

Worksheet A

A. Pre-reading 1

Get students to discuss this in groups and make notes on their suggestions. Then review their answers with the whole class and get them to compare their ideas with the ones in the text once they have read it.

B. Pre-reading 2

Ask students to underline or highlight the words and expressions in the reading text which they used to decide which heading matches which paragraph.

Key: 1. c; 2. b; 3. e; 4. a; 5. d

C. Comprehension check

If students are unsure of the correct answer, encourage them to look back at how the sentence is used in context. You could also allow them to use a dictionary if necessary.

Key: 1. A; 2. B; 3. A; 4. B; 5. A

D. Vocabulary

With stronger students, encourage them to fill in any answers they already know (or can remember from reading the text) before they refer back to the text.

Key: 1. disposable income; 2. trends; 3. collateral; 4. gender; 5. emigration; 6. financial status; 7. propensity; 8. credit rating

E. Discussion

You might want to set this question as homework and ask students to prepare a presentation for the following class. Or you could set this as a written essay question.

F. Webquest

Students can choose examples from British or American credit card websites. Get them to look at the language used in the marketing copy as well as the detailed criteria for being accepted for the card.

An additional task would be to get them to compare the eligibility criteria (and marketing strategy) in the UK or US and in their own home country.

Worksheet B

A. Pre-listening: Discussion

This activity helps students practise listening for gist. Review students' answers once they have listened to the conversation.

B. Comprehension check

For this activity, students will probably need to use the listening transcript to check their answers. If they do, get students to underline or highlight the words and expressions in the reading text which they used to decide on their answers.

Key:

1. T. "... if we know who our customers are, we can ... use our marketing budget effectively."

[Carla, paragraph 5, lines 1-2]

2. T. "These days, things are different."

[Carla, paragraph 7, line 5]

3. F. "... they could live in the same geographical region ... But sometimes it's more general."

[Carla, paragraph 13, lines 2-3]

4. F. "... it means that they [niche products] are usually less profitable than mainstream ones ..."

[Carla, paragraph 15, line 5]

5. F. "... niche markets provide a good opportunity for smaller companies, ..." [Carla, paragraph 17, line 1]

6. T. "... there are lots of examples of very big companies operating within niche ... markets."

[Carla, paragraph 17, lines 1-2]

C. Communication focus: Checking and signalling understanding

If students find question 2 difficult, encourage them to listen (or look at in the transcript) to see how the expressions are used in context in the conversation. Explain that the expressions in question 2 are all extremely useful in meetings and encourage students to learn them by heart.

Key:

1. 1. C; 2. C; 3. T; 4. T; 5. T; 6. C; 7. C; 8. C

2. 1. A; 2. A; 3. B; 4. A; 5. A

D. Discussion

If students are unable to think of examples of things they have personally bought, let them give more general examples.

E. Project

Students could either do this project individually, or in groups. They should end up giving a short class presentation in the following lesson. Alternatively, you could set this a written activity. They ought to be able to come up with their own ideas for specific products, but you might want to set this task at the end of the previous lesson to give them time to think of some ideas.

A Pre-reading 1

In marketing it is useful to identify specific groups of potential customers. Can you think of ways of defining groups? How might you use this information?

B Pre-reading 2

Match the gaps in the headings for each paragraph in the text (1-5) with the correct category from the list (a-e) below.

- a. behaviour
- b. demographics
- c. geographic
- d. lifestyle
- e. socio-economic

Now read the text below about different ways of segmenting a market.

Segmentation

The segmentation of consumer markets is normally considered under five categories. While these categories are considered separately below, they are often interrelated.

1. Segmenting by _____ location

We can segment a potential market by considering where customers live and how culture influences them within that location. Think about where you live. What products or services would best suit the people living in your area based upon geography and culture? Consider, for instance, the marketing of food products into the Middle East. There are a range of issues to consider ranging from religious beliefs (what ingredients are acceptable and what are not) to regional tastes and climactic conditions.

2. Segmenting by _____

Marketers can analyze and segment the market according to personal characteristics such as gender, age, race and religion, and trends in population movements (such as emigration). These are important characteristics in studying how markets change. For instance, several countries in Europe have ageing populations, where there are more people over 50 than under 18, and the 50-plus group increasingly has a high level of disposable income.

3. Segmenting by _____ status

This is an analysis of financial status, credit ratings, disposable income, house ownership, family size and occupation. Understanding an individual's financial status enables companies to assign that person to a group, and target the right product or service to match the profile of the group. For instance, a credit card company offering an exclusive Platinum or Black card normally targets a group with income and savings above a certain level, some collateral (as a means of risk reduction) and the propensity to spend using the card.

4. Segmenting by _____

This focuses on the purchasing habits of individuals that are driven by their individual behaviour. For instance, is the customer loyal to one particular brand? Does he or she buy one type of product or service? Does he or she switch brands, and if so, how often?

A company such as Amazon.com segments its customers on whether they buy only books or CDs, or a combination of both. It can refine the segmenting by considering, for instance, the types of books purchased: perhaps historical romances, contemporary crime thrillers or books on marketing. This knowledge allows Amazon to create a list of recommendations each time a customer logs on to its website.

5. Segmenting by _____

This is the process of segmenting a market by attempting to understand the way in which individuals (or groups) choose to live their lives. It must be stated that the factors that determine an individual's lifestyle are often immensely complicated. An individual's lifestyle will often change, sometimes in relation to socio-economic status and demographic conditions. For example, 50+ individuals may have worked hard for most of their lives and if they reach early retirement, their lifestyle may change: for instance, they may decide to spend several months a year travelling. Thus, marketers have to account for the fact that individuals' lifestyles may go through various metamorphoses throughout their lives.

Adapted from *Foundations of Marketing* by Jonathan Groucutt, pp. 60-1 © Palgrave Macmillan 2005

C Comprehension check

Here are some extracts from the text. Which of the paraphrases has a similar meaning: A or B?

- The segmentation of consumer markets is normally considered under five categories.*
 - We normally use five categories to describe the segmentation of consumer markets.
 - We normally use fewer than five categories to describe the segmentation of consumer markets.
- While these categories are considered separately below, they are often interrelated.*
 - Because each of these categories is discussed separately in the text below, they often conflict with each other.
 - Although each of these categories is discussed separately in the text below, there are often connections between them.
- There are a range of issues to consider ...*
 - We need to take a number of different issues into account.
 - We need to decide which issues are important.
- Marketers can analyze and segment the market according to personal characteristics.*
 - It's possible that different marketers will analyze and segment the market in different ways.
 - It's possible for marketers to analyze and segment the market according to customers' personal characteristics.
- It must be stated that ...*
 - It's important to point out that ...
 - It's important to prove that ...

D Vocabulary

Here are some definitions of words and expressions that are used in paragraphs 2 and 3; they are not in the order they appear in the text. Find the word or expression in these two paragraphs that matches each definition.

- Your _____ is the money you have available to spend on things once you have paid your essential bills.
- _____ are ways in which something changes or develops over time.
- _____ is the property or goods you promise to give a person or bank if you are not able to pay back the money that you owe them.
- We use the term _____ to say whether someone is male or female.
- _____ is when people permanently leave their own country to live in another one.
- Your _____ is how much money you have and earn, and how much you are able to borrow as a result.
- If you have a _____ to do something, you have a natural tendency to do it.
- Your _____ describes how much you are able to borrow, based on how you have managed your borrowing in the past.

E Discussion

Look at the following excerpt from the article.

Think about where you live. What products or services would best suit the people living in your area based upon geography and culture?

Discuss this in relation to your own country or region.

F Webquest

Look at another excerpt from the article below.

... a credit card company offering an exclusive Platinum or Black card normally targets a group with income and savings above a certain level, some collateral (as a means of risk reduction) and the propensity to spend using the card.

Find some advertisements for two or three exclusive credit cards. Do the descriptions and membership conditions match this description. Which one would you choose? Why?

A Pre-listening: Discussion

You are going to listen to a conversation about market segmentation between Tim, a business studies student who is working as an intern in the marketing department of a large chocolate manufacturing company, and Carla, the marketing manager.

Can you explain the difference between the mass market, a segment, and a niche? Discuss and make a note of your explanation in the box below. Then listen and compare your answers with Carla's explanation.

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B Comprehension check

Decide whether these statements are true (T) or false (F) based on Carla and Tim's conversation.

1. Segmentation can help companies spend their marketing budgets in the best way.
2. Segmentation is much more necessary now than it was 100 years ago.
3. Customers within a segment must always live in the same geographical region.
4. Expensive niche products usually generate more profit than cheaper mainstream products.
5. Small companies usually avoid niche markets.
6. Big companies can produce products for both mainstream segments and niche markets.

C Communication focus: Checking and signalling understanding

When one person is explaining something to another person, there are a lot of expressions that he or she can use to check that the other person has understood. Meanwhile, there are expressions the person receiving the explanation can use to say whether or not they have understood.

1. Look at the expressions from the dialogue below. Do you think they were used by Carla or Tim? Mark them C or T.
 1. Were you able to follow ... ?
 2. Yes, that's correct.
 3. Yes, I'm with you so far. But I'm still a bit confused about ...
 4. Is that right?
 5. What sort of things do you have in mind?
 6. It's a lot to take in.
 7. Does that make sense?
 8. No, not necessarily.

2. Now match each of the expressions to the correct equivalent below: A or B.

1. *Were you able to follow that meeting?*

- A. Did you understand what people were saying in the meeting?
- B. Did you agree with what people were saying in the meeting?

2. *Yes, I'm with you so far.*

- A. I understand what you have said up till now.
- B. I agree with what you have said up till now.

3. *What sort of things do you have in mind?*

- A. What's your personal opinion about this?
- B. Can you give me some specific examples of what you mean?

4. *Sorry, it's a lot to take in.*

- A. I've given you lots of information so don't worry if you don't understand it all yet.
- B. I haven't explained what I mean very well.

5. *Does that make sense?*

- A. Is what I explained clear?
- B. Is what I explained sensible?

D Discussion

Can you think of examples of any niche products that you have bought or used? Then compare the products as a class. Which is the most expensive? The most unusual? The cleverest?

E Project

Think of a new product or service you would like to launch. Then follow some of the stages described in the dialogue.

1. Describe some of the segments of the market for your product. What groups of customers are likely to buy it?
2. Discuss some specific ideas for marketing to each of the segments you have identified.
3. Analyze your research and present your findings.

Tim, a business studies student, who is working as an intern in the marketing department of a large chocolate manufacturing company, is talking to Carla, the marketing manager, about segmenting the market.

Carla: Were you able to follow that meeting, Tim?

Tim: Yes, I was, Carla. I think I understand the basic point of market segmentation now. You need to know as much as possible about the different groups of customers for your products so that you can make sure the products you manufacture, or the services you provide, are right for the customer.

Carla: Yes, that's correct. If we divide our customers into defined groups, we can make sure that the different products we make match what each group of our customers wants and is prepared to buy. And if we work out who the different groups of people buying our products are, this also helps us in other ways.

Tim: For example?

Carla: Well, if we know who our customers are, we can plan our marketing campaigns efficiently and use our marketing budget effectively. And knowing which groups of people are buying our products gives us a good way of measuring how well we are doing in comparison with our competitors.

Tim: Yes, I'm with you so far. But I'm still a bit confused about some of the terminology. In the meeting, people were talking about mass markets, segments and niches, but I didn't really understand the difference between them.

Carla: Yes, it's a lot to take in. OK, well let's start with the mass market. This is when a company markets a single product to a big group of customers without any significant differences in the product itself or the way it's marketed. The most famous example is the Model T Ford car, which was manufactured so that every car was identical and which was then sold to the whole population of the USA. Of course, this was at the beginning of the 20th century. These days, things are different. Even if we can sell the same product round the world, we still need to make small changes for some markets, either to the product itself or the way it is packaged and branded. That applies to our chocolate bars. In some parts of the world we use more sugar in the recipe, or a different kind of chocolate taste. So normally we need to think about segments rather than a single mass market. Does that make sense?

Tim: Yes, absolutely. So, in other words, you're saying that a segment is a specific group of customers within the mass market?

Carla: Yes, that's right.

Tim: And how do you decide what makes a group of customers a segment?

Carla: Well, normally, the customers that form part of a segment have things that make them similar.

Tim: What sort of things do you have in mind?

Carla: Well, there are lots of things that customers within a segment could have in common. Sometimes it's very easy to define – for instance, they could live in the same geographical region; or they could have similar incomes and purchasing power. But sometimes it's more general. Customers could form a segment simply because they want or need the same kind of product or service. Or they could have similar habits and attitudes when they buy things.

Tim: I see. And a niche is something different from a segment. Is that right?

Carla: Yes, it is. A niche is much smaller than a segment. Usually it's a much more narrowly defined group of customers, which means there is usually a much smaller group of suppliers. For instance, the market for luxury sports cars like Lamborghini or an Aston Martin is a niche market because very few people have the purchasing power to buy one. Because the number of potential customers for niche products and services is much smaller, it means that they are usually less profitable than mainstream ones aimed at the mass market or products that target larger segments. This is true, even when the product itself is quite expensive, like my example of the luxury sports car.

Tim: So if niche products are less profitable than mainstream ones, does that mean that only small companies operate in niche markets?

Carla: No, not necessarily. Of course niche markets provide a good opportunity for smaller companies, but there are lots of examples of very big companies operating within niche or specialist markets. Think of a travel company which sells highly specialist holidays, like trekking in the Himalayas or sledging in the Arctic, as well as their normal package holidays where people spend two weeks on the beach. Or how about a magazine publisher that produces magazines for all sorts of specialist hobbies, like bird-watching or knitting, as well as their mainstream magazines that sell in huge numbers. In both cases, the companies are using niche products to diversify and to extend their brand.