* 1. **Segmentation, targeting and positioning (STP)**

**Mass vs. niche marketing:Activity**

**Case study: Urban Outfitters (UO)**

[Urban Outfitters](http://www.urbanoutfitters.co.uk/) (UO) opened its first UK store in Kensington in 1998 when there were not many similarly styled competitors around and focused its effort on London for a number of years with eight stores in the capital. It is a well-established retailer in America with hundreds of stores that started in Philadelphia in the 1970s. In recent years UO has started a large expansion plan in the UK and across Europe.

Urban Outfitters, is a successful niche market company, which has created a trendy and exclusive brand which outperforms many of its larger rivals. It focuses on unique brands that are not widely available and creates exclusivity by stocking limited numbers of items to ensure customers feel they are getting good added value and that they are unlikely to see numerous people wearing the same items. The company does not spend heavily on advertising, focusing on mailing lists, social media and fashion features in magazines and newspapers.

Whilst trying to maintain a cool alternative image UO has avoided setting up in shopping centres and avoided the mainstream where possible. Although this is starting to change as the company grows in scale and has larger distribution networks expanding to more cities outside of London. The target age range is 18 to 30 year olds.

During the difficult economic conditions since the great recession of 2008 when bankruptcies and retailer closures are still commonplace on the high street, [Urban Outfitters](http://www.urbanoutfitters.co.uk/) has been opening stores across Europe and the UK. UO now has 28 stores in the UK from Manchester to Cardiff, Southampton and Norwich. Initially it would appear this strategy would be a mistake when retail sales are still low, but UO is a large well-established brand with sound finances. The business model is working and while competitors are struggling now is a good time to expand UO’s vintage bohemian brand into a more mass market where its unique image is differentiating it from the rest.

**Task 1: Definitions**

|  |  |
| --- | --- |
| Term  | Definition |
| Product differentiation |  |
| Mass market |  |
| Niche market |  |

 **Task 2: Pros and cons**

Highlight the key pros and cons Urban Outfitters would experience operating in a niche market, and how they are moving into a mass market.

|  |  |
| --- | --- |
| Mass market | Niche market |
| **Pros** |
|  |  |
| **Cons** |
|  |  |

**Task 3: Exam questions**

1. Analyse the issues that Urban Outfitters may have faced as it moved from a niche to a mass market.
 (12 marks)
2. Discuss whether you believe its strategy of investment in expansion is a good idea in the current economic climate. (16 marks)