

Chapter 2 The Marketing Plan

Section 2.2 Market Segmentation

Review Key Concepts

1. Market segmentation allows a company to more accurately target potential customers, thereby taking customers away from competitors who may not have done as good a job of meeting the needs of the targeted market segment.
2. Four factors used to describe a target market are demographics, geographics, psychographics, and behavioral characteristics.
3. An advantage of niche marketing is that it narrows and defines a market with extreme precision, thereby increasing the chances of success. A disadvantage is that niche marketing is expensive. Because the market is relatively small, niche marketing does not result in the economies of scale that can be obtained in mass marketing. Research is required to identify target markets and develop different marketing strategies.

Practice Academics

English Language Arts

4. The prefixes are demo, geo, and psycho. *Demo* suggests people (democratic). *Geo* suggests the earth (geography). *Psycho* involves the mind (psychology).

Social Studies

5. Marketers use the group and cultural influences of a market in a variety of ways. For example, based on research to determine group preferences, marketers target specific types of clothing, food, home furnishing, etc., to particular cultural and ethnic groups. When advertising, marketers attempt to match the types of media to the specific group. For example, if a specific group is a heavy user of social media, an astute marketer will make certain the company and its products have a strong presence there.