

**Q - Explain a how Sibling Distillery might use market segmentation and discuss its usefulness to the firm. (10 marks)**

Market Segmentation is a technique used to enable a business to target products at the right consumers. It is about identifying the specific needs of the consumer and then by using these insights to provide products and services which meet consumer needs. One way that Sibling Distillery can use market segmentation is by segmenting on age. Sibling Distillery are segmenting by age because alcoholic products are only sold to people who are over the age of 18. It is illegal to sell alcohol to people in the United Kingdom under the age of 18 years old. By selling to people of the correct age, Sibling Distillery are staying within the law and are maximising profits. However, one issue by segmenting on age, is that a large amount of the population is under the age of 18, meaning that Sibling Distillery are missing out on potential consumers.

Another way that Sibling Distillery can use market segmentation is by segmenting on income. Gin is aimed at people who have a higher income and are usually wealthy. It is important that Sibling Distillery sell their gin at a high price to reflect the products high quality. They set the price margin higher on products, so that it also has a higher profit margin and so that the distillery make more profit. This means that Sibling Distillery are segmenting on income. However, one issue with segmenting on income is that it restricts the number of people who have enough money to purchase the product, this is an issue because Sibling Distillery are not maximising sales.

Another way that Sibling Distillery can use market segmentation is by segmenting on lifestyle. Certain religions or people with a certain lifestyle may not purchase gin. Sibling Distillery can maximise sales and therefore profit by segmenting specifically on people with a specific type of lifestyle. This lifestyle would be those who purchase gin on a regular basis. By focusing on the specific needs of the consumer Sibling Distillery will attract more consumers and maximise sales. However, one issue with segmenting on lifestyle is that people who don't drink often will not be enticed to purchase the product, therefore not as many sales will be made.

Another way that Sibling Distillery can use market segmentation is by segmenting on region. The product can be sold in specific areas, where the demographics show a large number of people who drink gin. By using market research and looking at area demographics, Sibling Distillery are able to sell products in an area where they are likely to sell, this means that they will maximise profits. However, by segmenting in this way Sibling Distillery will be restricting the number of places they sell products, meaning that they will not make as much profit.

Therefore, there are many ways that Sibling Distillery can use market segmentation, which makes it useful in maximising profit for the firm.

**Q - Explain how Kent College's internal and external customers differ. (4 marks)**

Internal customers in Kent College would be those who are directly and internally connected to the school. External customers in Kent College are those who signs a check. pays our employer and ultimately makes our paycheck possible.

Kent College's internal customers include pupils, teachers and cover teachers. Kent College's external customers include parents, the local council and suppliers. The internal customers are often those within

the business, but the external customers are those outside, this is one difference. Another difference is that internal customers will know the sellers well, they know how to make bargains and get a reasonable price. External customers are not as personally familiar with the sellers and therefore it may be difficult to get nice prices. For example, pupils can aim for scholarships in order to get school fees cheaper, parents also have a slight degree of knowledge, but not as much as pupils.

The final area where internal and external customers differ is that internal customers influence the decisions of the business, for example the pupils influence the facilities and what is required. Parents have no control over the facilities at the school.