

What is Marketing?

Complete the text using the correct form of these verbs:

anticipate	divide	fill	influence	involve
modify	offer	share	sell	understand

A market can be defined as all the potential customers (1) a particular need or want. Marketing is the process of developing, pricing, distributing and promoting the goods or services that satisfy such needs. Marketing therefore combines market research, new product development, distribution, advertising, promotion, product improvement, and so on. According to this definition, marketing begins and ends with the customer. Truly successful marketing (2) the customer so well that the product or service satisfies a need so perfectly that the customer is desperate to buy it. The product almost (3) itself. Of course this will only happen if the product or service is better than those of competitors.

Companies are always looking for marketing opportunities – possibilities of (4) unsatisfied needs in areas in which they are likely to enjoy a differential advantage, due to their particular competencies. Marketing opportunities are generally isolated by market segmentation – (5) a market into submarkets or segments according to customers' requirements or buying habits. Once a target market has been identified, a company has to decide what goods or services to (6), always remembering the existence of competitors.

Marketers do not only identify consumer needs; they can (7) them by developing new products. They will then have to design marketing strategies and plan marketing programmes, and then organize, implement, and control the marketing effort. Once the basic offer, for example a product concept, has been established, the company has to think about the marketing mix – the set of all the various elements of a marketing programme, their integration, and the amount of effort that a company can expend on them in order to (8) the target market. The best-known classification of these elements is the 4 P's: Product, Price, Promotion and Place.

Aspects to be considered in marketing a *product* include its quality, its features, style, brand name, size, packaging, services and guarantee, while *price* includes consideration of things like the basic list price, discounts, the length of the payment period, and possible credit terms. *Place* in a marketing mix includes such factors as distribution channels, coverage of the market, locations of points of sale, inventory size, and so on. *Promotion* groups together advertising, publicity, sales promotion, and personal selling.

The next stage is to create long-term demand, perhaps by (9) particular features of the product to satisfy changes in consumer needs or market conditions.

Marketing can also involve the attempt to influence or change consumers' needs and wants. Companies try to do this in order to sell their products; governments and health authorities sometimes try to change people's habits for their own good or for the general good. In other words, marketing also (10) regulating the level, timing and character of demand.

Now translate the highlighted expressions in the text into your own language.

Eight Marketing Tasks

These exercises are derived from definitions given in *Marketing Management: Analysis, Planning, Implementation and Control* by Philip Kotler (Prentice-Hall).

EXERCISE 1

Complete the eight sentences below, by adding an example from the second box:

1. Conversional marketing is the difficult task of reversing negative demand,
2. Stimulational marketing is necessary where there's no demand,
3. Developmental marketing involves developing a product or service for which there is clearly a latent demand,
4. Remarketing involves revitalizing falling demand,
5. Synchromarketing involves altering the time pattern of irregular demand,
6. Maintenance marketing is a matter of retaining a current (maybe full) level of demand
7. Demarketing is the attempt (by governments rather than private businesses) to reduce overfull demand, permanently or temporarily,
8. Countermarketing is the attempt to destroy unwholesome demand for products that are considered undesirable,

- a. eg. a non-polluting and fuel-efficient car.
- b. eg. cigarettes, drugs, handguns, or extremist political parties.
- c. eg. for churches, inner city areas, or ageing film stars.
- d. eg. for some roads and bridges during rush hours.
- e. eg. for public transport between rush hours, or for ski resorts in the summer.
- f. eg. for dental work, or hiring disabled people.
- g. in the face of competition or changing tastes.
- h. which often happens with new products and services.

EXERCISE 2

Match up these marketing actions with the eight tasks described above:

- i. Alter the pattern of demand through flexible pricing, promotion, and other incentives.
- j. Connect the benefits of the product with people's needs and interests.
- k. Find new target markets, change product features, develop more effective communication.
- l. Find out why people dislike the product, and redesign it, lower prices, and use more positive promotion.
- m. Increase prices, reduce availability, make people scared.
- n. Keep up or improve quality and continually measure consumer satisfaction.
- o. Measure the size of the potential market and develop the goods and services that will satisfy it.
- p. Raise prices, reduce promotion and the level of service.

Marketing and Sales

EXERCISE 1

Rearrange the sentences below to make a complete text about marketing and sales.

- a. Consequently, senior management tends to set sales goals on the basis of the economic and competitive situation, as well as the need to keep plants running at or near capacity, and then tries to find ways to sell the output in the short term.
- b. Furthermore, sales departments generally resist the dominance of marketing, as they have different objectives.
- c. In capital intensive industries such as steel or chemicals, for example, it is desirable to keep equipment operating as much as possible.
- d. In other words, products are sold rather than bought.
- e. In other words, you don't sell what you make; you make what will be bought, so that selling becomes almost superfluous.
- f. Most contemporary marketing theorists distinguish between the now out-of-date 'selling concept' and the modern 'marketing concept'.
- g. Of course, this is a little utopian: the existence of competitors offering comparable products will always make some selling necessary.
- h. The former – the selling concept – assumes that resisting consumers have to be persuaded by vigorous hard-selling techniques to buy non-essential goods or services.
- i. The marketing concept, on the contrary, assumes that the producer's task is to find wants and fill them.
- j. They are generally interested in the short-term and in achieving current sales targets rather than planning the right products and marketing strategy to meet consumers' long-term needs.
- k. Yet although marketing tends to dominate in consumer goods companies, there *are* still industries in which the production and sales departments tend to be as important.

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EXERCISE 2

Complete the following collocations from the text:

- | | |
|-----------------------|-------------------------|
| 1. hard-selling | 4. sales targets |
| 2. contrary | 5. intensive |
| 3. words | 6. sales goals |

Market Structure

Choose the correct alternative to complete each sentence:

1. In many markets there is a firm with a much larger market share than its competitors, called a
a. *market leader* b. *monopolist* c. *multinational*
2. A company that is number two in an industry, but which would like to become number one – think of Pepsi vs. Coke, Reebok vs. Nike, Avis vs. Hertz – is known as a
a. *market challenger* b. *market competitor* c. *market follower*
3. A smaller company in an industry, more or less content with its existing market share, is called a
a. *market challenger* b. *market follower* c. *market sharer*
4. Small, specialised companies, which target segments within segments, are called
a. *market failures* b. *market followers* c. *market nichers*
5. A market in which one single producer can fix an artificially high price is called a/an
a. *homogeneous market* b. *monopoly* c. *undifferentiated market*
6. A market dominated by a few large suppliers, and which it is hard for new companies to break into, is called a/an
a. *conglomerate* b. *market concentration* c. *oligopoly*
7. A group of companies which chose to collaborate by sharing out markets, co-ordinating their prices, and so on, form a
a. *cartel* b. *conspiracy* c. *joint venture*
8. A situation in which the market leader can determine the price that its competitors can charge is called a
a. *dominant-firm oligopoly* b. *market failure* c. *monopoly*
9. A market in which it is normal to have only one supplier – e.g. utilities such as water and sewage, gas, electricity – is called a
a. *conglomerate* b. *natural monopoly* c. *pure monopoly*

Marketing Strategies

EXERCISE 1

Read the text, and then decide whether the statements on the next page are TRUE or FALSE.

A company's marketing strategies – sets of principles designed to achieve long-term objectives – obviously depend on its size and position in the market. Other determining factors are the extent of the company's resources, the strategies of its competitors, the behaviour of the consumers in the target market, the stage in the product life-cycle of the products it markets, and the overall macro-economic environment.

The aim of a market leader is obviously to remain the leader. The best way to achieve this is to increase market share even further. If this is not possible, the leader will at least attempt to protect its current market share. A good idea is to try to find ways to increase the total market. This will benefit everyone in the field, but the market leader more than its competitors. A market can be increased by finding *new users* for a product, by stimulating *more usage* of a product, or by exploiting *new uses*, which can sometimes be uncovered by carrying out market research with existing customers.

To protect a market share, a company can innovate in products, customer services, distribution channels, cost reductions, and so on; it can extend and stretch its product lines to leave less room for competitors; and it can confront competitors directly in expensive sales promotion campaigns.

Market challengers can either attempt to attack the leader, or to increase their market share by attacking various market followers. If they choose to attack the leader, market challengers can use most of the strategies also available to market leaders: product innovation, price reductions, cheaper or higher quality versions, improved services, distribution channel innovations, manufacturing cost reduction, intensive advertising, and so on.

Market followers are in a difficult position. They are usually the favourite target of market challengers. They can reduce prices, improve products or services, and so on, but the market leader and challenger will usually be able to retaliate successfully. A market follower that takes on a larger company in a price war is certain to lose, given its lesser resources.

In many markets, market followers fall in the middle of a V-shaped curve relating market share and profitability. Small companies focusing on specialised narrow segments can make big profits. So can the market leader, with a high market share and economies of scale. In between come the less profitable market followers, which are too big to focus on niches, but too small to benefit from economies of scale.

One possibility for followers is to imitate the leaders' products. The innovator has borne the cost of developing the new product, distributing it, and making the market aware of its existence. The follower can clone this product (copy it completely), depending on patents and so on, or improve, adapt or differentiate it. Whatever happens, followers have to keep their manufacturing costs low and the quality of their products and services high.

Small companies that do not establish their own niche – a segment of a segment – are in a vulnerable position. If their product does not have a “unique selling proposition,” there is no reason for anyone to buy it. Consequently, a good strategy is to concentrate on a niche that is large enough to be profitable and that is likely to grow, that doesn't seem to interest the leader, and which the firm can serve effectively. The niche could be a specialised product, a particular group of end-users, a geographical region, the top end of a market, and so on. Of course unless a nicher builds up immense customer goodwill, it is vulnerable to an attack by the market leader or another larger company. Consequently, multiple niching – developing a position in two or more niches – is a much safer strategy

- | | |
|---|------------|
| 1. If a market leader succeeds in increasing the size of the total market, its competitors benefit. | TRUE/FALSE |
| 2. The size of a market can be increased without attracting any new consumers. | TRUE/FALSE |
| 3. Market challengers generally attack the leader and market followers. | TRUE/FALSE |
| 4. Market challengers cannot use the same strategies as leaders. | TRUE/FALSE |
| 5. Market leaders generally win price wars. | TRUE/FALSE |
| 6. Market challengers can attack leaders by way of any of the four P's of the marketing mix. | TRUE/FALSE |
| 7. Market followers generally achieve cost reductions through economies of scale. | TRUE/FALSE |
| 8. The most profitable companies are logically those with medium or high market share. | TRUE/FALSE |
| 9. For a market nicher, product imitation can be as profitable as product innovation. | TRUE/FALSE |
| 10. A market nicher is never safe from an attack by a larger company. | TRUE/FALSE |

EXERCISE 2

Eight of the following nouns, all found in the text above, also exist unchanged as verbs. Which are they? What are the related verbs from the other ten nouns?

aim	design	leader
benefit	distribution	market
challenger	extent	product
clone	follower	reduction
competitor	increase	share
consumer	innovation	target

EXERCISE 3

Complete the following collocations from the text:

- | | |
|--------------------------------|-------------------------|
| 1. cycle (para 1) | 4. line (para 3) |
| 2. determining (para 1) | 5. sales (para 3) |
| 3. distribution (para 4) | 6. scale (para 6) |

Now translate the highlighted expressions in the text into your own language.

Military Metaphors: Business as War

We use a lot of military metaphors to describe the day-to-day operations of business. Complete the texts by inserting the words in the boxes.

EXERCISE 1: An Offensive Strategy

arsenal	attack	blitz	campaign	inroads
invade	mobilize	tactics	troops	weapons

We've been making successful (1) into their market share for 18 months, and now is the time for a change of (2) We're going for a frontal (3) We have an excellent product, and if we use all the (4) in our (5), we should be able to convince consumers of this fact. We will (6) all our resources and launch a media (7) This will be the most expensive (8) in our history. We have also recruited twenty new sales reps and we are going to send our (9) into the field, to (10) their market.

EXERCISE 2: A Defensive Strategy

capture	defence	deter	fight	mission
retaliate	territory	war	withdraw	

We are going to dig in and defend our (1) This is a suicide (2) by our competitors. They probably expect us to (3), and a small price cut won't (4) them. We have enough cash reserves to win a price (5), so I suggest that we cut our price by 20% immediately. The best form of (6) is attack. You'll see, they'll (7) within two weeks. This is a (8) they're going to lose. There is no way they are going to (9) our market.

EXERCISE 3: A Takeover Bid

action	aggressor	battle	bombarding
fight	counter-offensive	join forces	raid

After striking the first blow with their unsuccessful dawn (1) last month, Wright & Bergkamp have now launched a takeover bid for their High Street rivals Merson's. A fierce (2) is expected for control of the electronics retailer. For Merson's chairman David Adams, the bid came as no surprise: "They've been (3) our shareholders with propaganda for weeks, but they won't succeed. We're ready for (4) and we're going to (5) them all the way." Indeed Merson's have already launched their (6), issuing a press release which questions some of Wright & Bergkamp's accounting methods. Yet City analysts suggested yesterday that the (7) 's hostile bid is likely to succeed unless Merson's (8) with another retailing group.

Market Segmentation

EXERCISE 1

Complete the text using these words:

appealing	competing	developing	forecasting	dividing
existing	minimizing	purchasing	switching	targeting

Market segmentation means (1) a market into distinct subsets of customers with different needs, according to different variables that can play a role in (2) decisions. These can include geographical factors – region, population density (urban, suburban, rural), size of town, and climate; demographic factors such as age, sex, family size, or stage in the family life cycle; and other variables including income, occupation, education, social class, life style, and personality.

If there is only one brand in a market, it is likely to be positioned in the centre, so as to attract the most consumers possible. (3) to all groups from the centre with an undifferentiated product gives a company the largest potential market, while (4) production, inventory, market research and product management costs. A new competitor can either situate its product next to the (5) one, in a straightforward battle for market share, or try to find a corner of the market in order to gain the loyalty of a consumer group not satisfied with the centre brand.

If there are several brands in the market, they are likely to position themselves fairly evenly throughout the space and show real differences to match differences in consumer preference. If, on the other hand, several producers are (6) for the largest centre segment, new entrants onto the market will probably find that smaller segments with less competition are more profitable. In fact, (7) a particular market segment is often the only realistic strategy for firms with limited resources, although it can be risky, as the segment might get smaller or even disappear, or be attacked by a larger competitor.

At the beginning of a product's life cycle, companies often produce only one version, and attempt to develop demand by undifferentiated marketing, before (8) to differentiated marketing in the product's maturity stage. Differentiated marketing involves (9) several brands, each positioned in a different segment. This obviously maximizes total sales, but equally increases R&D, planning, market research, (10) , production, promotion, administration and inventory costs.

EXERCISE 2

How many of these verbs also exist unchanged as nouns? What are the nouns related to the other verbs?

appeal	battle	brand	centre	compete
consume	cost	cycle	develop	forecast
gain	increase	manage	mature	need
position	prefer	purchase	research	risk
segment	share	situate	switch	target

Market Research

Complete the text using these words:

analyse	annual	concept	data	gather
guesswork	habits	inventory	launch	opinions
packaging	promotions	respondents	significant	statistics

When no, we'd never develop and (1) a product solely on the basis of (2) That's such too risky. You can't just trust the intuition of senior managers or product managers, you have to do market research. That's what we call it in Britain, in the States they say marketing research. We collect and (3) information about the size of a potential market, about consumers' tastes and (4), their reactions to particular product features, packaging features, and so on.

Lots of people think that market research just means going out and asking consumers for their (5) of products, but that's not true. Actually, talking to customers is a relatively minor market research tool, because it's very expensive. In fact, personal interviewing is the very last thing we'd do. We usually find that our own accounts department, which keeps records of sales, orders, (6) size, and so on, is a far more important source of information. Our sales representatives are another good source.

There are also a lot of printed sources of secondary (7) we can use, including daily, weekly and monthly business newspapers, magazines and trade journals, our competitors' (8) reports, official government (9), and reports published by private market research companies. We only engage in field work, and (10) primary data from customers, middlemen, and so on, if both internal research (analysis of data already available in the accounts and sales departments) and secondary data (available in printed sources) are inadequate.

If we do go out and do field work it's usually a survey, which you can use to collect information about product and (11) features, and to measure the effectiveness of advertising copy, advertising media, sales (12), distribution channels, and so on.

An effective and relatively inexpensive method of survey research is the focus group interview, where we invite several members of the target market (and pay them a small amount of money) to meet and discuss a product (13) The interview is led by a trained market researcher who tries to find out the potential consumers' opinions and feelings about the product.

Focus groups are informative, but they're usually too small for us to be sure that the chosen sample of consumers is statistically valid. Questionnaire research, involving many more (14), is more likely to be statistically (15), as long as we make sure we select the appropriate sampling unit – whether it's a random sample of the population, or a sample of a selected category of people – and the sample size is sufficiently large. When we've established a sample, we do the interviews, normally by telephone or mail, sometimes by personal interviewing.

Market Testing

EXERCISE 1

Nine sentences in the text are unfinished. Choose the correct sentence endings from a to i below:

New products must obviously be extensively tested for safety and performance. If they successfully pass these tests, they will then normally be market tested, (1. . . .). Market tests are designed to inform a company how many consumers will try a product and, unless it is a durable good, (2. . . .). Tests will also reveal which dealers want to handle the product.

Testing can be carried out by giving the product free to trial consumers, or by a "mini-test," which involves placing it, for a fee, in a number of stores selected by a market research agency, or by selecting particular towns or regions as full test markets. If a lot of people try and then re-purchase a new product, (3. . . .). If there is a high trial rate but a low re-purchase rate, (4. . . .). If only a few people try the product, but many of these re-purchase it, (5. . . .).

For durable industrial goods, the most common form of testing is to offer the new product (6. . . .). Alternatively, a firm can display the product at a trade fair or in distributors' or dealers' showrooms, and study customers' reactions.

Some ideas reach the product development stage, perform adequately in test marketing, but then fail to be commercially successful; (7. . . .). Enthusiasm for a new product may cause executives to misinterpret market research data which should have told them that (8. . . .). On the other hand, even good new products can be destroyed by poor promotions or (9. . . .).

- a. by even better products developed by competitors.
- b. how many will re-buy it and adopt it, and what the frequency of re-purchase is.
- c. it fails to offer a "unique selling proposition", or that it is badly designed or wrongly priced.
- d. it will probably be necessary to increase advertising and sales promotion spending to encourage more people to try the product.
- e. something is clearly wrong with the product.
- f. the company will probably go ahead and launch it in as large a geographical area as they have the capacity to supply.
- g. this may be due to a previous failure of market measurement or forecasting or research.
- h. to selected potential customers for trial.
- i. unless, perhaps, the company is involved in a race with a competitor's product, in which case it might launch a product immediately.

EXERCISE 2

Rearrange the words to make expressions about market failures. The first word is in the right place.

1. It total turned to out failure a be
2. Unfortunately a flop was complete it
3. We but died slow it launch it to a decided death
4. We France it in bombed and tested completely it

Market Potential

EXERCISE 1

Match up the terms on the left with the definitions on the right:

1. marketing environment
 2. market demand for a product
 3. marketing programme
 4. sales response function
 5. market potential
 6. company potential
 7. market share
 8. market forecast
 9. sales forecast
 10. sales quotas
- a. a company's plans regarding the marketing mix, including product features, price, expenditure on promotions, the allocation of resources, and so on
 - b. a company's sales expressed as a percentage of the total sales of an industry
 - c. figures set as goals for a company division, a product line, a sales team, individual sales representatives, etc.
 - d. the economic situation, and demographic, technological, political, cultural changes, and so on
 - e. the expected level of company sales based on a selected marketing plan and an assumed marketing environment
 - f. the limit approached by company demand as it increases its marketing effort relative to its competitors
 - g. the limit approached by market demand, in a given environment, when additional marketing expenditure no longer produces a significant return
 - h. the market demand that corresponds to a whole industry's planned level of marketing expenditure
 - i. the relationship between sales volume and a particular element of the marketing mix
 - j. the total volume that would be bought by a particular customer group or market segment in a particular geographical area and period of time, in a defined marketing environment under a defined marketing programme

EXERCISE 2

Complete the text using these words:

competitive resistance	environment returns	forecast sensitive	monopoly share	opportunities variables	potential volume
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In order to analyse market (1) , and to plan their marketing activities, companies have to measure current demand and (2) future demand. This will depend on the overall marketing (3) , which can of course change, but so too can the company's marketing programme.

Market demand is not a single number but a function, which responds, to a finite extent, to demand-stimulating marketing expenditure. Some markets are extremely (4) to marketing expenditure. The market for many new products, for example, can usually be expanded quite easily. Other markets cannot, so the level of marketing spending will hardly affect them. Here a company's marketing effort will be designed to increase its market (5) rather than the size of the total market.

In a (6) market, individual firms with an effective marketing programme can and do increase their market share. There is, therefore, a company demand function or a sales response function which forecasts the likely sales (7) during a specified time period associated with different possible levels of a marketing-mix element. But of course market (8) depends on many factors in the marketing environment that a company cannot control, such as the general health of the national economy. Furthermore, the sales response function assumes that other (9) , such as competitors' prices, remain constant, whatever the company spends on marketing. This is obviously untrue, and so has to be compensated for in calculations.

Marketing expenditure gives first increasing, then diminishing (10) , as there tends to be an upper limit to the total potential demand for any particular product. The easiest sales prospects are sold first, so that only more difficult ones remain. Competitors are also likely to increase marketing effort at the same time, so each company will experience increasing sales (11) If sales did not stop increasing at the same rate, the firm with the greatest level of marketing effort would take over the whole industry, and create a natural (12)

EXERCISE 3

Do the following words generally form partnerships with the word *market* or *marketing*?

- | | |
|------------------------|--------------------------|
| 1. activities | 6. mix |
| 2. demand | 7. opportunities |
| 3. effort | 8. potential |
| 4. environment | 9. programme. |
| 5. expenditure | 10. share |

Market Forecasting

Rearrange these sentences to make a complete text about market forecasting by surveys and tests.

- a. An alternative to both surveys and market tests is to analyse existing data, such as time series of past sales of a product, taking into account the business cycle, and unpredictable events such as shortages, strikes, price wars, and extreme weather conditions.
- b. Consequently, market tests are often carried out for new products, for products whose buyers do not carefully plan their purchases or who are highly erratic in fulfilling their intentions, or for products that are being sold in new areas or by new distribution channels.
- c. Direct market tests, unlike surveys, enable a forecast to be made based on what people actually *do*.
- d. Even though consumers do not always have clear intentions, or carry out their original intentions, and they are not always prepared to disclose them, buyer-intention surveys are often quite accurate for major consumer durables and industrial goods.
- e. Forecasts based on what people say are made from surveys of buyer intentions, conducted by personal, telephone or postal interviews of a statistically selected sample of consumers.
- f. If surveying customers is too expensive, an alternative method is to get estimates from sales representatives who are, after all, close to customers, especially those of highly specialised, technical products.
- g. If this is done badly it can result in excessive inventories and costly price cuts, or, on the contrary, lost sales due to insufficient production.
- h. Surveys are also the only possible forecasting technique for new products for which past data does not exist.
- i. There are various methods of forecasting, but they all depend on one of three factors: what people say, what they do (which is not always the same), and what they have done in the past.
- j. To estimate total market potential a company needs to forecast the number of buyers, and the average quantity that they will purchase.
- k. Where a company does not have its own sales force, distributors can sometimes provide equivalent information.

1	j	2	g	3		4		5		6		7		8		9		10		11	a
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Products

Use the following terms to complete the definitions below:

brand	product
product line	product mix
line-stretching	line-filling
product elimination	convenience goods
shopping goods	speciality goods

1. A is a name (or sometimes a sign, symbol or design) used to identify the goods or services of a particular manufacturer, seller or supplier, and to differentiate them from the goods or services of competitors.
2. A is defined by marketers as anything capable of satisfying a need or want (including services such as a bank loan, a haircut, a meal in a restaurant, or a skiing holiday).
3. A is a group of closely related products, which usually have the same function and are sold to the same customer groups through the same outlets.
4. A is the set of all the product lines and items offered by a company.
5. are cheap and simple "low involvement" products which people use regularly and buy frequently with little effort, without comparing alternatives.
6. are durable goods with unique characteristics that informed consumers have to go to a particular store to buy.
7. are "high involvement" products for which consumers generally search for information, evaluate different models, and compare prices, and take time to make a selection.
8. is the process of withdrawing products from the market when they are no longer profitable.
9. means adding further items in that part of a product range which a line already covers, in order to compete in competitors' niches, to utilize excess production capacity, and so on.
10. means lengthening a company's product line, either moving up-market or down-market in order to reach new customers, to enter growing or more profitable market segments, to react to competitors' initiatives, and so on.

Now translate the highlighted expressions in these definitions into your own language.

Branding

EXERCISE 1

Select the appropriate expressions to complete the text:

In a market containing several similar competing products, producers can augment their basic product with additional services and benefits such as customer advice, delivery, credit facilities, a warranty or guarantee, maintenance, after-sales service, and so on, (1) distinguish it from competitors' offers.

Most producers also differentiate their products by branding them. Some manufacturers, such as Yamaha, Microsoft, and Colgate, use their name (the "family name") for all their products. Others market various products under individual brand names, (2) many customers are unaware of the name of the manufacturing company. (3), Unilever and Proctor & Gamble, the major producers of soap powders, famously have a multi-brand strategy which allows them to compete in various market segments, and to fill shelf space in shops, (4) leaving less room for competitors. (5) also gives them a greater chance of getting some of the custom of brand-switchers.

(6) famous manufacturers' brands, there are also wholesalers' and retailers' brands. (7), most large supermarket chains now offer their "own-label" brands, many of which are made by one of the better-known manufacturers.

Brand names should (8) be easy to recognize and remember. They should also be easy to pronounce and, especially for international brands, should not mean something embarrassing in a foreign language!

(9) a name and a logo, many brands also have easily recognizable packaging. Of course packaging should also be functional: (10), the container or wrapper should protect the product inside, be informative, convenient to open, inexpensive to produce, and ecological (preferably biodegradable).

- | | | |
|----------------------|-------------------|------------------|
| 1. a. as a result of | b. in order to | c. thus |
| 2. a. although | b. since | c. so that |
| 3. a. Consequently | b. Despite | c. For instance |
| 4. a. for example | b. however | c. thus |
| 5. a. There . | b. That | c. This |
| 6. a. As a result of | b. In addition to | c. Owing to |
| 7. a. For example | b. Furthermore | c. However |
| 8. a. i.e. | b. of course | c. therefore |
| 9. a. As well as | b. Despite | c. So as to |
| 10. a. although | b. in other words | c. on account of |

EXERCISE 2

Complete the following collocations

- | | |
|----------------------|----------------------|
| 1. to augment | 4. multi-brand |
| 2. facilities | 5. to fill |
| 3. after-sales | 6. chains |

Product Lines

EXERCISE 1

Match up the following words with the underlined words in the text:

additional	continual	discontinuing	expand
goal	handling	phases	present
production stoppages	seeking	unchanging	weaken

Most manufacturing companies have a product mix made up of a number of products, often divided into product lines. Since different products are always at different (1) stages of their life cycles, with growing, (2) stable or declining sales and profitability, and because markets, opportunities and resources are in (3) constant evolution, companies are always looking to the future, and re-evaluating their product mix.

Companies (4) pursuing high market share and market growth generally have long product lines. Companies whose (5) objective is high profitability will have shorter lines, including only profitable items. Yet most product lines tend to (6) lengthen over time, as companies produce variations on existing items, or add extra items to cover (7) further market segments. Established brands can be extended by introducing new sizes, flavours, models, and so on.

There are, however, dangers with both line-filling and line-stretching. Adding more items within the (8) current range of a product line can lead to cannibalization if consumers cannot perceive the difference between products, i.e. the new product will just eat into the sales of existing products. Stretching a line to the lower end of a market will generally (9) dilute a company's image for quality, and a company at the bottom of a range may not be able to convince dealers and customers that it can produce quality products for the high end.

Consequently companies occasionally have to take the decision to prune or shorten their product lines. Quite simply, a product line is too short if the company could increase profits by adding further items, and it is too long if they could increase profits by (10) dropping certain items.

Adding items to a product line results in a variety of costs, in design and engineering, carrying inventories, changing over manufacturing processes, (11) processing orders, transporting goods, promoting the new items, and so on. Producing fewer items generates savings because it allows companies to have longer production runs with less (12) downtime because of changeovers, it requires less plant and equipment, it reduces inventory, it simplifies planning and control, and it allows more concentrated activity in development, design, selling, after-sales service, and so on. But of course companies must be careful not to cut loss-leaders from their lines.

EXERCISE 2

Without looking back at the previous page, complete the spaces in the sentences below:

1. Many companies have a consisting of a number of products.
2. These products can have growing,, or declining sales, depending on where they are in their
3. Companies looking for high generally have long product lines, while companies seeking high will have shorter lines.
4. Yet most product lines tend to over time, as companies add extra items to cover more
5. can lead to, if the items are too similar.
6. A product line can be in two directions, both up-market and down-market, although going down-market can damage a company's image for
7. Companies also occasionally their product lines.
8. Sometimes you can increase profits by certain items.
9. Adding items to a product line results in a variety of; for example, you will need to carry more
10. On the contrary, producing fewer items generates
11. With fewer products you have longer with less caused by changeovers.
12. But of course companies mustn't abandon

Now translate the highlighted expressions in the text into your own language.

Phrasal Verbs – Product Lines

EXERCISE 1

Match up the phrasal verbs on the left with the verbs that have a similar meaning on the right:

- | | |
|---|--|
| 1. account for (the rise in profits) | a. accept |
| 2. bring out (a new product) | b. decrease, become fewer or less |
| 3. carry on (in the same old way) | c. begin to be successful |
| 4. carry out (a market survey) | d. continue |
| 5. come up with (a new idea) | e. destroy or abandon |
| 6. do without (a pay rise) | f. find space to give to something else |
| 7. (production levels) drop off | g. get rid of, discard (because unwanted) |
| 8. give up (production of the 320S) | h. have, create ideas |
| 9. go along with (the decision) | i. make up, constitute a figure |
| 10. kill off (a silly project) | j. perform, undertake, or do |
| 11. look ahead to (the future) | k. produce, launch |
| 12. look for (a new solution) | l. remove (from something larger) |
| 13. make room for (further expansion) | m. agree to stop or discontinue |
| 14. take off (after performing less well) | n. survive or live while lacking something |
| 15. throw away (some good ideas) | o. think about, prepare or plan the future |
| 16. weed out (uneconomic departments) | p. try to find |

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9		10		11		12		13		14		15		16	

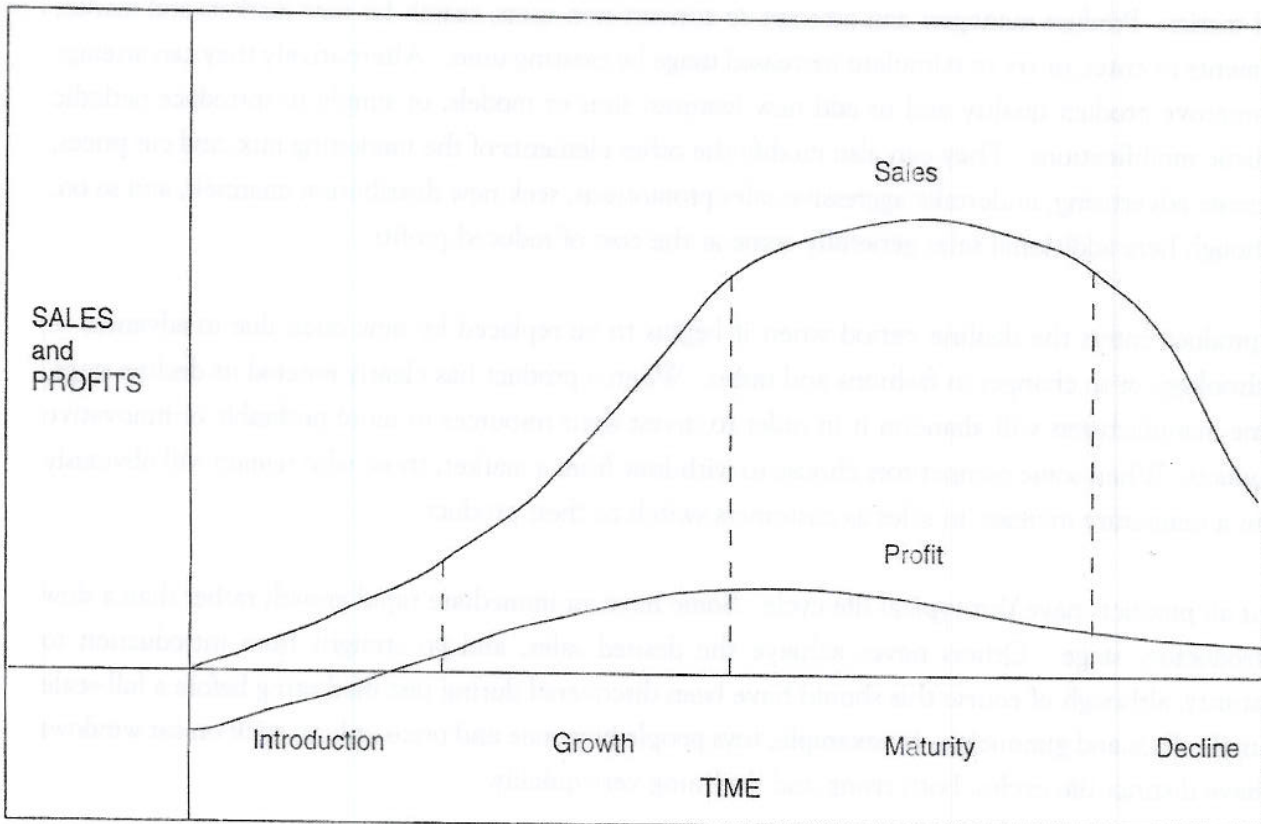
EXERCISE 2

Complete the text using the correct form of the phrasal verbs above.

Most companies regularly (1) new items, stretching and filling their product lines, (2) opportunities to increase sales and earn more profits. But these additions are not always successful. Some items just don't (3), and are insufficiently profitable. So the company has to (4) regular cost and sales analyses of the entire product line, taking account of opportunity costs, and then (5) poorly performing products. Obviously the brand managers and the other people involved aren't happy to see their products (6), and may consider that months or years of work are just being (7), but no company can (8) profits. The same is true of products that were once successful but are now no longer profitable: if sales have (9), a company that is (10) will abandon them to (11) new items.

It is quite often the case that about 20% of a firm's products (12) most of its sales, so there are lots of products that could be abandoned. Their managers probably won't (13) without a fight, but they have no choice but to (14) the financial imperatives. On the other hand, it is more difficult to (15) ideas for new products than to (16) producing poorly selling ones.

Product Life Cycles



Read the text, and then decide whether the statements on the next page are TRUE or FALSE.

The sales of most products change over time, in a recognizable pattern which contains distinct periods or stages. The standard life cycle includes introduction, growth, maturity and decline stages.

The introduction stage, following a product's launch, generally involves slow growth. Only a few innovative people will buy it. There are probably no profits at this stage because of the heavy advertising, distribution and sales promotions expenses involved in introducing a product onto the market. Consumers must be made aware of the product's existence and persuaded to buy it. Some producers will apply a market-skimming strategy, setting a high price in order to recover development costs. Others will employ a market-penetration strategy, selling the product at as low a price as possible, in order to attain a large market share. There is always a trade-off between high current profit and high market share.

During the growth period, 'early adopters' join the 'innovators' who were responsible for the first sales, so that sales rise quickly, producing profits. This generally enables the producer to benefit from economies of scale. Competitors will probably enter the market, usually making it necessary to reduce prices, but the competition will increase the market's awareness and speed up the adoption process.

When the majority of potential buyers have tried or accepted a product, the market is saturated, and the product reaches its maturity stage. Sales will stabilize at the replacement purchase rate, or will only increase if the population increases. The marketing manager has to turn consumers' brand preference into brand loyalty.

Most products available at any given time are in the maturity stage of the life cycle. This stage may last many years, and contain many ups and downs due to the use of a succession of marketing strategies and tactics. Product managers can attempt to convert non-users, search for new markets and market segments to enter, or try to stimulate increased usage by existing users. Alternatively they can attempt to improve product quality and to add new features, sizes or models, or simply to introduce periodic stylistic modifications. They can also modify the other elements of the marketing mix, and cut prices, increase advertising, undertake aggressive sales promotions, seek new distribution channels, and so on, although here additional sales generally come at the cost of reduced profits

A product enters the decline period when it begins to be replaced by new ones, due to advances in technology, or to changes in fashions and tastes. When a product has clearly entered its decline stage, some manufacturers will abandon it in order to invest their resources in more profitable or innovative products. When some competitors choose to withdraw from a market, those who remain will obviously gain a temporary increase in sales as customers switch to their product.

Not all products have this typical life cycle. Some have an immediate rapid growth rather than a slow introductory stage. Others never achieve the desired sales, and go straight from introduction to maturity, although of course this should have been discovered during test marketing before a full-scale launch. Fads and gimmicks – for example, toys people buy once and once only to stick on car windows – have distinct life cycles, both rising and declining very quickly.

- | | |
|---|------------|
| 1. The introduction stage of a new product is not usually profitable. | TRUE/FALSE |
| 2. During the introduction stage, marketers are trying to create brand preference. | TRUE/FALSE |
| 3. A producer seeking maximum profits will apply a market-penetration strategy. | TRUE/FALSE |
| 4. The entry of competitors onto the market will make more consumers aware of the product and stimulate them to try it. | TRUE/FALSE |
| 5. At the maturity stage, producers begin to benefit from economies of scale. | TRUE/FALSE |
| 6. The maturity stage is generally the longest. | TRUE/FALSE |
| 7. Once the maturity stage is reached, marketers concentrate on finding new customers. | TRUE/FALSE |
| 8. A product enters the decline stage when it begins to become obsolete. | TRUE/FALSE |
| 9. A product can experience temporary sales increases during its decline stage. | TRUE/FALSE |
| 10. Gimmicks and fads have a particularly long life cycle. | TRUE/FALSE |

Now translate the highlighted expressions in the text into your own language.

Time Sequences 2

The time expressions given in Unit 2.11 can all be used to talk about sequences of actions taking place at particular points of time. The expressions below can also be used to describe sequences of actions taking place over extended periods of time.

At first ... Initially ... To start with ...	Secondly, thirdly, etc.	Then ... Later ... Later on ... Afterwards ... Subsequently ...
At this point or stage ... During this time ... Meanwhile ...	Eventually ... In time ... Ultimately ...	

Re-read the text on Product Life Cycles, and then choose expressions from the list above to begin the following sentences:

1. companies have to advertise and promote heavily.
2. companies have to choose between high profit and high market share strategies.
3. competitors will probably enter the market.
4. economies of scale begin to lower costs.
5. growth is slow and expenses are high.
6. marketers have to build up brand loyalty.
7. marketers have to turn this awareness into a desire to purchase the product.
8. new products will appear and begin to replace the existing one.
9. sales begin to rise quickly.
10. sales will only increase if marketers can expand the whole market, or find new uses or users for the product.
11. the company will choose to abandon the product.
12. the market will become saturated.

Pricing

Complete the text using these words:

competitive	components	market leader	market segments
market share	monopolist	overheads	plant
sensitive	substitute	target	volumes

The price of a product should logically cover its production and distribution costs, including a proportion of the company's fixed costs or (1) , such as rent and interest payments, and leave a small profit. But prices are also influenced by the level of demand, the prices of (2) products, and the prices charged by competitors.

High quality products made with expensive (3) and requiring a lot of craftsmanship are obviously expensive. They also generally require "prestige pricing" as the consumers in their (4) market would not buy them if they thought the price was too low. The markets for most other goods are generally price (5) , i.e. the lower the price, the greater the sales.

But for new products for which there is a sufficiently high demand, companies may choose to set the highest possible price so as to maximize profits. This is known as market-skimming. The price can later be reduced in order to reach further (6) The opposite strategy is market-penetration, which means setting as low a price as possible so as to increase sales volume and (7) , leading to lower unit production and distribution costs and higher long-run profit. The low price will also discourage competitors.

Companies with overcapacity, intensive competition, a large inventory, or a declining market are likely to cut the prices of established products. They are more concerned with keeping the (8) going and staying in business than making a current profit. On the contrary, firms facing rising costs, or in need of cash in the short term, tend to raise prices. A company faced with demand that exceeds supply is also likely to raise its prices, like a (9)

Firms in perfectly (10) markets, or homogeneous-product markets, or small firms in an industry with a strong (11) , are likely to use going-rate pricing, i.e. they will charge more or less the same price as everyone else, rather than set a price based on estimates of costs or projected demand.

But of course, all prices can be adapted. Most companies offer cash discounts to customers who pay immediately, and quantity discounts to buyers of large (12) Many products and services are sold at a lower price during an off-season. Retailers often offer some loss-leader prices: they cut the prices of selected products to cost price or below in order to attract customers who also buy other goods. Companies are also often obliged to react to price changes by competitors. They might try to avoid a price war by modifying other elements of the marketing mix. Similarly, they have to anticipate competitors' reactions if they change their own prices.

Now translate the highlighted expressions in the text into your own language.

Market Metaphors

Many of the verbs and some nouns and adjectives commonly used to talk about markets and marketing are, in fact, metaphors. For example, a product can be *launched* – like a ship; or it can *die* – like a person.

EXERCISE 1

This exercise gives the literal meanings of the following words. Can you match them?

<i>collapse</i>	<i>prune</i>	<i>target</i>	<i>launch</i>	<i>saturate</i>	<i>flood</i>
<i>skim</i>	<i>dry up</i>	<i>penetrate</i>	<i>blitz</i>	<i>shrink</i>	<i>push</i>

- send a rocket into space or a new ship into water for the first time
- aim at something – when shooting at something
- remove something from the surface of something – cream from milk
- go into something – a bullet into a body
- cover with water – when a river bursts its banks
- move something away from you
- drop a lot of bombs on one area
- when some soft substance is full of water so that it cannot absorb any more
- fall down suddenly – a building during an earthquake
- when something gets smaller – clothes when they are washed
- when all the liquid in something disappears – perhaps because of too much heat
- when you cut branches off a tree so that it will grow better in the future

EXERCISE 2

Now use the correct form of the words above, in the same order, to complete the text below.

We (1) the product two years ago, after doing a lot of research and testing. We were (2) young people, the 18s to 25s, but a lot of older people bought it too. Since this was a new product, and we were the first company to produce it in Britain, the finance people, as always, wanted to charge a high price and (3) the market. But we argued with them and finally got our way. We charged a low price hoping to (4) the market. Unfortunately, it turned out that one of our competitors was also making the same product in Taiwan, and soon the market was (5) with even cheaper imports.

So we decided we really had to (6) our “British made” version. We spent about half a million on an advertising (7) Sales did go up for a while, but now they’re falling. Maybe the market is nearly (8) We don’t expect it to (9), but it does seem to be (10) as young people switch to other sports. Yet the market for our expensive top-of-the-range models *has* almost (11), so it’s probably time we (12) our product line.

Collocations – Consumer

EXERCISE 1

All the words in the box form strong collocations with the word *consumer*. Match up the terms in the box with the definitions below.

consumer behaviour
consumer confidence
consumer durables
consumer market
consumer profile

consumer boycott
consumer credit
consumer goods
consumer panel
consumer spending

1. A description of the characteristics of the consumers of a particular product, in terms of age, class, income, and so on.
2. A group of shoppers who record their purchases of all or selected products, for use in market research.
3. Goods in everyday use, such as food, clothing, household goods, and services such as hairdressing, retail banking, and so on.
4. Goods that last a long time, such as cars, 'white goods' (fridges, cookers), 'brown goods' (televisions, stereos), and so on.
5. How people in general feel about their job security, future economic prospects, and so on.
6. How different people react to marketing stimuli, depending on their psychology, their cultural and social background, and their economic situation.
7. The amount of money being spent on consumer goods and services, which fluctuates with recessions and booms.
8. The amount of money borrowed by people to buy goods and services, depending on confidence and the economic cycle.
9. The individuals and households that buy products for their own personal consumption.
10. When customers refuse to buy the products of a company they disapprove of for ethical or political reasons.

EXERCISE 2

Complete the paragraph with collocations from Exercise 1.

A government spokesman yesterday insisted that the latest figures showed that (1) was returning, and (2) was increasing. Several retailers disagreed, and suggested that sales of (3) had only increased in January because all the major stores had had extended Winter Sales and discounted prices by up to 20%. The High Street banks say that the level of (4) remains low, with many people paying off earlier debts, and afraid to take on new ones.

Marketing Channels

EXERCISE 1

Rearrange the sentences below to make a complete text about marketing channels.

- a. If there's only one intermediary, it could be a dealer or retailer for consumer goods, or a sales agent or broker for industrial goods.
- b. In other words, decisions about the location of manufacturing and assembly plants and warehouses, inventory levels, and transport methods should ideally begin with the needs of customers.
- c. More complex channels add further intermediaries such as transport companies, wholesalers, and independent distributors.
- d. Most producers, however, use a marketing channel involving one or more specialised intermediaries.
- e. Of course, the choice of which physical distribution channels to use should not come at the end of the marketing process.
- f. On the contrary, according to the logic of marketing, companies should begin with considerations such as the location of target customers, and work back to raw material sources and manufacturing.
- g. Some manufacturers do direct marketing, selling their goods directly to the end-users.
- h. These are essentially a short delivery time and a guarantee that products arrive in good condition.
- i. They can reach these consumers with their own door-to-door sales reps; by direct mail (sending catalogues, leaflets, brochures, order forms, and so on by post); by telephone selling; or by advertising and receiving orders via the Internet.
- j. Yet the demands of retailers and customers clearly also have to be balanced against excessive inventory costs, as large inventories tie up capital and increase the risk of spoilage or obsolescence.

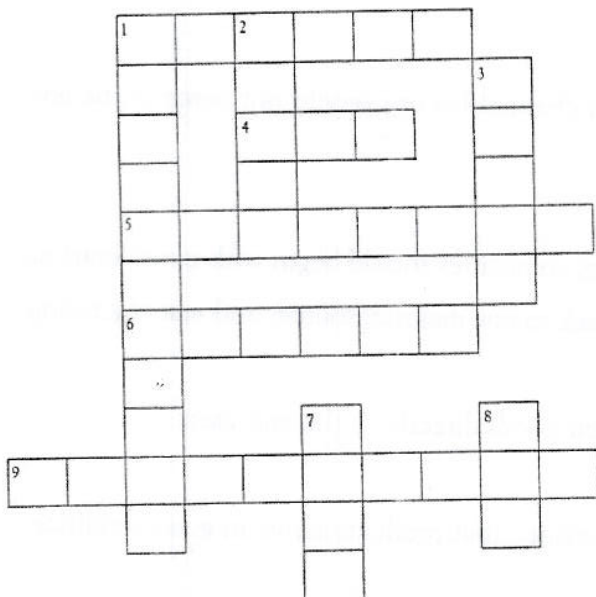
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EXERCISE 2

Add appropriate words from the text to these sentences:

1. We do marketing, by mail and telephone.
2. Last year we mailed our 160-page to over 10 million homes.
3. Obviously most goods are sold through retailers.
4. Producers of goods often have a large network of sales agents.
5. It's logical to store finished products close to your customers.
6. This is a key element in choosing the of a warehouse.
7. Both retailers and customers generally demand a short time.
8. The trouble with having a large is that it immobilizes a lot of money.

EXERCISE 3



Down

1. I'm a (11). I stock and resell car parts to half the garages in this city.
2. He's an (5) for three German companies. He's responsible for selling their products in Britain.
3. (and 8 Down) I'm a (5, 3) for a clothing manufacturer. I'm part of a team, but I have my own territory and try to sell to customers in this district.
7. See 4 Across.
8. See 3 Down.

Across

1. She's an art (6). She buys paintings from artists and sells them in her gallery.
4. (and 7 Down) We don't use any intermediaries, but sell directly to the (3-4)
5. Look, I'm a (8), and these are my prices. I can't give you a wholesale price, even if you buy my entire stock.
6. I'm an insurance (6). I advise customers where they can get the best deal. In other words, I bring together sellers and customers, and the seller pays me a commission.
9. This warehouse is owned by a big (10) which stocks goods from lots of suppliers, and distributes them to retailers when they place orders.

Promotional Tools

EXERCISE 1

Read the text and then decide which of the three summaries on the next page most fully and accurately expresses its main ideas.

Marketing is often defined as a matter of identifying consumer needs and developing the goods and services that satisfy them. This involves developing the right product, pricing it attractively, and making it available to the target customers, by persuading distributors and retailers to stock it. But it is also necessary to inform potential consumers of the product's existence, its features, and its advantages, and to persuade them to try it. There are generally several stages involved in a consumer's decision to buy a new product. A well-known acronym for this process is AIDA, standing for Attention, Interest, Desire, and Action. According to the familiar "4 P's" formulation of the marketing mix – product, price, place and promotion – attracting attention, arousing interest, and persuading the consumer to act are all part of promotion. Marketing textbooks conventionally distinguish four basic promotional tools: advertising, sales promotion, public relations, and personal selling, which together make up the marketing communications mix.

For consumer goods, the most important tool is generally advertising. As well as advertising particular brands, companies also carry out prestige or institutional advertising, designed to build up the company's name or image. Advertising is often combined with sales promotions, such as free samples, coupons and competitions.

For industrial goods, particularly specialised ones, the most important tool is often personal selling. Sales reps can build up relationships with company buyers, and can be very useful in persuading them to choose a particular product.

The fourth promotional tool is public relations (frequently abbreviated as PR): activities designed to improve or maintain or protect a company's or a product's image. Public relations includes things like company publications, most notably the annual report, sponsorship, community relations programmes, the lobbying of politicians, and the creation of news stories, all designed to get publicity for the company or a particular product. Unlike paid advertising, publicity is any (favourable) mention of a company's products that is not paid for, in any medium received by a company's customers or potential customers. Companies often attempt to place information in news media to draw attention to a product or service. Quite apart from financial considerations, the advantage of publicity is that it is generally more likely to be read and believed than advertising. It can have a great impact on public awareness that could not even be achieved by a massive amount of advertising.

Within the limits of their budget, marketers have to find the optimal communications mix of advertising, sales promotion, personal selling, and publicity, without neglecting the other elements of the marketing mix, i.e. the possibility of improving the product, lowering its price, or distributing it differently.

Now translate the highlighted expressions in the text into your own language.

First Summary

Marketing involves making a good, cheap product and convincing customers to buy it by way of a good communications mix. For consumer goods, this is generally done with advertising and sales promotions. For specialised industrial goods, this is done by personal selling. Publicity, such as favourable mentions of a company's products in news media, is also useful.

Second Summary

Marketing involves four basic elements: advertising, sales promotion, public relations, and personal selling. The first three of these are used for consumer goods, the last for industrial goods. These tools, along with product improvement, price reductions, and distribution channel innovations, make up the communications mix.

Third Summary

Marketing involves producing the right product, pricing it attractively, making it available to potential customers, and promoting it. With consumer goods, this largely involves advertising and sales promotions. For industrial goods, personal selling is often more important. Publicity is also a useful tool as it is cheaper and generally more credible than advertising. Marketers have to combine these tools to create the best possible communications mix.

EXERCISE 2

Match up the following verb-noun collocations from the text:

- | | |
|----------------|------------------|
| 1. to satisfy | a. an impact |
| 2. to develop | b. attention |
| 3. to inform | c. consumers |
| 4. to build up | d. needs |
| 5. to lobby | e. politicians |
| 6. to draw | f. products |
| 7. to believe | g. publicity |
| 8. to have | h. relationships |

1		2		3		4		5		6		7		8	
---	--	---	--	---	--	---	--	---	--	---	--	---	--	---	--

Advertising

EXERCISE 1

Select the correct alternatives to complete the text.

Advertising informs consumers about the existence and benefits of products and services, and attempts to persuade them to buy them. The best form of advertising is free (1) advertising, which occurs when satisfied customers recommend products or services to their friends, but very few companies rely on this alone.

Large companies could easily set up their own advertising departments, but they tend to hire the services of a/an (2) A contract to produce the advertisements for a specific company, product, or service is known as a/an (3) The client company generally decides on its advertising (4), the amount of money it plans to spend in developing its advertising and buying media time or space. It also provides a (5), or a statement of the objectives of the advertising, as well as an overall advertising strategy concerning what (6) is to be communicated. The choice of how and where to advertise (newspapers and magazine ads, radio and television commercials, cinema ads, posters on hoardings (GB) or billboards (US), point-of-purchase displays in stores, mailings of leaflets, brochures or booklets, and so on), and in what proportions, is called a (7) The set of customers whose needs a company plans to satisfy, and therefore to expose to an advertisement are known as the (8) market. The advertising of a particular product or service during a particular period of time is called an advertising (9)

Favourable mentions of a company's products or services, in any medium read, viewed or heard by a company's customers or potential customers, that are not paid for, are called (10)

- | | | |
|--------------------------|------------------------|-----------------------------|
| 1. a. mouth-to-mouth | b. mouth-to-ear | c. word-of-mouth |
| 2. a. advertising agency | b. advertising company | c. public relations company |
| 3. a. account | b. arrangement | c. deal |
| 4. a. campaign | b. budget | c. effort |
| 5. a. brief | b. dossier | c. message |
| 6. a. facts | b. message | c. opinions |
| 7. a. medium plan | b. medias plan | c. media plan |
| 8. a. aimed | b. segmented | c. target |
| 9. a. campaign | b. mix | c. plan |
| 10. a. promotions | b. publicity | c. public relations |

EXERCISE 2

Complete the following collocations:

- | | |
|----------------------|---------------------------|
| 1. to persuade | 4. to communicate a |
| 2. to hire | 5. to satisfy |
| 3. to buy | 6. a target |

Personal Selling

EXERCISE 1

Complete the text using these words:

advertising	channel	closing	collaborate
communicating	competitors	customers	diversified
gathering	maximizing	quota	salary

What do I do? I'm a salesman. Well, actually, because there are several women in our sales force, I guess I should say I'm a salesperson or a sales representative, or a sales rep for short. My job is to contact existing and prospective (1) Some salespeople are based in companies' offices, but I've always worked "in the field", travelling and visiting customers.

You know, sales reps are often the only person from a company that customers ever see, so we're an extremely important (2) of information. Someone calculated a long time ago that the majority of new product ideas come from customers, via sales reps. So our tasks include prospecting for customers, (3) information to them about our company's products and services, selling these products and services, helping the customers with possible technical problems, and (4) market research information. Since we have to be able to recognize customers' needs and problems, we often (5) with engineers, particularly for technical products, and with market researchers.

The trouble with personal selling is that it's the most expensive element in the marketing mix, so most firms only use it sparingly, often as a complement to (6) Sales reps like me are more often necessary for (7) deals than for providing initial information.

But these days we think about more than making a single deal. I mean, head office keep reminding us of "the marketing concept", and telling us not to think about making short-term sales but about solving customers' problems, bringing back information, achieving long-term sales, and (8) profits. We have to know all about the company and its products, about the customers, and about (9) Of course, we also have to know how to give an effective sales presentation!

In this company, each salesperson is allocated a particular territory in which to represent our entire range of products. This allows us to cultivate personal contacts, and means we don't have to travel too much. But I know other companies with highly (10) products or customers that prefer to have different sales reps for different products, or for different sets of customers.

Like most salesmen, I receive a fixed (11) plus commission on the quantity I sell. I'm also set a quarterly sales (12) that I'm expected to meet, as part of the company's annual marketing plan.

EXERCISE 2

Complete the following collocations:

- | | |
|--------------------------------------|------------------------------------|
| 1. prospective | 6. to solve a |
| 2. a channel of | 7. to achieve long-term |
| 3. new product | 8. to give a sales |
| 4. to recognize customers' | 9. to cultivate personal |
| 5. to close a | 10. to meet a sales |

Sales Promotions

EXERCISE 1

EXERCISE 1

Match the terms on the left with the definitions on the right:

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. brand-switcher 2. brand image 3. brand loyalty 4. free sample 5. industrial buyer 6. initial trial 7. loss leader 8. price-conscious (adjective) 9. purchasing cycle 10. redeemable coupon | <ol style="list-style-type: none"> a. a certificate offering consumers a price reduction on a particular product b. a consumer who shows no loyalty to a particular brand, but changes among competing products c. a popular product sold with no profit, in order to attract customers to a store d. a small amount of a new product given to consumers to encourage them to try it e. someone who purchases goods or services that will be used in the production or supply of other goods or services f. strongly influenced by the price when buying goods or services g. the average length of time between a consumer's repeat purchases of the same product h. the commitment of consumers to a particular brand i. the first time a consumer buys a product to see what it's like j. the public's beliefs and perceptions about a particular product |
|--|--|

1	2	3	4	5	6	7	8	9	10
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EXERCISE 2

Match up the following collocations:

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. to attract 2. to counter 3. to maintain 4. to offer 5. to stimulate 6. to try out | <ol style="list-style-type: none"> a. a competitor's promotion b. a price reduction c. a new product d. customers e. market share f. sales |
|---|--|

1	2	3	4	5	6
---	---	---	---	---	---

EXERCISE 3

Insert the ten terms from Exercise 1 in the gaps in the text below. You may need the plural.

Sales promotions such as free samples, price reductions, redeemable coupons, and competitions, are short-term tactics designed to stimulate either earlier or stronger sales of a product. (1) , for example, combined with extensive advertising, may generate the (2) of a newly launched product. Price reductions or (3) can be used to attract (4) brand-switchers to try a mature brand, or to reward regular users for their (5) and to maintain market share. But brand-switchers being brand-switchers, sales promotions are only likely to produce a short-term response, unless the brand has good qualities that non-brand users did not know about.

Apart from attracting new users, price cuts in supermarkets can be used to counter a promotion by a competitor, or to sell excessive inventories, while the company reduces production. Retailers, rather than manufacturers, also often regularly reduce the prices of specific items as (6) which bring customers into the shop where they will also buy other goods. Manufacturers' sales promotions are generally temporary, lasting the average length of the (7) , because a product on offer too often appears to be cheap and therefore of low quality, which can seriously damage its (8)

Sales promotions can also be used to encourage distributors and dealers to stock new items or larger volumes, or to encourage off-season buying. Companies can aim promotions at their own sales force, encouraging them to sell a new product or model, or to increase their activities in selling an existing one.

Sales promotions can also be used in the business market, by suppliers of components and supplies, for example. Yet (9) are generally more interested in high quality and reliable delivery; unlike (10) , they tend not to be attracted by occasional price reductions.

EXERCISE 4

Now complete the following sentences about your own shopping habits:

- I buy if the price is reduced.
- I enter competitions, especially if you can win
- I remember buying after receiving a free sample.
- I use coupons because
- I am loyal to various brands, including
- On the other hand, for I often switch between brands.

Industrial Marketing

EXERCISE 1

Ten sentences in the text are unfinished. Choose the correct sentence endings from a to j below.

Quite apart from consumer markets, in which consumers buy products for direct consumption, there exists an enormous producer or business or industrial market consisting of all the individuals, businesses and institutions which acquire goods and services that are used in the production of other goods, or in the supply of services. The industrial market is actually larger than the consumer market, because [1. . .]. All of these have to be marketed, and there is more industrial than consumer marketing, although few ordinary consumers realize this because [2. . .].

The buying process for industrial goods is different from that used for consumer goods. The customer base – the number of buyers – is generally small, because [3. . .]. The buyers of industrial goods are less easy to persuade than most ordinary consumers, because [4. . .]. The sales representatives working for industrial marketers have to be equally well-trained and competent, because [5. . .].

The demand for industrial goods is a derived demand, because [6. . .]. Furthermore, demand is largely inelastic, because [7. . .]. This is especially true of companies working with a just-in-time system, which are interested in high quality, frequent and reliable delivery and long-term relationships, rather than occasional price reductions.

The demand for capital goods such as plant and equipment, is also more volatile than that of consumer goods, because [8. . .]. This pattern of investment is often described as the most important cause of the business cycle.

Industrial marketers have to understand who is responsible for buying in companies and institutions, and what criteria determine their choices, because [9. . .]. Companies often require products customized to their own specifications, so sellers are expected to understand a lot of technical details. Yet even long-term relationships are no guarantee of future sales, because [10. . .].

- a. companies are unlikely to buy larger quantities and increase their inventories in response to a temporary sales promotion.
- b. companies only make large expenditures on new production capacity when consumer demand is increasing, and usually stop all capital investments if consumer demand stops growing.
- c. industrial and institutional customers are often required to invite sealed bids and to give the contract to the lowest quotation or tender.
- d. industrial customers often develop close relations with sellers.
- e. in this area, personal selling is generally more important than advertising, sales promotion and publicity.
- f. it depends on the demand for the consumer goods sold by the industrial producers.
- g. many industries are dominated by only two or three large companies.
- h. producers and suppliers of services require capital equipment such as buildings and machines, raw materials and manufactured parts and components, supplies such as energy, pens and paper, and services from cleaning to management consulting.
- i. they are seldom exposed to it.
- j. they are well-trained professionals who know exactly what they are doing.

EXERCISE 2

According to the text, are the following statements TRUE or FALSE?

- | | |
|--|------------|
| 1. The marketers of industrial goods frequently target a small number of customers. | TRUE/FALSE |
| 2. Advertising, sales promotion and publicity are unimportant in industrial marketing. | TRUE/FALSE |
| 3. In industrial marketing, there is often a direct relationship between price and the quantity sold. | TRUE/FALSE |
| 4. The demand for industrial goods usually rises and falls along with consumer demand. | TRUE/FALSE |
| 5. Just-in-time producers are not interested in low-cost suppliers. | TRUE/FALSE |
| 6. The demand for capital goods is often cyclical. | TRUE/FALSE |
| 7. Industrial marketers often have to produce a unique product for a single customer. | TRUE/FALSE |
| 8. In industrial markets, sellers often have to offer a price without knowing what prices their competitors are bidding. | TRUE/FALSE |

EXERCISE 3

Add appropriate words from the text to these sentences:

1. All the and raw materials that make up manufactured products have to be marketed.
2. Companies only invest in equipment when demand is increasing.
3. Manufacturers of specialised industrial goods usually have a fairly small customer
4. In industrial marketing, the most important promotional tool is often selling.
5. The demand for industrial goods is from the underlying demand for consumer goods.
6. The demand for industrial goods is generally, as manufacturers are unlikely to respond to sales promotions.
7. The level of investment in production capacity is an important cause of changes in the business
8. Many manufacturers require unique machines that are specifically for them.
9. Companies often invite bids to build factories or supply machines, and give the contract to the tender.
10. When you make a bid, you don't know what your competitors are offering.

Marketing versus Everyone Else

In most companies, there are inevitable conflicts of interest between the different functional departments. Below is a slightly exaggerated version of a meeting between representatives from Marketing, R&D, Purchasing, Production and Finance. Reconstruct the meeting by deciding who is speaking in each case, and in which order these utterances should come.

- | | | | |
|---------------|------|--------------|------|
| 1. Marketing | | 6. Marketing | |
| 2. R & D | | 7. Finance | |
| 3. Marketing | | 8. Marketing | |
| 4. Purchasing | | 9. Finance | |
| 5. Production | | | |

- A "Aaargh!"
- B "Because we're looking for technical perfection. We believe we can incorporate some outstanding new technical features into this product. We think we're close to a breakthrough, so we're not interested in rushing out an inferior product before Christmas."
- C "But of course! Sell at a loss! Why don't you just give it away for free? That'd be far more effective than all the money you spend on advertising and sales promotions."
- D "But the consumer isn't looking for perfection. Don't you see that we have to produce what the market needs? Our customers don't care about perfection, they care about style and appearance. We need different models for teenagers, for people in their twenties and thirties, for middle-aged and elderly people. And we should offer a variety of colours and sizes."
- E "Oh yeah, sure. We'll use small quantities of 1000 different components. That'll be really economical! Though it will give us something to do. We can even order twice as much as we actually use, like last year, with your wonderful sales forecasts!"
- F "There's no need to be sarcastic. Anyway, we anticipate large production runs, because we're going to use a market penetration strategy here..."
- G "We've decided to take the basic design as it stands today, and concentrate on modifying its aesthetic appearance. We can't sit around for another two years waiting for you people. Why can't you hand over the prototypes now?"
- H "Why can't you see that marketing expenditures are investments for the future, and not just expenses? And although we're not planning to give it away, we *do* expect a lot of sales on credit, and we think it's time to relax our credit conditions."
- I "Yes, exactly, and I can spend my time supervising set-ups and changeovers and tiny production runs. I'm surprised you've never thought of customizing *every single* product. Making the perfect product for each different customer!"

Phrasal Verbs – Marketing versus Everyone Else

EXERCISE 1

Match up the phrasal verbs on the left with the verbs that have a similar meaning on the right:

- | | |
|---|-------------------------------------|
| 1. <i>adjust to</i> a new situation | a. communicate |
| 2. <i>arrive at</i> a different figure | b. compromise |
| 3. <i>back up</i> someone who needs support | c. concede or yield an argument |
| 4. <i>back down</i> from your previous position | d. depend on, rely on, trust in |
| 5. <i>brush up</i> your English | e. disapprove of |
| 6. <i>count on</i> someone's support | f. get used to something |
| 7. <i>draw up</i> a new proposal | g. improve (by studying) |
| 8. <i>frown on</i> the way someone behaves | h. prepare (plans, documents, etc.) |
| 9. <i>get across</i> your basic message | i. progress or advance (in a job) |
| 10. <i>get on with</i> the task in hand | j. reach or come to |
| 11. <i>go through</i> some stupid procedure | k. reject |
| 12. <i>meet halfway</i> on a discount | l. spoil, make untidy |
| 13. <i>mess up</i> someone's plans | m. suffer something |
| 14. <i>put up with</i> difficult people | n. support someone |
| 15. <i>turn down</i> an idea | o. tolerate |

1		2		3		4		5		6		7		8	
9		10		11		12		13		14		15			

EXERCISE 2

Complete the text using the phrasal verbs above.

What an afternoon! We had another of those meetings with the financial people. How does anybody (1) them? The accountants, those boring little bean-counters! And the analysts, those infuriating number crunchers! Every time we prepare a marketing plan they accuse us of spending too much money. They just can't seem to (2) the idea that these days, marketing is the central function in a company like ours. We can't (3) the idea that marketing spending is an investment rather than an expense. They really should go and (4) their knowledge of modern marketing. But no, instead they (5) anything that costs money, (6) our budgets, and ask us to (7) new ones. And we have to (8) this every time we have a new product! They say the company can only afford about half of what we ask for. I can't imagine how they (9) their figures. And they never (10), even when we can show them that they're wrong. And what's worse, the production people (11) them! They never even agree to (12) us If only they'd just let us (13) our jobs. They don't seem to realize how much they (14) all our projects. And we can't even (15) the support of the R&D people, because as soon as we go into production, they lose interest in the product, and start working on something else.

Collocations – Market

There are a large number of two-word nouns in English including the word *market*. In the field of marketing, the word *market* usually, but not always, comes first (e.g. *market share*). In the fields of economics and finance, the word *market* usually, but not always, comes second (e.g. *stock market*).

EXERCISE 1

Add the word *market* either before or after each of the words below.

- | | | | |
|----------|----------------------|----------|------------------------|
| 1. | bear | 17. | over-the-counter |
| 2. | bull | 18. | penetration |
| 3. | buyer's | 19. | perfect |
| 4. | capital | 20. | price |
| 5. | capitalization | 21. | primary |
| 6. | challenger | 22. | property |
| 7. | commodity | 23. | research |
| 8. | follower | 24. | secondary |
| 9. | forces | 25. | securities |
| 10. | forward | 26. | segment |
| 11. | free | 27. | seller's |
| 12. | futures | 28. | share |
| 13. | labour | 29. | skimming |
| 14. | leader | 30. | spot |
| 15. | maker | 31. | stock |
| 16. | money | 32. | value |

EXERCISE 2

Classify these words according to whether you think they belong primarily to the field of economic theory, finance, or marketing (e.g. by underlining or highlighting in three different colours.)

EXERCISE 3

- Which economic term has *market* in first position?
- Which four financial terms have *market* in first position?

Review – Promotional Tools 1

Classify the following 28 terms into four groups, according to which of the four major communications or promotional tools they belong to.

annual reports
 billboards or hoardings
 brochures or booklets
 catalogues
 commercials
 community relations
 company publications
 competitions and contests
 couponing
 demonstrations
 donations to charity
 free gifts
 free trials
 leaflets

lobbying
 mailings
 packaging
 point-of-purchase displays
 posters
 price reductions
 print ads
 sales presentations
 sales reps
 samples
 sponsorship
 symbols and logos
 telemarketing
 trade fairs and shows

ADVERTISING

SALES
PROMOTIONS

PUBLIC
RELATIONS

PERSONAL
SELLING

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Review – Promotional Tools 2

Add the words and expressions defined below to the wordbox:

1. The choice of which media to use in an advertising campaign, in order to reach the target audience. (5, 4)
2. A consumer's choice of a particular brand instead of competing products. (5, 10)
3. Other companies offering similar goods or services to the same potential customers. (11)
4. A defined set of customers whose needs a company plans to satisfy. (6, 6)
5. A contract to produce the advertising for a product, service or company. (7)
6. Someone who contacts existing and potential customers, and tries to persuade them to buy goods or services. (14)
7. The statement of objectives of an advertising campaign that a client works out with an advertising agency. (5)
8. Certificates giving consumers a price reduction on a particular product. (7)
9. A company that handles advertising for clients. (6)
10. Consumers' knowledge of the existence of a brand. (5, 9)
11. Favourable mention of a company's products in the media, which is not paid for by the company. (9)
12. People who show no loyalty to a particular brand, but change between competing products. (5-9)
13. The collective term for a company's salespeople. (5, 5)
14. The commitment of consumers to a particular brand. (5, 7)
15. A popular product sold at a loss, in the hope of attracting customers who will also buy other products. (4, 6)
16. Products given to consumers (usually in a small size), to encourage them to try them. (4, 7)

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		2						R										
3								O										
		4						M										
					5			O										
6								T										
						7		I										
						8		O										
						9		N										
								A										
							11	L										
12								T										
								O										
								O										
							15	L										
							16	S										

Review – The Marketing Mix

EXERCISE 1

Categorize the following aspects of marketing according to the well-known “4 P’s” classification of the marketing mix – product, price, promotion, and place.

advertising	after-sales service	brand name	cash discounts
commercials	credit terms	characteristics	distribution channels
franchising	free samples	going-rate	guarantee
inventory	line-filling	list price	mailings
market coverage	market penetration	market skimming	media plan
optional features	packaging	payment period	personal selling
points of sale	posters	prestige pricing	production costs
public relations	publicity	quality	quantity discounts
retailing	sizes	sponsorship	style
transportation	vending machines	warehousing	wholesaling

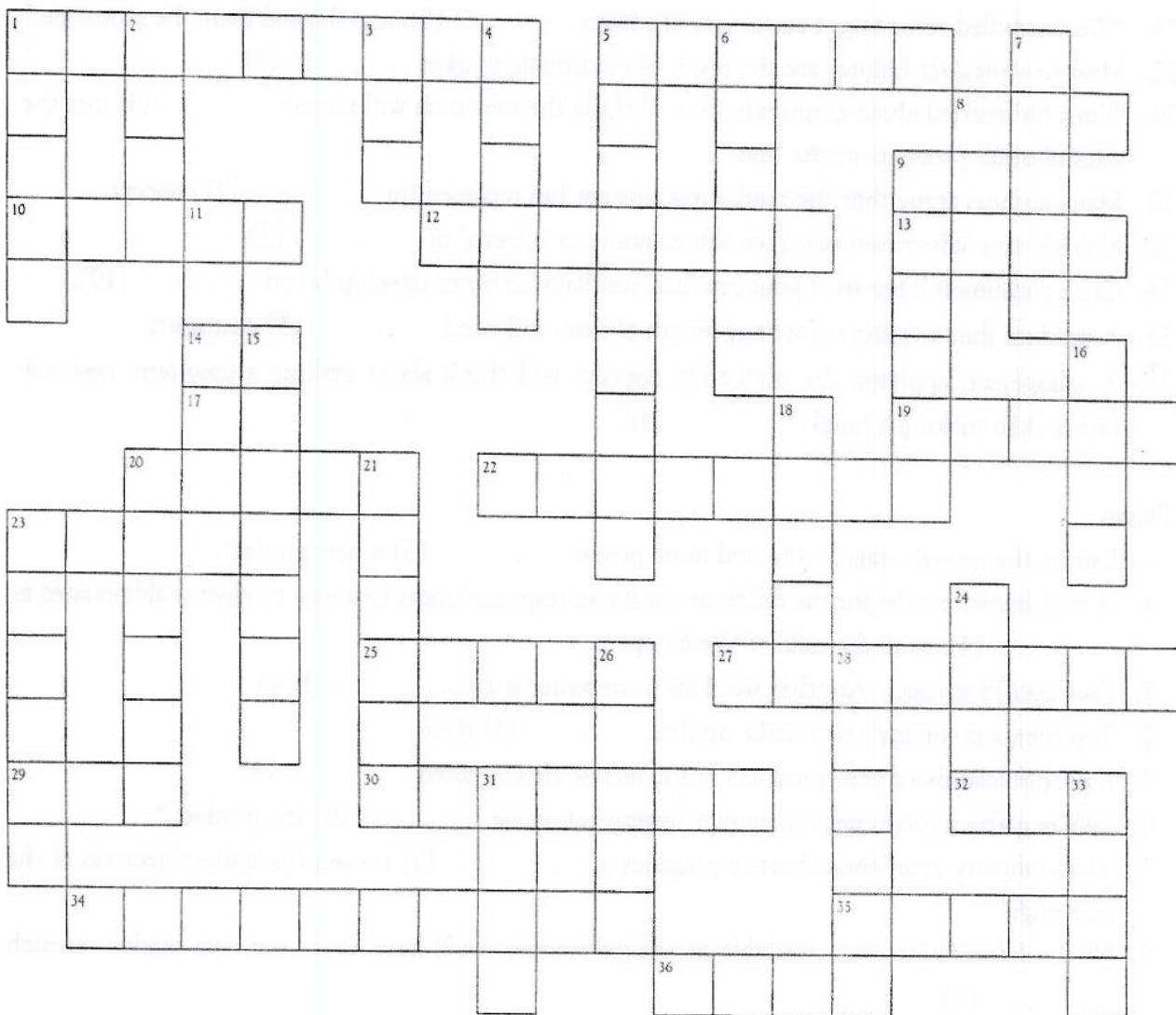
PRODUCT	PRICE	PLACE	PROMOTION
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EXERCISE 2

Match up the following words into pairs of synonyms:

- | | |
|-----------------|-----------------------|
| characteristics | features |
| discount | inventory |
| guarantee | non-standard features |
| outlets | price reduction |
| options | points of sale |
| stock | warranty |

Review – Marketing



Across

1. The first stage in marketing a product is to develop brand (9).
5. "We never use misleading advertising; it would be against company (6)."
8. Once customers know about the new product, you have to persuade them to (3) it.
10. The third 'P' is (5), which concerns where the product will be available.
12. Sooner or later, every product will reach its (7) stage.
13. See 3 down.
14. "We're going to make a much higher quality model at a much higher price. In other words, we're going (2) market."
17. "Our (1, 1) department had a hard time countering all that bad publicity."
19. The first people to buy a new product are called innovators and (5) adopters.
20. Advertising, sales promotion, public relations, and personal selling are different promotional (5).

22. The majority of products available at any particular time are in their (8) stage.
23. "I guess I'm what they call a (5) switcher. I often buy something else if there's a price reduction."
25. "We assembled some target customers in a focus (5), and showed them the prototype."
27. Most new product failures are the result of inadequate market (8).
29. "I'm a bit worried about cannibalization. I think the new item will merely (3) into the sales of other products in the line."
30. Many authors argue that the marketing concept has replaced the (7) concept.
32. Nobody says 'advertisements'; we abbreviate it to 'adverts' or (3).
34. Once consumers have tried your product, you have to try to develop brand (10).
35. A product that is going to last any length of time will need (5) customers.
36. A salesperson applying the marketing concept will think about making a long-term customer rather than making a quick (4).

Down

1. During the growth stage, more and more people (5) a new product.
2. A well-known model for the different consumer response stages to a new product is abbreviated as (4), as in the title of Verdi's opera.
3. (See also 13 across.) Another word for a consumer is an (3, 4).
4. Together, a company's reps make up the (5) force.
5. If people talk about your products in the media, this is called (9).
6. "We're going to do extensive market-testing before we (6) the product."
7. The company gives the advertising agency a (5) stating the basic objectives of the campaign.
9. "If the information isn't available in printed sources, we'll have to do our own market research (6)."
11. "I bought it because I had a (6) offering me 50p off."
15. (See also 31 down.) "A lot of these items aren't profitable enough, so we're going to shorten our (7, 4)."
16. "We're thinking of television and newspapers, but we leave it to the advertising agency to come up with a detailed media (4)."
18. "We can't compete with the market leader. We're concentrating on a particular (5)."
20. "We have to consider which are the best media to reach our (6) market."
21. The standard product life cycle contains four (6).
23. "We can't spend any more on advertising. We do have a limited (6), you know."
24. The first stage in market research is to look for internal (4).
26. Market-penetration and market-skimming strategies involve a product's initial (5).
28. A good way to make consumers aware of a new cosmetic product is to give them a free (6).
31. See 15 down.
33. One marketing slogan is that "products are bought rather than (4)."

Review – Sequences

EXERCISE 1

Put the following sequences of states or actions in the correct order:

1. Meetings

approve agenda	approve minutes	discuss items on agenda
distribute agenda	establish agenda	

2. Recruitment

advertise position	appoint someone	examine job description
interview candidates	make short list	find out why person has resigned

3. Product

design	develop	distribute	
launch	manufacture	sell	test

4. Consumer response

action	attention	desire	interest
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5. Consumer behaviour

awareness	loyalty	preference	trial purchase
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6. Advertising

carry out campaign	develop advertisements
establish media plan	receive advertising brief

7. Distribution channel

end-user	manufacturer	retailer	wholesaler
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8. Product life cycle

decline	development	growth	introduction	maturity
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EXERCISE 2

Write a paragraph describing one of these sequences using some of the following expressions:

First of all	Secondly	Next
After	Subsequently	Finally

