

BUSINESS STUDIES

Analyse how the different types of markets may impact upon the management of marketing and operations in global business.

Executive Summary

How the different types of markets may impact on the management of marketing and operations in global businesses is going to be explored within this report. The markets that are going to be analysed are niche market, mass market, and consumer market.

Niche Market

The niche market is a very small and particular market, creating products that are especially suited for the target market. This can include products such as Haute Couture, clothing especially designed for the runway. Although fashion usually is a mass market, this specific type of clothes targets a niche market. Naturally if your market is a niche market it will influence on your management of marketing and operations in global business.

Because a Niche market is usually so small and specific, management will often decide there is no need to product differentiate. For example the designer brand Armani creates a collection of suits for men, and upon creating those suits management has decided that due to the small nice market there is not too many variables within the suits, cutting down prices for needing to differentiate products. Other factors that marketing need to decide on is pricing methods and pricing strategies. They need to decide what method they want to price their product, between profits based, which is when a company or business adds a certain amount of profit to the price of their products which is what the global business iPod does. However, a business cannot just simply price a product with whatever profit they wish, they must make sure they have pricing strategies to aid. iPod has the pricing strategy of skimming, which allows them to price their products at an extremely high rate, knowing that there will be customers who are the 'cream' of the cake, always supporting the products of the business. Sony and release of the PlayStation does the same, with the 2009 release of the PlayStation 3 priced at \$1000, which strong supporters were willing to pay.

The type of market impacts strongly on the operations in a global business, because a niche market is small and specific, before going global, businesses may have to consider if they want to expand globally with a product. They need to make sure that their products is superior to their competitors. However usually products targeting niche markets have less competitors.

Mass Market

A mass market, hence the name is a market that targets a very big group of consumers. Usually necessities are targeting at mass markets. Also cars and mobile phones would be included in products that target a mass market. Due to the fact that they are a mass market management of marketing would be impacted on. Because of how many other competitors are out there, management needs to make sure that their products are prices correctly and marketed effectively. Usually mass market products use the pricing strategy called, loss leaders or price penetrations. Loss leaders is when the price of the product is at an extremely low number, below costs, however products due to how many people buy their products, they eventually stay loyal and stick with the business, for example the phone company 3 offers many deals that gives away free mobile phones, however their plans are on contracts, which is usually 2 years, causing customers to stay with the plan and not more to competitors, and eventually when contracts are over, customers prefer to stay with the plan anyways and therefore are loyal to 3. Thus why they are able to price their products so low. Another example of a mass market is cars, however cars price their products different, having a generic product but pricing different prices for different levels of cars. For example the Australian car

company, Subaru, the whole range of Subaru's are 4wheel drives, however they are priced differently for ones that can fit families and ones that are used more often for dirt tracks. This pricing strategy allows businesses to have a wider control of the mass market. Also the mass market impacts heavily on the operations in global business, as a mass market is easier to become a global business, due to how wide it is, not excluding too many types of customers. Mass markets are also usually more well know markets, meaning that is planning to expand globally overseas, it is more likely to have managers overseas that understand the market and business well, being able to have the polycentric staffing system.

Consumer Markets

This is the creation of products depending on the consumers and their demand for product. Technically niche market and mass market in a way fall under consumer market. As a lot of products are created to suit consumer tastes. Consumer markets impact on management in that everything is created around the consumer and their needs. Management may need to conduct a SWOT (strength, weakness, opportunities, threats) analysis to determine how well their product is and what needs to be improved in order to fit consumer needs. Many other factors need to be considered, such as the marketing mix, which involved product, price, promotion and place. This relates to the product itself, the price and pricing methods for the product, promotion, ways to promote the product including, advertising, word or mouth and personal advertising, and finally the place, the location of the creation of the product. Factors that global businesses have to consider when targeting a consumer market may be, to differentiate the product or not. Differentiation of a product is more costly to the business, however it allows for a wider market to buy from the company. For example Mattel and Barbie. Mattel targets the consumer market of young girls, however they soon realised that Barbie was blonde and blue eyed excluding a very large market of young girls, and so they decided to stop standardizing their products and instead differentiated them, opening a line consisting of Barbie's friends who were of different colours and cultures, targeting a larger target, and increasing their net profit by millions. However sometimes there is no need for differentiation as it would simply be costly towards the company, this is evident for the computer company Dell, who does not have a large range of different computers, standardising their products. Although recently they came up with the idea of differentiating their products through its aesthetics, allowing customers to choose what designs they want. Allowing for Dell to only need to finance the differentiation of the outside, which too is by demand, saving them many expenses.

Therefore, it is evident that different types of market, consumer, niche and mass, impact upon management of the marketing and operations in global business, as presented in the above report.