

## 59. Niche Vs Mass Marketing

### 1. Missing words

Mass marketing is the attempt to market a product to all \_\_\_\_\_ in a given market with the aim of achieving an acceptable percentage of a \_\_\_\_\_ market, e.g. Waitrose with its 4% share of the huge grocery market. In contrast, niche marketing is the attempt to market a product to a relatively \_\_\_\_\_ market but with the aim of \_\_\_\_\_ that market. This process of segmentation may also lead to increases in market \_\_\_\_\_, as tailoring new products to specific types of customer can make them increase their rate of purchasing, e.g. the launch of adult-focused crisps such as Walkers Sensations .

**HINTS: big, dominating, consumers, share, small**

### 2. True or false?

- 2.1 Mass marketing is better than niche marketing
- 2.2 A product in a niche market is likely to be quite price inelastic
- 2.3 Advertising to the mass market is usually more expensive than advertising to a niche market
- 2.4 Tropicana orange juice is an example of a brand that was once a niche, but is now a mass market brand

### 3. Mass Vs Niche

State two benefits and two disadvantages of mass and niche marketing

Category	Benefit	Disadvantages
Mass marketing	1	1
	2	2
Niche marketing	1	1
	2	2

### 4. Explain why

4.1 A product aimed at the mass market is likely to be price elastic

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4.2 Small firms find it easier to compete in niche markets:

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4.3 Product differentiation is especially important in mass markets:

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## 59. ANSWERS – Niche vs Mass Marketing

1. consumers ... big ... small ... dominating ... share

2.1 False – it depends entirely on the situation

2.2 True

2.3 True

2.4 True

3.

Category	Benefit	Disadvantages
Mass marketing	1 High number of potential customers and therefore a large potential market	1 Can be very expensive
	2. May Increase the brand awareness of the product or service and thus attract consumers who were not previously aware of the product.	2 May be difficult to target groups of very different consumers with a single campaign
Niche marketing	1 Can target customers very specifically. Also may be able to charge a higher price as the product is likely to be fairly price inelastic	1 If the business earns high profits, other firms may enter the market making it more competitive
	2 Possible for small firms to offer products or services that large firms do not bother to supply	2. The total market may be quite small, in which case potential sales will be limited.

4.1 A product aimed at the mass market is likely to be price elastic:

It is likely to have a number of close competitors and therefore customers have a large amount of choice and will thus be sensitive to price changes

4.2 Small firms find it easier to compete in niche markets:

They may find it difficult to compete in mass markets where price is imperative as they will not enjoy the same economies of scale as large businesses. However with niche markets small businesses may be at an advantage as it may be possible for them to supply customers/businesses with products or service that are not deemed 'worth it' to the larger organizations.

4.3 Product differentiation is especially important in mass markets:

As customers only have price or quality to base their decisions on, if a firm does not want to reduce profit margins it must be able to differentiate itself from its competitors.