

Mass versus Niche Marketing.

Mass marketing was one of the success stories of the 20th century. Starting of with products like the Model T Ford, we are now surrounded in our every-day lives by mass market firms, multinationals aiming to maximise profits, market share and economies of scale by producing and selling huge quantities of similar goods and services to as many customers as possible. These mass market firms provide the bulk of the goods and services that we consume.

Companies like Ford, Totota, Microsoft, Proctor and Gamble (soap powders), Sony, and Cadburys, produce ranges of products aimed at targeting as large a proportion of the total market as possible. They achieve this market saturation, by using two methods.

The first method used is developing product width. This means selling a range of similar but differentiated products. So Proctor and Gamble will market several brands of soap powder, each targeted at a different segment of the mass market. By doing this they cut costs, though economies of scale, and through the use of advertising, establish a range of brands each with different values in the mind of the consumer.

The second method of appealing to as much of the market as possible is to add product depth to each of the products. Adding product depth means making each product available in a range of sizes, packs etc. So we have 3 sizes of soap powder pack, targeting for example, singles, couples and large families. Mars will sell Mars Bars as a single bar, king size bars, 5 packs, snack size packs etc., again covering a wide as possible market spread with little extra cost.

Advantages of Mass Marketing.

- Maximises income
- If one sector declines this is likely to be compensated for by growth in other sectors.
- Allows reduction in average costs through

economies of scale.

Allows Brands to be used to their full value

Disadvantages of Mass Marketing.

- Heavy advertising costs, to establish brands and keep them in public eye.
- High development costs of products.
- Competition is often fierce.
- Companies must be market orientated –this brings high innovation and market research costs.



Niche Marketing

Often for smaller businesses mass marketing is not an option, after all appealing to and developing products for a mass market is an expensive business. There are huge product development costs, massive expenditures on promotion, constant competition etc. Smaller firms will therefore have to accept that aiming for specific niches may be their only option. With niche mar-

keting a firm will target a single segment or part of the market, ignoring the rest of the marketplace.

The idea of niche marketing made a strong comeback in the 1990's and any quick glance at a baby or women's magazine, or the classified pages of a national newspaper, will show how many firms are targeting niches that they have recognised as existing within a market.

Recent examples have shown how successful this type of firm can be. Mothercare, mass marketing children's clothes announced the closure of many of their stores, (May 1999), their market has been lost to specialists and niche market companies such as Baby Gap and Next for Kids. C & A, mass marketing, sensible, if slightly down market clothes have found their customers deserting them for mail order companies like Cotton Traders or shopping for their leisure wear in the new breed of sports shops, resulting in the closure of the entire UK operation..

The best niche marketing is based on designing goods or services specifically tailored for the needs of the customer. Therefore there must be a full understanding of the desires and needs of the niche. This understanding can be gained through market research, but is as often as not at least initially based on more of a gut feeling and an understanding that comes through personal experience.

A Niche Marketing Success Stories.

BEN & JERRY'S

Ben and Jerry's, recently taken over, was a quirky, politically correct ice cream maker founded in a Vermont petrol station 27 years ago by two former hippies with a \$12,000 investment (£7,500). after they took a \$5 correspondence course in ice cream-making, the company is now worth \$200m.

The company, has grown from one outlet to 170 "scoop shops" selling brands including Phish Food, Cherry Garcia, Cool Britannia and Bovinity Divinity.

Its initial growth was threatened by 'unfair' competition from Pilsbury, a mass marketing food corporation, but Ben and Jerry fought back, establishing one of the most successful niche brands of the 80's and 90's. Compare this approach to the mass marketing methods of Walls, or Mars.

Body Shop.

The first shop opened in Brighton in 1976, and the

chain rose to prominence during the 1980s as the first major retail chain to emphasise its belief in ethical business methods. Its range of herbal toiletries, then new and different, proved highly popular with a growing niche of ethical consumers. After a rocky time in the 90's as traditional perfume retailers started to copy cat it's products, the chain was sold to L'Oriel in 2006 and at that time had over 2,000 stores globally.

Advantages of Niche Marketing

- Lower initial cost -especially in relation to advertising.
- Able to concentrate on company strengths – product can be developed from what the business is good at, and then a niche targeted.
- Competition may ignore the niche, either because of lack of awareness or because it is too small for large firms to focus on.
- Firms can gain expert knowledge of the niche giving them a real advantage over potential competitors.

Disadvantages of Niche Marketing

- Market niches can disappear as a result of changes in economic conditions, fashion or taste – having all your eggs in one basket.
- Mass market firms can target the niche if it grows in value or size – small firms may find this competition impossible to deal with.
- Niches are not always neat little market sectors, they may be spread geographically or otherwise, making targeting and promotion difficult or expensive.

Conclusion

There is a belief current amongst marketing professionals that the mass market is starting to break down, and instead of an easy to target homogenous consumer groups in a mass market, the market for many products is dividing into large number of niches, that could make mass market products redundant. A good example of this is the holiday market. Ten or fifteen years ago the package holiday sold in the millions to indiscriminating British holiday makers. Now the market is quite different, more and more customers want something individualised, the internet allows holiday makers to create their own packages, and cheap flights provide low cost options. This gives serious problems to

large holiday companies. As a result there has been consolidation in the market, with a number of take-overs occurring. This has the effect of reducing costs, and reducing price competition within the market. Also the way these holidays are marketed has changed, with much more focus on individuality, and choice. Even with these changes it will be interesting to see if the traditional package holiday company survives the next ten years.

Notes.