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NICHE AND MASS MARKETING

Niche marketing: Niche marketing targets specific and well-defined market segments (i.e., niche markets). Concentrating all marketing efforts on a small but specific and well defined segment of the population.

Niches do not 'exist' but are 'created' by identifying needs, wants, and requirements that are being addressed poorly or not at all by other firms, and developing and delivering goods or services to satisfy them.

As a strategy, niche marketing is aimed at being a big fish in a small pond instead of being a small fish in a big pond.

Mass marketing: Mass marketing is an attempt to appeal to an entire market with one basic marketing strategy using mass distribution and mass media.

It is also called undifferentiated marketing because this is a strategy that ignores targeting individual market segments. Different market segments are targeted with the same blanket approach (for example, a television promotion will reach many different market segments), usually to maximise sales volume.

Most businesses have various targeting strategies, often combining mas and niche marketing strategies.

4.2 Marketing Planning: Niche and Mass Marketing – Summary Notes

ADVANTAGES AND LIMITATIONS OF NICHE MARKETING

Advantages	Limitations
<p>When a specific market segment is targeted in a firm's marketing, the marketing tends to be more focused and likely to have greater appeal within the targeted segment.</p> <p>Mass marketing is not as focussed and as such tends to focus on the 'average' consumer.</p>	<p>Niche markets, by their definition, are small. The number of total potential customers in the market is limited.</p> <p>Mass markets have a relatively larger customer base. Niche marketing strategies may miss potential customers and depress sales revenues.</p>
<p>Businesses can become highly specialised at finding out the needs and wants of a niche market they are targeting. With needs and wants being better met, customer loyalty can ensue.</p>	<p>Economies of scale may not be obtained in niche markets due to their limited size. Thus, the average cost of bringing the product to market will be higher, leading to higher prices and or lower profit margins.</p>
<p>Competitive rivalry within a niche market is less than that for broader markets. Less competition can translate into increased pricing power for a firm's differentiated products which, in turn, can lead to increased profitability.</p>	<p>Profitable niche markets with low barriers to entry are likely to attract new competitors into the industry. Niche markets are small and cannot sustain a relatively high number of competitors.</p>

4.2 Marketing Planning: Niche and Mass Marketing – Summary Notes

ADVANTAGES AND LIMITATIONS OF MASS MARKETING

Advantages	Limitations
Economies of scale may be obtained in mass markets due to their relatively large size. Thus, the average cost of bringing the product to market will be lower and thus, profit margins higher.	Competition can be intense. A broader customer base can sustain a larger number of competitors. A business will still require a unique selling point and successful marketing strategies to support sales. To be competitive, marketing budgets need to be relatively large.
Different marketing strategies do not need to be planned and implemented for different market segments. One marketing campaign can successfully target a whole market, facilitating marketing economies of scale.	There are often high barriers to entry for mass markets. Often incumbent competition have invested in capital equipment, large scale factories, offshore centres, efficient supply chain management processes, etc. Experienced and efficient competition can make it extremely difficult to successfully compete in a mass market as a new firm.
Providing products for a mass market could enable a successful firm to establish a larger base of customers. This will generally increase profitability.	Mass marketing tends to be less focussed. Resources may be used inefficiently by reaching individuals who are never likely to purchase a firm's products.