch" the behaviour of customers, such as in retail outlets

1	Primary Research	Gathering data and information that has not been collected before
2	Secondary Research	Gathering data and information that has already been collected before
3	Sample	A small group of people who must represent a proportion of the total market
4	Socio Economic Groups	Division of people according to their social class
5	Psychographic Segmentation	Grouping customers according to their attitudes, opinions and lifestyles
6	<i>Qualitative Research</i>	Data based on the opinion of those being asked.
7	<i>Quantitative Research</i>	Data collected that is based on facts or numbers; it is usually easier to analyse than qualitative data.

Sources of secondary research

1	Internal Data	This is collected from existing business documents or other publications
2	External Data	Data that is available from sources outside the business, individuals or other organisations.

Orientation

1	Product orientation	Business puts the focus on developing and making products which they believe the customer wants.
2	Market Orientation	reacts to what customers want. The decisions taken are based around information about customers' needs and wants, rather than what the business thinks is right for the customer.

Market research

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Sources of primary research

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Orientation

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2	Market Orientation	

Market Positioning

The view customers have about quality, value for money and image of product in relation to competitors.

1	Benefit	For example, in the motor trade some manufacturers emphasise safety and others the quality of work and style
2	USP	Unique selling point or proposition. This is the key aspect of the product or service that sets it apart from its rivals.
3	The origin of product	Where the product is made and how that impacts on the product in terms of its taste or style. A good example of this is French wine.
4	Classification of product	The product name “I can’t believe its not butter” may claim to position margarine against butter, despite the fact that it is not butter.

Advantages of Market Mapping

Whilst positioning maps are useful conceptual models, care has to be taken when using them in marketing decision making:

1	Help spot gaps in the market
2	Useful for analysing competitors – where are their products positioned?
3	Encourages the use of market research

Disadvantages of Market Mapping

1	Just because there is a gap doesn’t mean that there is demand for the product
2	Not a guarantee of success
3	How reliable is the market research that maps the position of existing products based on the chosen dimensions?

Key Vocabulary

1	Added Value	The extra feature that may be offered by a business when selling a product, such as high quality customer service which helps exceed customer expectations.
2	Product Differentiation	Product differentiation is a marketing strategy that strives to distinguish a company’s products or services from the competition. Successful product differentiation involves identifying and communicating the unique qualities of a company’s offerings while highlighting the distinct differences between those offerings and others on the market.
3	Market Map	A two dimensional diagram that shows two of the attributes or characteristics of a brand against rivals in a market.
4	Repositioning	Change the view customers have about a product by altering some of its characteristics
5	Competitive Advantage	A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices.

Example Market Map



Market Positioning

1	Benefit	
2	USP	
3	The origin of product	
4	Classification of product	

Advantages of Market Mapping

1	
2	
3	

Disadvantages of Market Mapping

1	
2	
3	

Key Vocabulary

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Example
Market Map