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## GCSE Business Studies

### Kinds of Market

There are **four** main kinds of market:

- ▶ **Industrial markets:** the market for manufactured products aimed at businesses, i.e. capital goods e.g. engineering, construction.
- ▶ **Consumer markets:** the market for goods and services that are sold to households e.g. clothing, shampoo, holidays.
- ▶ **Commodity markets** – market for primary products or raw materials e.g. steel, coal, coffee.
- ▶ **Financial markets:** the market for services that dealing with money e.g. banking, insurance, accounting.

Much of your study of marketing will focus on **consumer markets** - since this relates to the kinds of products and services that you, your friends and family buy.

Goods bought in consumer markets can be categorised in several further ways:

- ▶ **Fast-moving consumer goods (“FMCGs”)**
  - These are high volume, low unit value, fast repurchase.
  - Examples include: Ready meals; Baked Beans; Newspapers.
- ▶ **Consumer durables**
  - These have low volume but high unit value. Consumer durables are often further divided into “**white goods**” (e.g. fridge-freezers; cookers; dishwashers; microwaves) and “**brown/black goods**” (e.g. DVD players; games consoles; personal computers).
- ▶ **Soft goods**
  - Soft goods are similar to consumer durables, except that they wear out more quickly and therefore have a shorter replacement cycle. Examples include clothes, shoes.
- ▶ **Services** (e.g. hairdressing, dentists, childcare)

Not all markets are the same. Some are very large, some small. Some markets are focused on a particular location; others operate around the world. We need a measure of a market – most often we talk about “market size”.

**Market size** means the number of customers in the market (either current or potential buyers) and the amount (value or volume) that they buy.

One business rarely sells to all the customers in the market. They will have a **share** of the market with the rest shared out amongst one or more competitors.

- ▶ **Market share by value:** using sales in a specific period (usually one year).
- ▶ **Market share by volume:** using units sold or bought as a measure of size.

Market share is an important idea. There is lots of evidence to show that businesses that enjoy a large share of a market achieve higher profits than smaller competitors.

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