**1.1.1 The Market**

1. Identify whether each of the following statements are true or false. Justify your answer.

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| **Statement** | **True or false** |
| A market is defined as any physical location where buyers and sellers meet to trade goods and services.  | False |
| Justification: A market is defined as any location where buyers and sellers meet to trade goods and services. It can be physical or virtual. |
| A currency exchange, a supermarket, a convenience store, the internet and a theme park are all examples of markets. | True |
| Justification: A market is any place where buyers and sellers meet with a view to trading. Therefore all five are examples of markets. |
| A mass market is likely to sell a high volume of goods at a low profit margin. | True |
| Justification: A mass market is selling to a large number of people and it is therefore difficult to charge high prices, hence profit margins are often low.  |
| A niche market will sell only to customers in a small geographical area. | False |
| Justification: A niche market does target a small group in the market but this does not necessarily mean a small geographical market. For example, the use of online sales may mean a niche market sells to a specific section nationally or even internationally. |
| A business selling to a niche market will have an objective to grow to sell to a mass market in the future. | False |
| Justification: Some niche markets may expand to sell to a mass market but many will remain niche and enjoy this status. |
| A firm operating in a niche market may have high market share but small market size. | True |
| Justification: A niche market is likely to be small in size but a firm that has identified the gap may have high market share. |

1. Which 3 of the following are examples of brands?

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| **Hoover** | ~~AA Batteries~~ | **Innocent** |
| ~~Orangeade~~ | ~~Mickey Mouse~~ | **Lucozade** |

1. Match each of the following items to the correct definition.

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| Market size | The total value or volume of sales in a market. |
| Market share | The proportion of total market sales that a particular firm has. |
| Market growth | The percentage increase in the size of the market in terms of either growth or volume. |
| Innovation | A new idea or invention which is launched onto the market normally with a view to financial gain. |
| Online retailing | The buying and selling of goods and services via the internet. |