

Topic 1.2.3 Market segmentation and market mapping

Key Vocabulary

Market segmentation – splitting up all consumers into different groups that have similar needs or characteristics

Target market – the specific market segment a business aims to sell to

Demographics – customers based on statistical data relating to the population, e.g. resident or marital status

Market map – a diagram that positions all products within a market using two features, e.g. price and quality

Socio-economic group – a method of segmenting that uses income and class / occupation to classify people

Core Knowledge

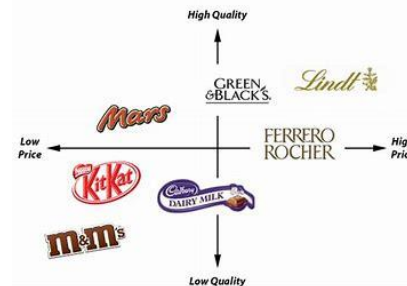
Markets can be segmented by

- **Location**, i.e. where you live
- **Demographics**, e.g. targeting families rather than single people; home owners rather than renters
- **Lifestyle**, i.e. the choices made about how to spend free time and hobbies consumers have
- **Income**, i.e. by how much you earn, the job you do or your social class
- **Age**, i.e. by how old you are

A market map can be used to position and compare products in a market

Allows a business to identify the competition the business faces and any potential gaps in the market

BUT....this may be simplistic and is based on subjective opinion so may not be reliable



Don't be a "man on the street"

- Don't assume that a gap on a market map indicates a gap to be filled – it could be there because there is no demand for that type of product
- Be careful not to say ALL or WILL – adapt to MOST, MORE LIKELY, e.g. *Most* women are *more likely* to buy make-up than men



Wider Business World

Hotel market – consider the target market of the Savoy compared to a Premier Inn

Ford cars – products lots of products to target different segments

Taylor Wimpey – a house builder. They produce lots of varieties of new homes to target different groups in terms of income, location and family size



Synoptic Links

Market research – information gathered can help a business to identify which segments to target

Marketing mix – the elements of marketing. These will be different for different target markets