

Test Your 

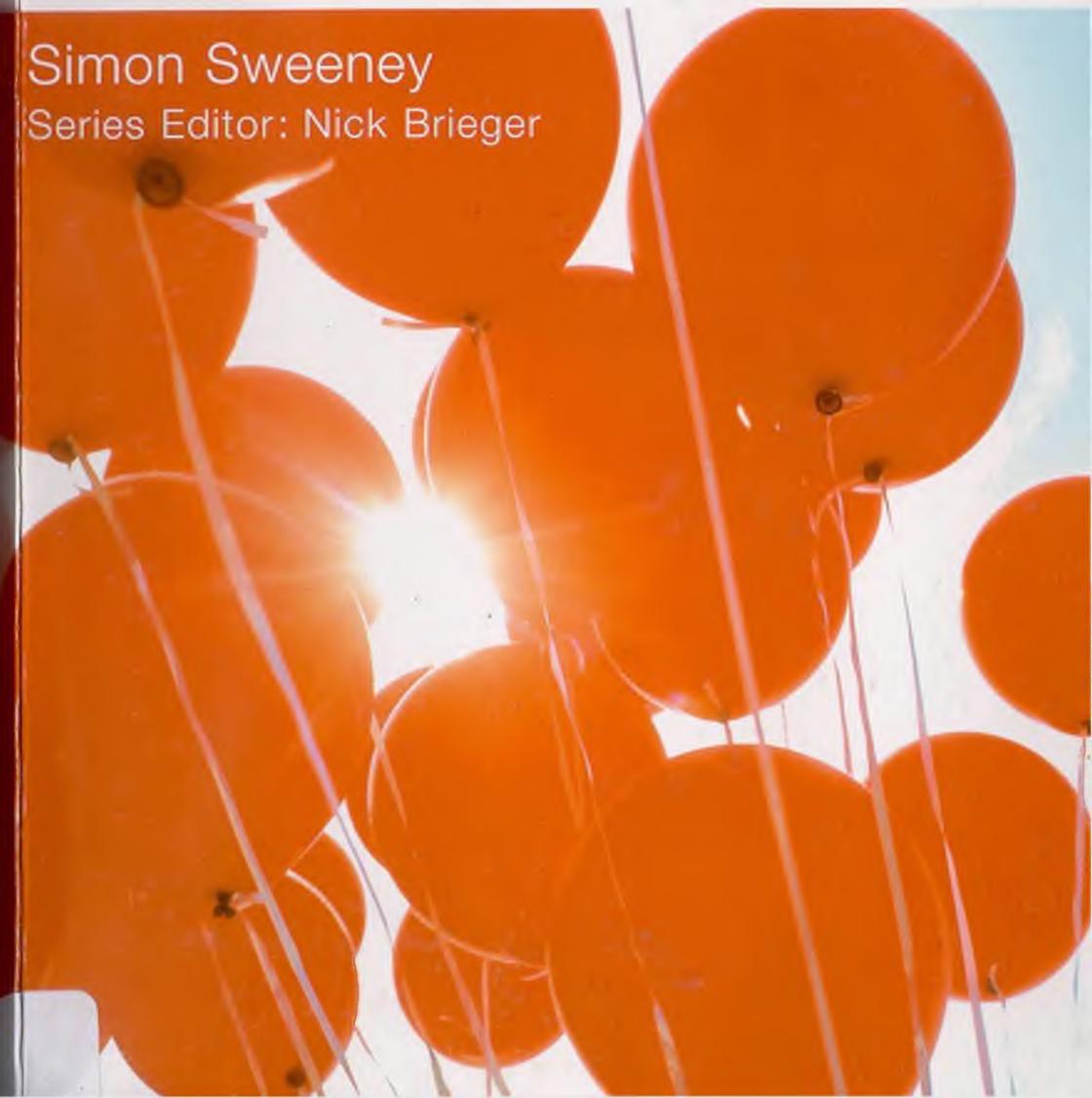


# Professional English

## Marketing

Simon Sweeney

Series Editor: Nick Brieger



To Mum and Dad with love

**Pearson Education Limited**

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# To the student

Do you use English in your work or in your studies? Maybe you are already working in business, perhaps directly in marketing. Or perhaps you are studying a course in business studies, management or marketing. If you need to improve your knowledge of marketing and marketing terms, this book will help you. You can check your knowledge of basic marketing concepts, key words and essential expressions so that you can communicate more effectively and confidently in your work and for your studies.

There are eight sections in the book. The first section is an introduction to general marketing terms and concepts. The remaining seven sections each cover a different area of marketing, including core areas such as product, price and promotion, as well as research, planning and international marketing. You can either work through the book from beginning to end or select chapters according to Your interests and needs.

Many tests also have useful tips (advice) on language learning or further professional information. The tips offer important extra help.

Many different kinds of tests are used, including sentence transformation, gap-filling, word families, multiple choice, crosswords and short reading texts. There is a key at the back of the book so that you can check your answers; and a word list to help you revise key vocabulary.

Your vocabulary is an essential resource for effective communication. The more words you know, the more meanings you can express. This book will help you develop your specialist vocabulary still further. Using the tests you can check what you know and also learn new concepts and new words, all related to the field of marketing, in a clearly structured framework.

Simon Sweeney

**The full series consists of:**

Test Your Professional English: Accounting	Alison Pohl
Test Your Professional English: Business General	Steve Flinders
Test Your Professional English: Business Intermediate	Steve Flinders
Test Your Professional English: Finance	Simon Sweeney
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# 1 Definitions

Fill each gap in the sentences below with the correct word from the box.

customers developing distribute needs place price producing  
~~product~~ product profit promote service time want

Marketing is concerned with getting the right (1) product to the right (2) \_\_\_\_\_ at the right (3) \_\_\_\_\_.

Marketing is about meeting consumer (4) \_\_\_\_\_ at a (5) \_\_\_\_\_.

Marketing makes it easier for (6) \_\_\_\_\_ to do business with you<sup>1</sup>.

Marketing aims to find out what people (7) \_\_\_\_\_; then (8) \_\_\_\_\_ and (9) \_\_\_\_\_ a (10) \_\_\_\_\_ or (11) \_\_\_\_\_ that will satisfy those wants; and then determining the best way to (12) \_\_\_\_\_ (13) \_\_\_\_\_ and (14) \_\_\_\_\_ the product or service<sup>2</sup>.



Here is another definition: Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

Which of these definitions is/are most closely related to your view of marketing?

<sup>1</sup> Booth D., *Principles of Strategic Marketing*, Tudor Publishing, 1990

<sup>2</sup> Stanton W.J., *Fundamentals of Marketing*, McGraw Hill, 1981

<sup>3</sup> Chartered Institute of Marketing, quoted in Hannagan T., *Management: Concepts and Practices*, Financial Times / Pitman Publishing, 1998

# 2 Key words 1

**A** Find eleven common words connected with marketing in the word square. Four of them are vertical, six are horizontal, and one is diagonal.

R	Q	A	I	J	K	L	M	P	L	A	N
C	U	S	T	O	M	E	R	S	P	O	Q
A	A	S	M	A	R	K	E	T	I	N	G
H	L	D	L	F	G	H	J	T	S	T	O
O	I	E	E	F	W	R	U	U	C	V	O
J	T	M	A	G	Y	B	B	C	E	A	D
L	Y	A	T	H	I	R	U	B	D	U	S
N	Q	N	P	R	O	D	U	C	T	Q	P
O	S	D	T	T	R	V	G	H	J	W	R
O	M	S	E	R	V	I	C	E	S	X	E
D	I	K	I	R	E	S	E	A	R	G	H
D	X	X	A	P	Q	U	A	N	A	F	H

**B** Use words from the square to complete the text below.

Marketers and all levels of management realise the vital importance of 1) \_\_\_\_\_. This has become the watchword of good business. 2) \_\_\_\_\_ and experience has shown that 3) \_\_\_\_\_ will pay more for 4) \_\_\_\_\_ and 5) \_\_\_\_\_ of high quality, and also that they expect every aspect of the 6) \_\_\_\_\_, including 7) \_\_\_\_\_, to meet the highest standards. The job of marketers is to design a 8) \_\_\_\_\_ 9) \_\_\_\_\_ with a 10) \_\_\_\_\_ of all the necessary components to satisfy consumer 11) \_\_\_\_\_.

**C** Find words in your completed text in B that mean the same as the following:

- 1 users of products and services
- 2 people who buy products and services
- 3 business professionals who work in the field of marketing
- 4 studies
- 5 the extent to which consumers want something
- 6 the movement of goods and services from the producer to the consumer
- 7 the combination of factors that makes up a marketing plan



## 3

## Word building



**A** Fill in the missing words in the table.

	Verb	Agent	General noun
1	market	marketer	
2	distribute		
3			competition
4			advertising advertisement
5		supplier	
6		sponsor	
7	consume		
8	produce		
9		analyst	
10		researcher	
11	import		

B Complete the sentences below with words from the word table.

1 Marketers m\_\_\_\_\_ p\_\_\_\_\_ to customers.

2 Advertisers a\_\_\_\_\_ to c\_\_\_\_\_.

3 Market analysts a\_\_\_\_\_ the performance of s\_\_\_\_\_ and the behaviour of c\_\_\_\_\_.

4 The opposite of export is \_\_\_\_\_.

5 The opposite of demand is \_\_\_\_\_.

6 C\_\_\_\_\_ is good for consumers.

7 S\_\_\_\_\_ is a form of a \_\_\_\_\_.



- A word table is a useful tool for increasing your vocabulary. Make a table of your own with new vocabulary; look for related forms, i.e. nouns, verbs, adjectives and adverbs.
- The nouns *imports* and *exports* are usually used in the plural. **Invisible exports** means financial services, banking, insurance and tourism, where these bring in money from foreign countries.

<sup>1</sup> The term **marketeer** is used in marketing magazines and by people in the business, but in general use **marketer** is more common. The most popular term, however, is *marketing person/people*.

<sup>2</sup> con-man – someone who tricks people into spending money

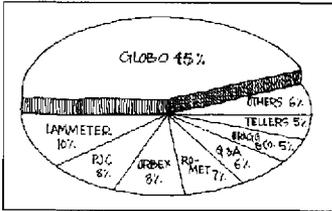
# 4 Marketing, marketing people and markets

**A** For each definition choose the correct word or phrase.

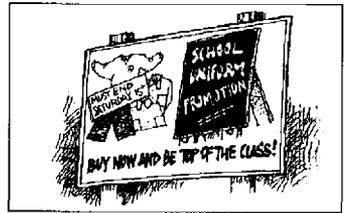
- 1** Providing money to cultural or sporting activities in exchange for advertising rights.  
a) promotion      b) grant aid      **c) sponsorship**
- 2** A business which specializes in giving advice and support to companies about marketing and markets.  
a) marketing consultancy      b) counselling service  
c) company analysts
- 3** An economy which allows open and reasonably free exchange between private companies.  
a) command economy      b) conservative economy  
c) free market economy
- 4** A market in which there are too many suppliers producing similar products.  
a) saturated market      b) buyers' market      c) heavy market
- 5** A market in which there are few suppliers producing goods that a lot of people want to buy.  
a) weak market      b) sellers' market      c) light market
- 6** A company which sells more of a particular type of product than its competitors.  
a) trend setter      b) multinational      c) market leader
- 7** A person who uses their specialist knowledge of a specific market to try to explain what has happened and predict what will happen.  
a) market analyst      b) forecaster      c) market broker
- 8** A specific promotional activity over a limited period of time.  
a) campaign      b) season      c) trend
- 9** The activity of moving goods from the producer to the consumer.  
a) selling      b) distribution      c) orientation

- 10 The activity of selling goods to other countries.  
 a) multinational      b) exporting      c) exchange distribution
- 11 The proportion of the total market which one company controls.  
 a) dominion      b) market place      c) market share
- 12 What a company or organization says it intends to do for its customers/clients and the community.  
 a) corporate mission      b) strategic plan      c) corporate image
- B Match each picture below to one of the terms above.

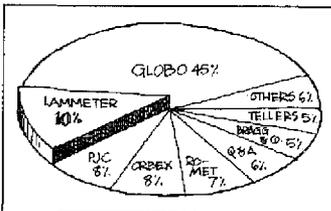
1



2



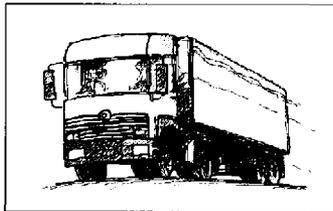
3



4



5



- Practise using the words you learn so they become active vocabulary. For example, choose six words from this test that you did not know before and write a sentence using each one.
- Diamonds are a classic example of a **sellers' market**. There is a lot of demand for the product but there are very few **suppliers**. That's why diamonds are rare and extremely expensive!

# 5 The four Ps and three more Ps

Fill in the missing words in this description of the marketing mix.

The traditional marketing mix was described in terms of four Ps:

1. *Product*, the goods or services

---

2. P \_\_\_\_\_, the cost of the product

---

3. P \_\_\_\_\_, often called distribution

---

4. P \_\_\_\_\_, which aims to make people aware of the product.

---

In recent years other considerations have been added, giving a mix of normally seven Ps. The additional three, sometimes referred to as service Ps are:

5. P \_\_\_\_\_, or everyone involved from producer to consumer

---

6. P \_\_\_\_\_ e \_\_\_\_\_, or anything that shows the existence of the company, e.g. its buildings, vehicles, website, stationery, staff uniforms, badges.

---

7. P \_\_\_\_\_, which is the interaction between *everyone* involved.

---




The last P is an increasingly important part of training nowadays. Companies and organizations must be sure that their product or service reaches the customer in the most efficient and effective way.

# 6 Planning

Look at the flyer below advertising marketing strategy seminars. Fill each gap with the correct word from the box.

mix    opportunities    people    physical evidence    place  
~~plan~~    price    process    product    promotion  
strengths    threats    weaknesses

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Success depends on good marketing. Your business needs a clear strategy to develop understanding of:

1. your present position and the market environment
2. the best marketing strategy to reach your customers and build profits for your business

Any business must have a marketing (1) plan. This should be based on a clear SWOT analysis, i.e. understanding of the present market position in terms of:

- \* (2) \_\_\_\_\_
- \* (3) \_\_\_\_\_
- (4) \_\_\_\_\_
- (5) \_\_\_\_\_

The seminar will examine ways to develop a seven-point marketing (6) \_\_\_\_\_ consisting of:

- \* (7) \_\_\_\_\_
- \* (8) \_\_\_\_\_
- \* (9) \_\_\_\_\_
- \* (10) \_\_\_\_\_
- (11) \_\_\_\_\_
- (12) \_\_\_\_\_
- (13) \_\_\_\_\_

Send for details and an application form now to Andrew G. Boscher, Chief Executive Marketing,  
Sanderman & Kells Associates, PO Box 2001, Edinburgh EB12 7TR  
or by email to [andyboscher@sandkells.co.uk](mailto:andyboscher@sandkells.co.uk)

# 7

## The marketing mix

Peter Bowen of Citimetal Inc. is talking to Anna James, a marketing consultant. Complete Anna's part of the conversation. Choose from the following:

- a And then the fourth area is physical evidence.
- b It covers both goods and services offered by the company.
- c Exactly – and the desire to buy the product. And, finally, people, which means colleagues, employees, agents and customers. The idea is to keep everyone happy, make personal contact.
- d Yes. This means any visual presence or signs suggesting the company.
- e The second area is place – also called distribution – meaning the movement of goods from the producer to the consumer.
- f Well, we identified six areas where improvement is necessary.
- g After place, process. Process is the interaction between people and systems at all stages, from market research, design, production, delivery and after-sales.
- h The first is product.
- i Promotion.

Peter: So, what have you got to report?

Anna: \_\_\_\_\_  
\_\_\_\_\_

Peter: Really? What are they?

Anna: \_\_\_\_\_  
\_\_\_\_\_

Peter: And what exactly does that term cover?

Anna: \_\_\_\_\_  
\_\_\_\_\_

Peter: I see. What else?

Anna: \_\_\_\_\_  
\_\_\_\_\_

Peter: And after place, what's next?

Anna: \_\_\_\_\_  
\_\_\_\_\_

Peter: Yes, I understand – co-ordination of systems.

Anna: \_\_\_\_\_  
\_\_\_\_\_

Peter: Physical evidence?

Anna: \_\_\_\_\_  
\_\_\_\_\_

Peter: Everything visual. Right, I follow you. And what's the next area?

Anna: \_\_\_\_\_  
\_\_\_\_\_

Peter: So, that's creating consumer awareness and establishing the brand identity?

Anna: \_\_\_\_\_  
\_\_\_\_\_



- Notice which Ps are not included in the conversation above (Price and Process)
- A good way to learn vocabulary is to use real-life examples. Think of a famous company and give examples of its Ps in a marketing mix.

# 8

## A new market

M & T Cables wants to enter a new market. Read the following email to a possible export partner. Fill each gap in the sentences below with the correct word from the box.

analysis   demand   free   goods   mix   plan   research   trends

Date 22 Nov 2000 15:48:45 +0900  
From: M & T Cables GmbH <MTCables@worldcom.de>  
To: 'Peter Jarrow' PDJARROW@gold.ocn.fi  
Subject: Export proposal

Dear Peter,

Thanks for your letter about marketing our products in the South Pacific region. We certainly do want to sell our (1) goods in every (2) \_\_\_\_\_ market in the world, but we need to do some market (3) \_\_\_\_\_ in your region.

I have four questions to start with:

1. What is the supply and (4) \_\_\_\_\_ like at present for our kind of products?
2. What kind of (5) \_\_\_\_\_ do you think we should develop in our marketing (6) \_\_\_\_\_ ?
3. What are the market (7) \_\_\_\_\_ in this sector?
4. Can you recommend someone to carry out a detailed market (8) \_\_\_\_\_ for us?

Please email by return if possible. Thank you!

Sandra Sah

Lindacher Str. 48. D-40474 Düsseldorf. Germany  
[MTCables@worldcom.de](mailto:MTCables@worldcom.de)  
Tel: 0049 211 646453 or 646458. Fax: 0049 211 646460

# 9

# Product marketing

Choose the best definition for each of the words or phrases.

- 1 augmented product
  - a) a product now selling at a higher price
  - b) a product that is no longer made
  - c) a core product plus additional benefits such as brand name, quality styling and design features, extended warranty, after-sales service, etc.
  
- 2 generic
  - a) not known by a special brand name
  - b) for general use
  - c) popular with all types of consumers
  
- 3 cannibalism
  - a) when a product eats into the competitors' market share
  - b) when a product reduces sales of other products made by the same manufacturer
  - c) when an employee leaves his/her company to join a competitor
  
- 4 sell-by date
  - a) the limit placed on sales representatives to meet targets
  - b) the date by which a food or drug must be sold
  - c) the date on which a product is sold
  
- 5 launch
  - a) when a product is taken off the market
  - b) when a product is tested before being sold
  - c) when a product is first released onto the market
  
- 6 product life cycle
  - a) the normal pattern of sales for a product
  - b) the process of development of a new product
  - c) the different stages of improvement in an old product
  
- 7 part
  - a) a product
  - b) a component
  - c) a phase in the development of a product

# 10

## Branding

**A** Rearrange the letters to make words and phrases that are connected with branding.

1 nbard yitnedit brand identity

2 ardnb eman \_\_\_\_\_

3 dabrn igema \_\_\_\_\_

4 won-drabn \_\_\_\_\_

5 radbn nataviluo \_\_\_\_\_

6 burnadden \_\_\_\_\_

7 antilbinge stases \_\_\_\_\_

8 andrb yallyot \_\_\_\_\_

9 rempuim bdarn \_\_\_\_\_

**B** Complete each sentence with the correct word or phrase from A.

1 Coca Cola, Sony, Mercedes Benz: each of these is a famous \_\_\_\_\_.

2 Deciding a financial value for a brand name is called \_\_\_\_\_.

3 Consumers usually expect to pay less for products that are \_\_\_\_\_.

4 Products like Chanel or Christian Dior have a \_\_\_\_\_ which is more glamorous than that of many less well-known competitors.

5 In the 1990s most supermarkets began to sell \_\_\_\_\_ products.

6 A brand name is valuable not only for the main products that are represented by the name, but also for the range of \_\_\_\_\_ that accompany that name.

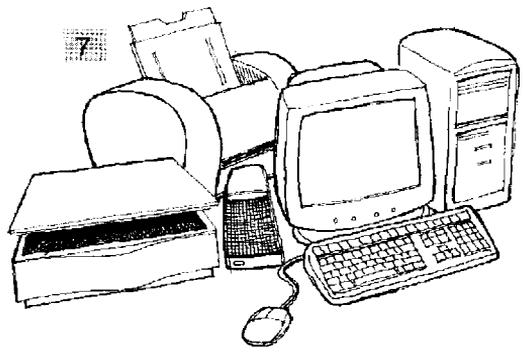
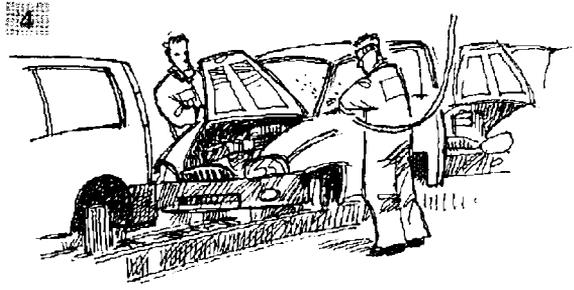
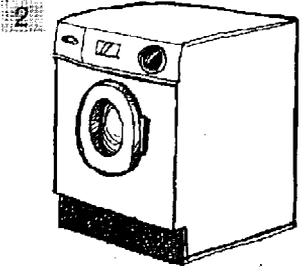
- 7 A key concern for marketers is to establish \_\_\_\_\_ among their customers so that they do not buy similar products made by other companies.
- 8 Consumers are often prepared to pay a high price for a \_\_\_\_\_ which they believe represents high quality.
- 9 A new product must create a \_\_\_\_\_ so that it is easily recognized and associated with specific qualities.



The greatest single change in marketing in recent years has been the growth in importance of brands and branding. Brand strength is often a more important factor in company valuations than physical assets. These days it is often brands and brand names that attract take-overs, rather than physical assets or access to particular markets.

# 11 Key words 2

Next to each word or phrase write the number of the correct picture (1-10) and the letter of the correct description (a-j).



augmented product	<u>7e</u>	generic product	_____
clone	_____	perishables	_____
consumer durable	_____	manufacturing	_____
core product	_____	sell-by date	_____
fast moving		service	_____
consumer goods	_____		

- a Natural products, usually food, that will go bad after a certain length of time.
- b Products sold in very large quantities, such as groceries. They are bought often and move through stores quickly.
- c A new product, especially in the high technology sector, which is almost the same as a successful one made by a more famous manufacturer.
- d Long-lasting products produced and sold in large quantities.
- e A basic product with additional features and services added to the total package.
- f A basic product which is bought because of a particular need, e.g. a drink for thirst.
- g Products which are not known by a brand name, e.g. pharmaceutical products like paracetamol for headaches.
- h Specialist expertise or advice to help companies or individuals, e.g. in legal matters, marketing.
- i A time suggested for reasons of safety by which perishable goods should be used.
- j The actual making of products or components for products.



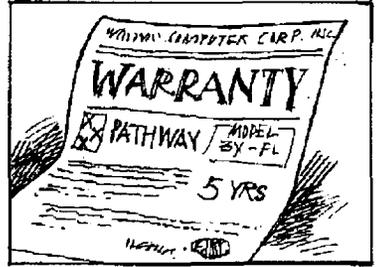
The term **clone**, meaning an exact copy, has become part of popular speech. The science of cloning, using genetic material to develop new organisms, has caused controversy in recent years. In Britain scientists produced a cloned sheep called Dolly. She is probably the most famous sheep in history.

# 12 Selling

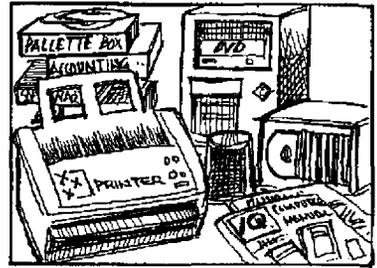
Jan Groot, Marketing Manager for TPC Inc., is making a presentation to the company's sales staff. Match each picture with the correct part of the speech and write its number in the box.

Our R & D department designed the Triple X Pathway over a five-year period ...

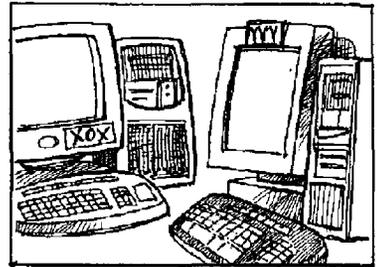
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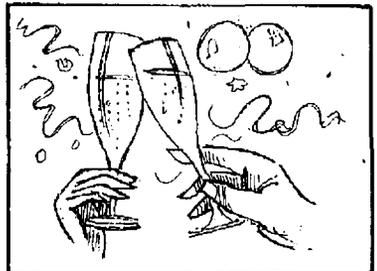
... and the product was finally launched this year.



The core product is, of course, a personal computer ...



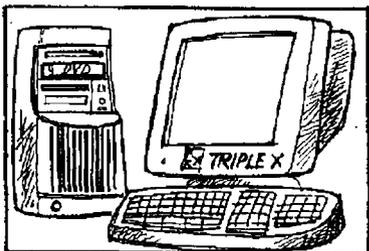
... but the augmented package includes ten types of software, a DVD drive, speakers, a printer, a scanner, manuals, free Internet access, free on-site warranty and the prestige of the Triple X brand name.



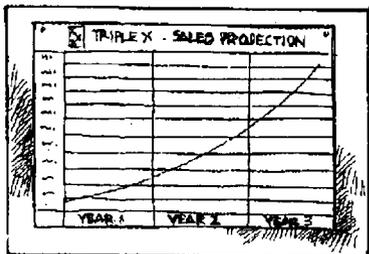
Of course, all components used in the manufacture of the Triple X Pathway have been well tested.



We offer a full after-sales service ...



... and extended five-year warranty with absolute confidence.



Furthermore, we expect the product to experience rapid early sales for at least three years ...



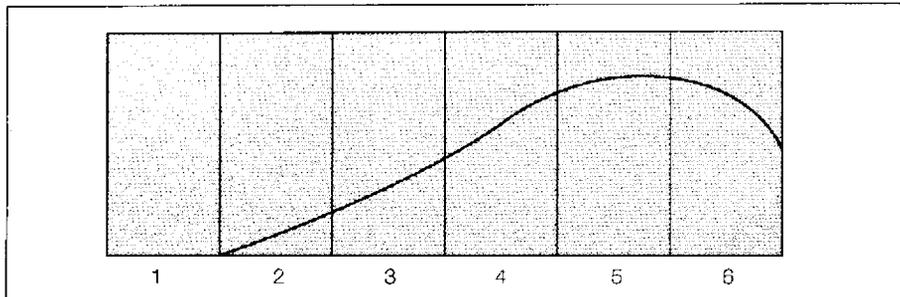
... before being joined by me-too products from our competitors.



# 13 Product management

- A** A useful tool in product management is the idea of Product Life Cycle. The diagram shows a typical product life cycle. Label the parts 1–6 with words from the box.

decline    development    growth    launch    maturity    saturation

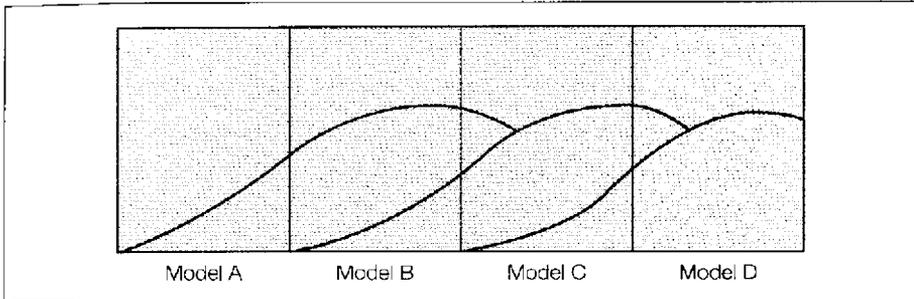


- B** Complete the sentences with terms from the box.

appeal    consumers    decision-making    development    extend  
markets    penetration    portfolio    positioning    ~~potential~~  
quality    research    return

- 1 Managers have to understand the potential of their products.
- 2 Most companies produce many different products and services. Together this is called the product \_\_\_\_\_.
- 3 Companies market products at particular groups of consumers, so the product is matched to the consumer. This is called product \_\_\_\_\_.
- 4 Product management is about getting the maximum \_\_\_\_\_ from each product.

- 5 A key objective is to get the maximum market \_\_\_\_\_ , which means reaching the most \_\_\_\_\_ .
- 6 Another important objective is to \_\_\_\_\_ the life of the product. The typical life cycle diagram then shows a wave effect.



- 7 This is possible if the product \_\_\_\_\_ is good. This means changing or improving the product, to add to its \_\_\_\_\_ and \_\_\_\_\_ .
- 8 Managers also try to find new \_\_\_\_\_ for their products.
- 9 In all cases, product management needs good \_\_\_\_\_ to help \_\_\_\_\_ .



- A classic **life cycle** from development to decline is demonstrated by fashion items, such as love that are spin-off products from the movie industry, or by technology products that were once **state-of-the-art** but are later replaced by technological innovation (such as early fax machines). Products at the end of their life cycle are described as **obsolescent**.
- One of Europe's most successful cars ever is the Volkswagen Golf. Since it was first launched it has experienced many **face-lifts** (improvements that mostly affect appearance). After each face-lift the car looked different. Nowadays the car is still an outstanding product and it looks radically different from the original Golf. This is a good example of an **extended life cycle**.

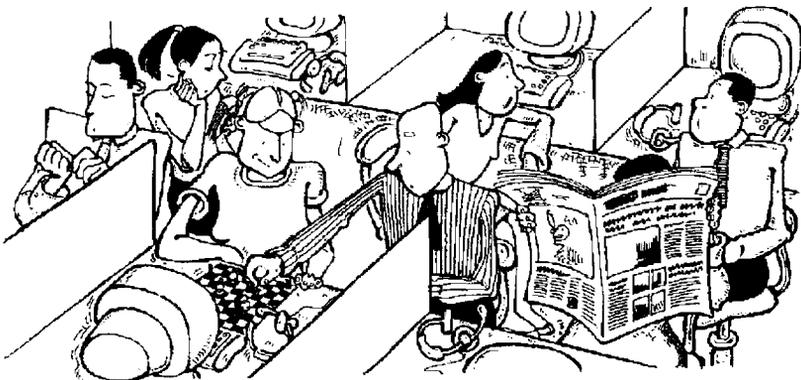
# 14 After-sales assistance

The following text came with the user manual for a new telephone. Fill each gap with the correct word or phrase from the box.

after-sales    customer    helpline    labour    ~~launched~~    network  
on-site    parts    premium    state-of-the-art    support    warranty

Since the TeleTalk was (1) launched, it has been an outstanding success. Well known for reliability, it does, however, come with a full two-year (2) \_\_\_\_\_ and (3) \_\_\_\_\_ (4) \_\_\_\_\_.

Utilizing the very latest technology, this (5) \_\_\_\_\_ product is supported by our extensive (6) \_\_\_\_\_ (7) \_\_\_\_\_. Call our (8) \_\_\_\_\_ (9) \_\_\_\_\_ for free advice on how to solve any problems you may have. For a small (10) \_\_\_\_\_ we can also offer a full (11) \_\_\_\_\_ technical (12) \_\_\_\_\_ service for all your communications equipment.



*'...all our operators are busy. Please hold and we'll try to connect you...'*

 Most products, when new, come with a leaflet in the box. This is often printed in several languages. Find an example and look at the English version. Use the leaflet to make vocabulary learning notes.

# 15 Products, services and service

Change each word in bold type to a related word which fills the gap in the sentence correctly.

- 1 We sell a very large range of goods, including fast moving **consumer** goods such as canned foods, cleaning materials and cassettes. **consume**
- 2 Of course, we also sell \_\_\_\_\_ goods like milk, cheese and meat, which need to be sold within a short time. **perish**
- 3 It is not only food \_\_\_\_\_ which have a very short shelf life. Fashion items quickly become out of date. **produce**
- 4 For larger consumer \_\_\_\_\_, like music systems and TVs, we provide an after-sales service. **duration**
- 5 An important aspect of marketing goods like computers is possible \_\_\_\_\_ value, such as free software, Internet access and technical support. **add**
- 6 The business of a \_\_\_\_\_ is to sell products. **retail**
- 7 A \_\_\_\_\_ industry is one that offers specialist expertise or advice. Lawyers, marketers, translators and financial consultants all do this. **serve**
- 8 If you are not completely satisfied with any product \_\_\_\_\_ in this store, you may return it and receive a complete refund or exchange it for a different item. **purchaser**
- 9 A \_\_\_\_\_ gives one person or company the right to make a particular product for a period of time. The inventor may sell or lease it to a manufacturer. **patented**
- 10 A product which was expensive to develop, manufacture and launch, and which does not have the sales that the manufacturer expected can be described as a \_\_\_\_\_. **flopped**

# 16 Success and failure

Fill each gap in the sentences with the correct word from the box.

away back by into ~~off~~ on on to

- 1 Perishable goods go off in a short time.
- 2 If dairy products are not sold \_\_\_\_\_ the sell-by date, they cannot be offered for sale.
- 3 Unsold perishable goods usually have to be thrown \_\_\_\_\_.
- 4 If a safety fault is discovered in a product, the manufacturer may ask customers to bring \_\_\_\_\_ all examples of the product.
- 5 Thousand of new products are put \_\_\_\_\_ the market every day, but only a few are successful.
- 6 Success or failure depends \_\_\_\_\_ many factors, but the most important is the quality of the marketing.
- 7 Customers with a strong sense of brand loyalty are rarely prepared to switch \_\_\_\_\_ a competitor.
- 8 Powerful advertising may help a new product to eat \_\_\_\_\_ the market share of rival brands.



If a safety fault is found in products after they have been sold, the manufacturer usually issues a **product recall**. They put notices in the shops where the product is sold, and/or announcements in newspapers, asking customers to bring back the product for a repair, replacement or refund. Product recalls can involve a lot of work and cost a lot of money!

# 17 Key words 3

- A** Find eight common words connected with price in the word square. Four of the words are horizontal, and four are vertical (two up and two down).

A	P	R	I	C	E	L	T
D	I	S	C	O	U	N	T
E	C	R	G	S	N	O	I
M	P	O	R	T	E	V	F
A	W	R	M	S	V	I	O
N	I	P	F	E	E	O	R
D	R	L	M	H	R	G	P
A	M	A	R	G	I	N	E

- B** Use one word from the word square to complete each sentence.
- When a business pays all its costs and taxes, any money left is profit.
  - Another word for income is \_\_\_\_\_.
  - The difference between costs and selling price is the \_\_\_\_\_.
  - Many consumers normally look for the lowest \_\_\_\_\_.
  - Selling something at a reduced price is called giving a \_\_\_\_\_.
  - The price you pay for a professional service, for example from an architect, doctor or lawyer, is a \_\_\_\_\_.
  - Businesses can't sell products if there is no \_\_\_\_\_.
  - Another word for expenses is \_\_\_\_\_.



Write **PRICE** in the middle of a large piece of paper. Then add the other key words from this exercise. As you study this section, write all the new words you learn on the paper to create a web of price-related terms. You can use this learning tip for other themes as well.

# 18 Fixing a price

**A** Match each word on the left with a word on the right to create a two-word phrase connected with pricing.

- |               |            |
|---------------|------------|
| 1 penetration | a demand   |
| 2 down-       | b priced   |
| 3 fixed       | c market   |
| 4 budget-     | d costs    |
| 5 elastic     | e strategy |

**B** Now make five two-word expressions which are opposite in meaning to those in A.

- |             |            |
|-------------|------------|
| 1 inelastic | a demand   |
| 2 variable  | b priced   |
| 3 premium-  | c market   |
| 4 skimming  | d costs    |
| 5 up-       | e strategy |

**C** Find the correct term from A or B to complete each sentence below.

- 1 Where sales are not affected much by price rises, this is \_\_\_\_\_.
- 2 Selling widely in a market for low profit per item is a \_\_\_\_\_.
- 3 High quality, high-priced products are \_\_\_\_\_.
- 4 A company accounts term meaning the cost of things like electricity, rent, and other charges that do not increase with increases in production is \_\_\_\_\_.
- 5 Low priced goods, aiming for volume sales at the lower end of the consumer market, are \_\_\_\_\_ goods.



Write sentences to help you remember these expressions. Include well-known examples, e.g. *Guinness is a premium-priced up-market brand.*

# 19 Aggressive pricing

Read the newspaper report about SAWA, a computer games company which is introducing a new low-priced product to help win a bigger market share. Then fill each gap in the report with a phrase from the box.

advance orders    aggressive pricing    break even    factory gate price  
 high penetration    market share    premium price    price war  
 production costs    recommended retail price

## SAWA in low price game

The Japanese computer games company SAWA is planning an October launch for a new game called Bird. The development of the game has taken two years but (1) advance orders are impressive. The company expects the product to (2) \_\_\_\_\_ within one year. (3) \_\_\_\_\_ are low as the labour input in this sector is relatively small.

Margins in computer games are usually high, but SAWA has promised a (4) \_\_\_\_\_ strategy, with a competitive pricing policy. This is a change of policy for SAWA, whose products have always carried a (5) \_\_\_\_\_, SAWA

being a relatively exclusive brand. The (6) \_\_\_\_\_ is expected to be round \$55, with the (7) \_\_\_\_\_ being around 33% of that. Such a low price may have the effect of creating a (8) \_\_\_\_\_ in the computer games market. (9) \_\_\_\_\_ is a new policy for SAWA, as the company aims to increase its (10) \_\_\_\_\_ in the lower end of the games market.

A further point of interest is that SAWA predict a long shelf-life for Bird, perhaps five years, which is longer than normal in this sector.



In the UK a good example of a price war occurred in the newspaper market, where News International published *The Times* at a much lower price than its competitors in an attempt to drive at least one of them out of the market. The strategy was not successful.

# 20 Pricing policy

Read the report on a meeting about pricing policy in Callan Ltd, a clothing manufacturer. Think about the meaning of the words in bold type. Then mark sentences 1–12 True or False. If a sentence is false, explain why.

## Report

Subject: Marketing Focus Group Meeting

Date: 4 December 2001

Present: DE, HT, PT, JF

The following decisions were taken regarding pricing strategy for the new year.

- i. **Budget-priced goods** will only be sold in Category 'C' stores. These stores are in locations with a particular consumer profile. We expect high volume sales with low margins.
- ii. Goods can only be sold at a **sale price** where they have already been offered at the **recommended retail price** for a period of not less than three months.
- iii. Agents shall be instructed that from January 1, we do not allow **discounts** on any goods not sold at a previously higher price for a period of three months.
- iv. Decisions on pricing must realize **margins** for the retailer of up to 25%. Margins below 15% are unlikely to be economic for any of our retailers.
- v. Similarly, our own **factory gate price** must allow the company to cover all **production costs** and also to realize a profit of between 25 and 35%. Our marketing team should watch the **market prices** to ensure that we do not price ourselves above the **going rate**.
- vi. Wherever possible, we should sell our products to retailers. This will cut out intermediaries and avoid retail prices being forced higher by high **wholesale prices**.

- 1 Budget-priced goods are sold at a lower price than they were offered at before. T/F
- 2 The recommended retail price is the price the manufacturer thinks a retailer should charge for a product. T/F
- 3 A discount is a reduced price offered after a period on offer at a higher price. T/F
- 4 The margin is the difference between the cost of a product to a manufacturer or retailer and the price the manufacturer or retailer receives when the product is sold. T/F
- 5 An economic price is a price that allows a reasonable profit. T/F
- 6 The factory gate price is the cost of producing the product for the factory. T/F
- 7 Production costs are the expenses a manufacturer has to pay for labour. T/F
- 8 The market price is the price one company charges for a product. T/F
- 9 The going rate is the price the consumers are prepared to pay. T/F
- 10 Retail price is the price consumers actually pay. T/F
- 11 The wholesale price is the price paid by consumers who buy many examples of the same product. T/F
- 12 A sale price is a special low price, reduced from an earlier price. Goods offered for sale at a sale price are often at the end of their life or the season is at an end. For example, camping equipment may be put in a sale at the end of summer. T/F



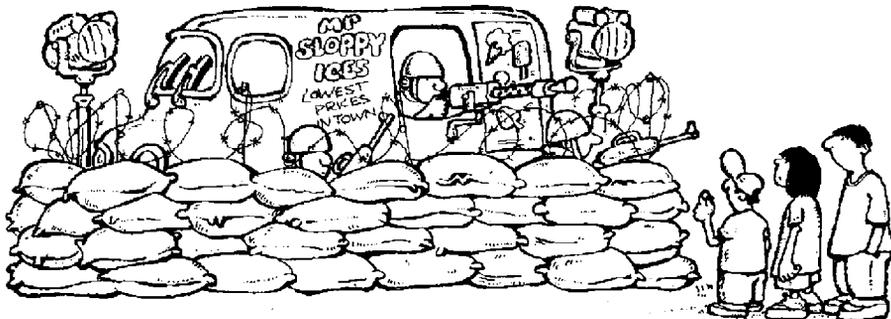
This test contains examples of noun phrases consisting of two nouns, where the first one works like an adjective, qualifying the second, i.e. market price. Noun phrases like this are common in English. The next test also contains several examples.

# 21 Pricing strategy 1

Fill each gap in the sentences below with a phrase from the box.

budget-priced    demand curve    going rate    price war  
retail margin    selling costs    ~~unit cost~~

- 1 The amount of money necessary to produce one individual example of a product is the unit cost.
- 2 The difference in price between what retailers pay for a product and what they sell the product at is called the \_\_\_\_\_.
- 3 The total amount of money spent on all aspects of selling, including advertising, commissions and promotion, is known as the \_\_\_\_\_.
- 4 A period during which several competitors aggressively lower their prices in an effort to build up market share is called a \_\_\_\_\_.
- 5 Products at the lowest end of the price scale are sometimes referred to as \_\_\_\_\_ goods.
- 6 The price which the market will accept for a product or for services is the \_\_\_\_\_.
- 7 The line on a graph which shows the relationship between prices and consumer demand is called the \_\_\_\_\_.



*Price wars can get serious.*

## Pricing strategy 2

Match the words (1–9) with the definitions (a–i).

- |   |                        |   |   |
|---|------------------------|---|---|
| 1 | break-even point       | a | The price wholesalers and distributors pay to the producer for goods.   |
| 2 | discounting            | b | A pricing strategy based on low pricing and low unit profits.   |
| 3 | factory gate price     | c | An illegal and secret agreement between competitors to fix higher prices to boost their profits.  |
| 4 | inelastic demand       | d | The day-to-day costs of running a business.   |
| 5 | overheads              | e | Sales of a product do not change much with variations in price.   |
| 6 | penetration strategy   | f | Reducing the price of goods in return for bulk sales or to a favoured customer.   |
| 7 | price sensitive buyers | g | A product sold at a specially low price, perhaps at a loss, in the expectation that customers will spend money on other goods where margins are high. |
| 8 | loss leader            | h | The point in the development of a product when sales begin to exceed the investment.  |
| 9 | cartel                 | i | Consumers who are very attentive to price changes and look for lower-priced items.  |



Drawing graphs and other figures can help you to remember new vocabulary. There are many examples in this book where a simple sketch can help explain what something means.

# 23 Costs

Choose the best definition for each of the words or phrases.

- 1 cost of labour
  - a) cost of all work involved in making a product or service ready for sale
  - b) cost of manual workers employed by a company
  - c) cost of industrial action by employees
- 2 cost of production
  - a) selling price for a finished product
  - b) all expenses for raw materials, heating, lighting, electricity, etc.
  - c) all costs involved in making a product ready for distribution and sale
- 3 cost of sales
  - a) total costs involved in making a product or service, distributing it and selling it
  - b) cost of selling a product in salaries, commissions, etc.
  - c) the price of a product when it is sold
- 4 commission
  - a) a royalty paid to an inventor of a product
  - b) a percentage of the selling price which is paid to the seller, usually an agent or distributor
  - c) instructions given to a sales representative or to the shop which is asked to sell a product
- 5 selling costs
  - a) the total money raised selling a product or service
  - b) the costs involved in distributing, promoting and selling a product
  - c) the salaries and other expenses paid to the sales representatives
- 6 direct costs
  - a) all costs relating to production of a product, including development costs and raw materials, electricity and labour
  - b) all taxes paid to the government
  - c) the cost of labour involved in making a product
- 7 direct labour costs
  - a) all costs relating to production of a product, including development costs and raw materials, electricity and labour

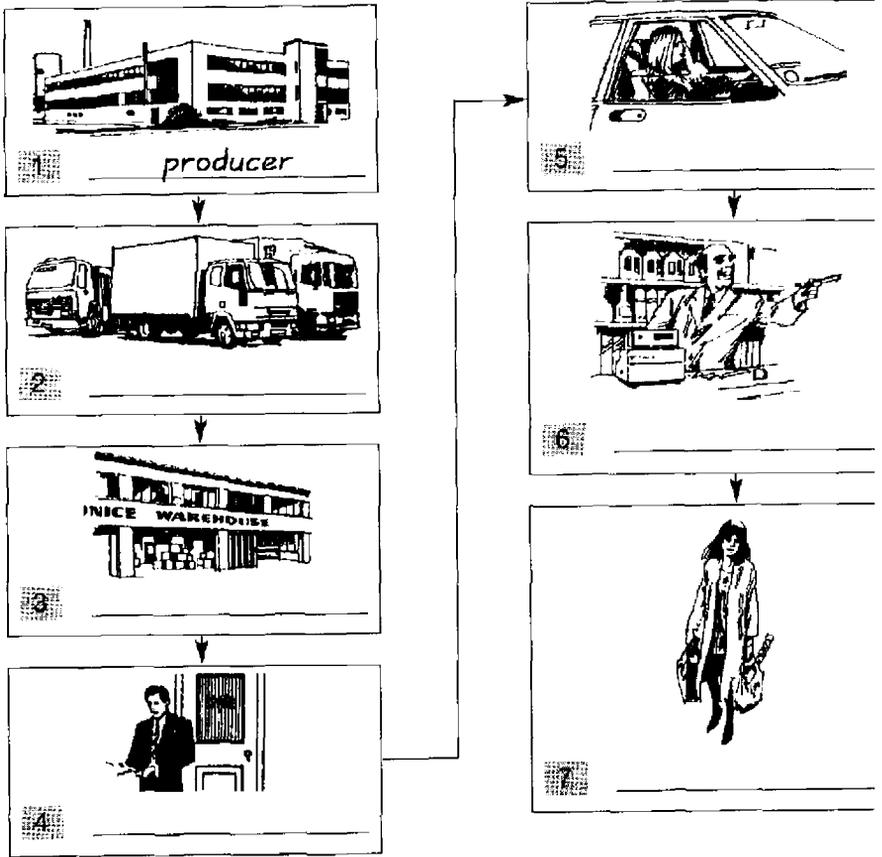
- b) all labour costs involved in actual production of a product
  - c) all labour costs involved in producing a product and, in addition, all support labour costs, such as secretarial and administrative work
- 8 fixed costs
- a) prices established by the government
  - b) costs which are decided by the management of a manufacturing company, not by suppliers or retailers
  - c) costs which do not depend on quantity of production, e.g. heating, lighting, rent
- 9 variable costs
- a) costs which change according to the quantity of production, such as raw materials, components, overtime pay, etc.
  - b) costs which are difficult to estimate as they may suddenly change because of changes in the market, such as competitors' pricing
  - c) costs which change according to the time of the year, e.g. warm clothes for winter, or summer fashions
- 10 overheads
- a) regular costs associated with the day-to-day running of a company
  - b) additional expenses because of a higher than expected demand for products
  - c) extra costs above what was planned in the costs budget
- 11 unit cost
- a) the costs associated with all production of all products
  - b) the costs involved in making one single example of a product
  - c) the total costs for any one part of a factory producing one type of product
- 12 labour input
- a) the cost of labour in producing products for distribution and sale
  - b) additional payments to workers during periods of high demand
  - c) the costs of all non-managerial wages and salaries

# 24

## The classic distribution channel

Fill in the spaces on the flow chart with terms from the box.

agent    customer    distributor    haulage company  
 producer    retailer    sales representative

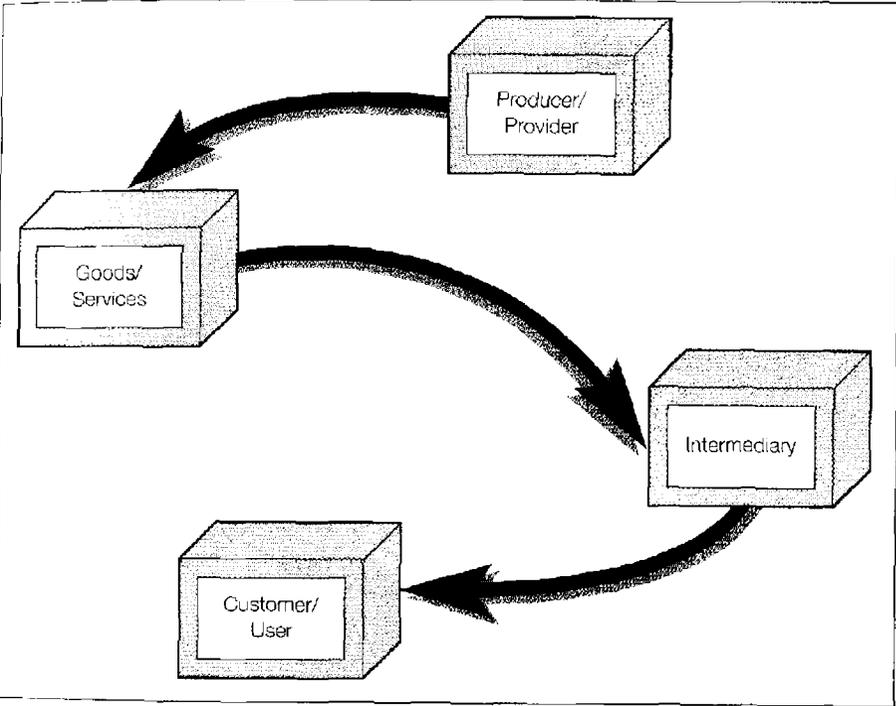


**P** Classic distribution channels have altered in many fields. For example, supermarkets and other major retailers take care of their own distribution, buying directly from producers, so the role of the traditional wholesaler as an intermediary has declined. Many producers also sell directly to their customers, reducing the role of High Street dealers. An example is Dell Computer Corporation, a market leader in business computer systems.

# 25

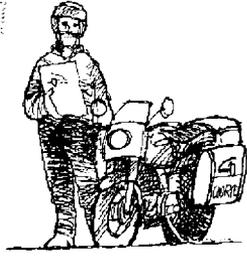
## Distribution and shipping methods

A Look at the diagram and then complete the spaces in the text that follows.

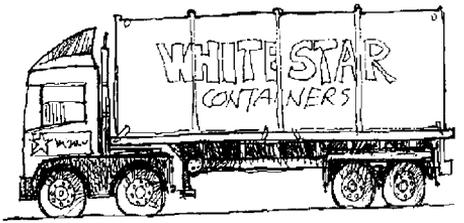


Shipping, or shipment, in the marketing or selling sense, means the despatch of (1) goods from the (2) \_\_\_\_\_ to the (3) \_\_\_\_\_, or to an (4) \_\_\_\_\_. The entire process of moving goods or (5) \_\_\_\_\_ from the producer or (6) \_\_\_\_\_ to the customer or (7) \_\_\_\_\_ is described as the (8) \_\_\_\_\_ process. It is also known as (9) \_\_\_\_\_, one of the four Ps.

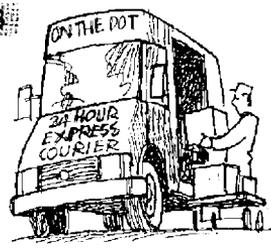
1



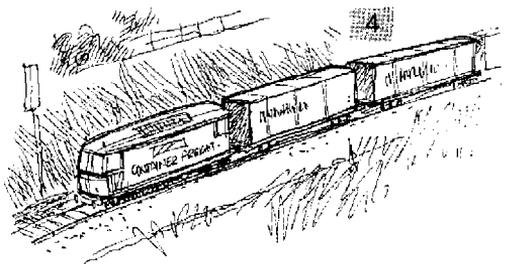
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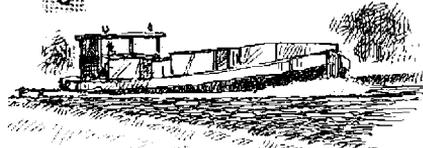
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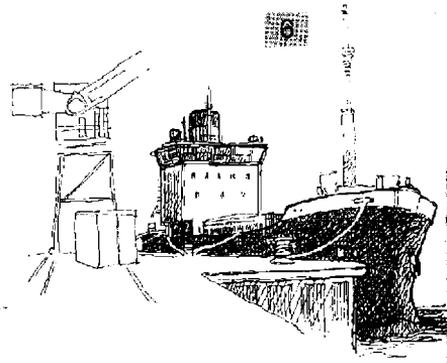
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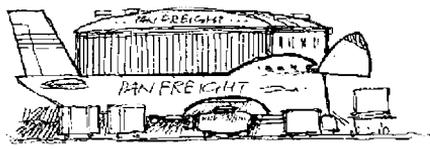
5



6



7



**B** Write the number of each picture next to the correct method of transportation.

cargo plane	_____	despatch rider	_____
delivery van	_____	freight train	_____
container ship	_____	container lorry	_____
barge	_____		

**C** Match the terms on the left with the descriptions on the right.

- |   |                            |          |  |
|---|----------------------------|----------|--|
| 1 | air freight transportation | <b>a</b> | a business specializing in rapid delivery of small items, usually by van or motorbike.   |
| 2 | despatch rider             | <b>b</b> | a company specializing in moving heavy goods and raw materials by train  |
| 3 | shipping line              | <b>c</b> | the business of moving large quantities of goods by air  |
| 4 | courier service            | <b>d</b> | a company specializing in transportation of goods by sea, typically using container vessels (large ships designed to transport goods) based at container ports.      |
| 5 | rail freight operator      | <b>e</b> | a company that transports goods by lorry. Major road distribution networks link so-called dry port facilities, often located near major airports and road junctions. |
| 6 | road haulage contractor    | <b>f</b> | someone who works for a courier company delivering small items by motorbike  |



- The terms relating to distribution in this test mainly concern manufactured products rather than services. The exception might be the special delivery of documents, which could be undertaken by a **despatch rider** or by a **courier**. Despatch riders and courier firms specialize in rapid door-to-door delivery.
- Look for examples of companies that illustrate terms 1, 3, 4, 5 and 6. Write sentences about them, e.g. *Data Express is the courier service that my company uses.*

# Services and the public sector

Read the text then choose the best definition – a, b or c – for each of the terms in bold.

## Where the private sector leads, the public sector follows

line 5 For many years, **Place**, meaning distribution, was mainly associated with traditional manufactured goods and the process of transferring them from producers to consumers. Businesses had to promote their goods in a **competitive environment**, so marketing became more important. In addition, **businesses** began to study their methods of distribution.

10 This has also happened in the service sector (banking, **tourism**, retailing, professional services, etc) and more recently, even in the **public sector**. The public sector has had to adapt to big changes in the business environment. There is more competition, customers are better informed and better educated, and the public want better quality products and better service. **Service providers**, including local government organisations, **public health services**, schools and colleges, now find that they have to work in ways that are more similar to the private sector. They also have to be more **accountable** and less secretive.

15 This means that **public sector services**, like private and manufacturing businesses before them, have become as interested in **logistics**. The study of logistics tries to improve the systems of provision. It aims to save money and improve performance by reducing waste, so distribution has become a focus of attention. Public sector providers and

20 other service industries often deal directly with the public, or with their customers, which makes **communication skills** very important. Promotion, effective design and comfortable surroundings are part of good communication. Communication itself may be face-to-face, or it may be by post, by telephone, by email, or through websites. To sum up,

25 today the total package of the service happens in a much more complex and competitive context. The total provision includes all the physical evidence (publications, information leaflets, buildings, etc), customer support and the answering of casual enquiries, as well as the **core product** (transport, or education, or food, or any other service). The

30 public expects the best! If the service is no good, complain! If it is still no good, change your supplier – *if you can!*

- 1 competitive environment (line 4)
  - a) a situation where businesses decide together how to divide the market between them
  - b) a situation where businesses have to make sure they protect the environment
  - Ⓒ) a situation where many businesses all try to get customers by offering the best deal or price
- 2 the public sector (line 7)
  - a) the general public – all the people
  - b) the part of the economy that is owned by central or local government
  - c) information that is not kept secret but available to everybody
- 3 service providers (line 11)
  - a) organizations that offer a service, not manufactured goods
  - b) people who work in after-sales
  - c) types of software that provide access to the Internet
- 4 public health services (line 12)
  - a) city parks, swimming pools and sports centres
  - b) hospitals, doctors' surgeries, health clinics and nursing
  - c) ambulances and other transport for the sick and elderly
- 5 accountable (line 14)
  - a) able to explain and publish details of their actions
  - b) able to make enough money to stay in business even when the market is weak
  - c) trained to keep good financial records
- 6 public sector services (line 15)
  - a) services provided by government (local or central) such as health, education, road maintenance etc
  - b) charities, churches and church services
  - c) organizations that work throughout the whole country

- 7 logistics (line 16)
- a) the study of finance and accounting in business
  - b) the study of using high technology equipment in business
  - c) the study of systems and ways to improve efficiency
- 8 communication skills (line 21)
- a) the ability to convey the right messages in the best possible way
  - b) the ability to get your message across to people in their own language
  - c) the ability to put information into a computer system
- 9 core product (line 28)
- a) the fundamental thing that a business or organization provides
  - b) the complete consumer experience of a business
  - c) the total offering of a company or organization, including its advertising, buildings, staff, reputation

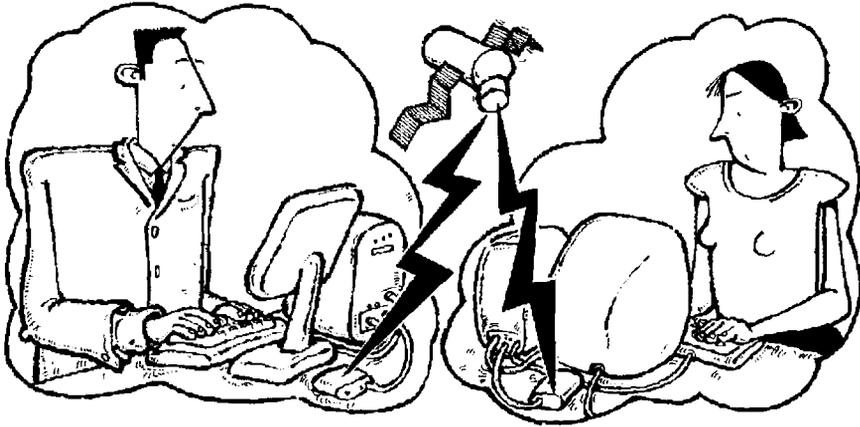


The public sector is also called the **state sector**. Public sector marketing is also called **organizational marketing**, because it is organizations, not companies, that are responsible for the services provided. Examples of such organizations include universities, hospitals, city authorities, arts and leisure administrations, tourist information offices, police, ambulance and fire services.

# 27

## Electronic trading

Any business or commerce that is carried out over the Internet is electronic trading. The contact may use local telephone connections, or it may be international, and use long-distance telephone and satellite links.



**A** Put each of these nine terms under the correct description.

access code   browsing   e-business   e-commerce   e-shopping  
home shopping   password   surfing   virtual shopping

Buying things over the Internet	Business over the Internet	A personal identification for access to a website or a security protected resource	Looking for information on the Internet
<i>e-shopping</i>	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**B** What do these abbreviations stand for?

**1** EDT \_\_\_\_\_

**2** EFT \_\_\_\_\_

**3** ICT \_\_\_\_\_

**4** ISP \_\_\_\_\_

**C** Match each term on the left with the correct definition on the right.

- |  |   |
|--|---|
| <b>1</b> online support                | <b>a</b> illegally accessing a company's computer systems   |
| <b>2</b> web support                   | <b>b</b> designing something (e.g. an Internet site) to suit the owner's needs and preferences on the web or via the Internet |
| <b>3</b> advertising on the web        | <b>c</b> extra help available over the Internet from a company's website  |
| <b>4</b> website                       | <b>d</b> an Internet resource dedicated to one user, company or organization  |
| <b>5</b> modem                         | <b>e</b> help or after-sales service available through the Internet   |
| <b>6</b> homepage                      | <b>f</b> personalised communication sent from one Internet user to another  |
| <b>7</b> online                        | <b>g</b> the time of day when connection charges are most expensive   |
| <b>8</b> distance learning via the web | <b>h</b> carrying out banking tasks over the Internet   |
| <b>9</b> hacking                       | <b>i</b> using the Internet and a website to promote products or services   |
| <b>10</b> customizing                  | <b>j</b> the time of day when connection charges are least expensive  |
| <b>11</b> download                     |   |

- |    |           |   |  |
|----|-----------|---|--|
| 12 | peak time | f | education services offered using a website, email and other Internet support       |
| 13 | off-peak  | m | a company or business that specializes in doing business via the Internet          |
| 14 | email     | n | the opening screen on a particular website   |
| 15 | e-banking | o | take information from the web or Internet and put it onto your computer            |
| 16 | dot.com   | p | a device that allows a computer access to telephone links and then to the Internet |



The letter 'e' is now being added to a range of products and services offered electronically, for example e-wallet, e-purse. The number of e- words is growing. Expect e-trading, e-finance, e-learning and e-advertising soon and then many more!

# Retail outlets and selling methods

Match each term in the box with a set of words in *italics* in the newspaper extract. Then write the number after the term.

chain stores	_____	cold calling	_____
commission	_____	door-to-door selling	_____
e-commerce	_____	franchises	_____
hypermarkets	_____	Internet service providers (ISPs)	_____
large multiples	_____	mail order	_____
mail order companies	<u>  1  </u>	purchasing power	_____
specialist retailers	_____	telesales staff	_____
warehouses	_____		

(1) *Companies which specialize in selling goods through a catalogue sent out through the post normally have* (2) *large buildings full of goods from where the goods are despatched.* (3) *Companies which own many stores have* (4) *strength in negotiating prices where manufacturers are concerned.* Small shops do not have this. (5) *Retail outlets which pay a licence fee to trade under a famous brand name often benefit from increased business, since the name is a powerful advertisement.*

(6) *Going from one house to another, knocking on doors, is a highly labour-intensive type of sales operation. This type of work is normally paid on the basis of a* (7) *percentage of the sales achieved being paid to the seller.* Another type of selling is by (8) *a combination of catalogue and ordering by post.* This may be complemented by (9) *personnel who sell by telephone, trained to deal with customers' calls.* Another kind of telephone selling is through (10) *telephoning someone who is not expecting your call but whom you think might buy your product.* The idea is to get your prospective customer to agree to buy your products or receive a home visit for a demonstration. A variation on this – popular with banks and the financial services industry – is to call existing customers and offer them new products.

(11) *Large out-of-town stores selling a huge range of goods* have had a serious effect on business for smaller, city centre shops. (12) *Small shops offering a personalized and highly specialized service* can survive better than small shops which try to compete directly with the larger outlets and other (13) *retail outlets owned by the same company and trading under the same name*. In recent years (14) *selling over the Internet* has become much more common. Customers order and pay for goods or services by accessing a website from a home or office computer. Companies wanting to trade over the Internet need access to the world wide web (WWW) which is provided by one of the (15) *companies that provide access to the net*.



The variety of **selling techniques** has increased remarkably in recent years. Some industries, such as banking, have moved enthusiastically into **e-commerce**, completely changing the customer's experience. Many shops now offer **e-shopping** and a **home delivery service** (see Test 27). However, old traditions live on. Most towns and cities still have traditional street markets!

The growth in **hypermarkets**, **supermarkets**, **chain stores** and **multiplies** has had a big impact on the **small business sector**. Many small **retailers** have disappeared, but some have continued to trade profitably. One way that small **specialist retailers** have survived is by forming **buying groups**, which provide them with **economies of scale** and **cost benefits** (see Test 56).

**Franchises** also help small businesses to compete. A parent company (the **franchisor**) grants a **licence** to use its name to a smaller business (the **franchisee**). Hypermarkets, supermarkets and railway stations increasingly have **in-plants** – smaller shops which operate within them and pay them rent – and these are often franchises. Another recent development is the growth in **convenience stores**. These are small food and grocery outlets, selling fresh milk and bread, and also newspapers, confectionery, and so on. They are often open long hours. Many are attached to petrol stations. See also Tests 50, 55, 57 and 58.

Test yourself! Take a blank piece of paper and see how many different types of retail outlet or selling methods you can remember.

# Planning a distribution system

Replace each underlined word in the email with a word from the list below that has a similar meaning. Write the number after the word.

consumers	_____	despatch	_____	e-business	_____
mail order	_____	middlemen	_____	multiples	_____
producer	<u>1</u>	retailers	_____	sales forces	_____
sales representatives	_____			wholesalers	_____

Date 24 Nov 2000  
 From: chenement@sun1.valdisere.fr  
 To: silver@aro.friberg.de  
 Subject: Planning a distribution system

Dear Sara,

As the (1) manufacturer, we obviously must ensure that products reach (2) customers with maximum efficiency.

At present we use independent (3) distributors, but we should consider better alternatives. The following changes need urgent consideration:

- Cutting out (4) intermediaries – this would bring cost savings.
- Larger (5) sales teams.
- Many more (6) reps.
- Improved (7) shipment systems.
- Closer relationships with (8) dealers.
- More links with (9) chains.
- More use of (10) direct selling by post.
- Using our website for more (11) selling over the Internet.

Please call me to discuss these points as soon as possible.

Regards

Alain  
 Alain Chenement  
 Logistics Supervisor

# 30

# Distribution 1

Complete each sentence below with a word or phrase from the box.

~~commission agents~~    copyright    franchise agreement  
independent distributors    patent    sales force    shelf space  
sole distribution agreement    vending machine

- 1 Agents who receive a percentage of the sales are commission agents.
- 2 An agreement to sell only one manufacturer's goods is called a \_\_\_\_\_.
- 3 All the people involved in selling a company's goods or services are the \_\_\_\_\_.
- 4 People who buy from companies and sell to retailers are called \_\_\_\_\_.
- 5 A licence registering an invention and protecting ownership is called a \_\_\_\_\_.
- 6 The amount of space given over in a shop for displaying a particular product is called \_\_\_\_\_.
- 7 An agreement to pay a licence fee to use a well-known name is called a \_\_\_\_\_.
- 8 A machine in which you put coins to buy confectionery or other small items is called a \_\_\_\_\_.
- 9 Ownership of the reproduction rights of intellectual property (written words, music, film, art, etc) is protected by \_\_\_\_\_.



*Commission agent* and *franchise agreement* are both noun + noun combinations. Sometimes the words in the noun + noun combination become more closely linked, then they are written with a hyphen (-), e.g. *shelf-life*. When they become very widely used, the hyphen often disappears and they become one word, e.g. *website*.

# 31 Distribution 2

Here is an extract from a marketing consultant's report on distribution systems in the fast moving consumer goods (FMCG) sector. The report describes three distribution systems. Write the number of each description next to the correct system.

vertical marketing system (VMS) \_\_\_\_\_

conventional marketing system (CMS) \_\_\_\_\_

total systems approach (TSA) \_\_\_\_\_

## Distribution systems

We can identify three main distribution systems:

- 1 Traditionally there used to be a line consisting of independent producers, wholesalers and retailers. Each was a separate business.
- 2 Now, many businesses work together in a unified system where producers, wholesalers and retailers act together. They may be under common ownership, or they may have contracted to work together as a single system.
- 3 However, a new trend is a distribution system which is designed to accommodate consumer needs at minimum cost, and places every step of the distribution channel under a single control.

### Conclusion

In reality, the benefits to consumers of a simplified distribution process may not be as great as one might have thought. However, company profits can certainly rise.



Big retailers increasingly use a TSA method of control. In the UK and elsewhere they have been criticized for pressurizing producers into supplying greater quantities at lower cost and not necessarily passing the benefits on to consumers. The danger for producers is that they become dependent on the massive orders from big retailers, but the retailers may drop them without warning and the producer is left without an order.

## Promotion and advertising

Next to each type of promotion write the number of the correct picture.

banner towing 5

billboard 1

flyer         

free sample         

freebie         

newspaper advertisement         

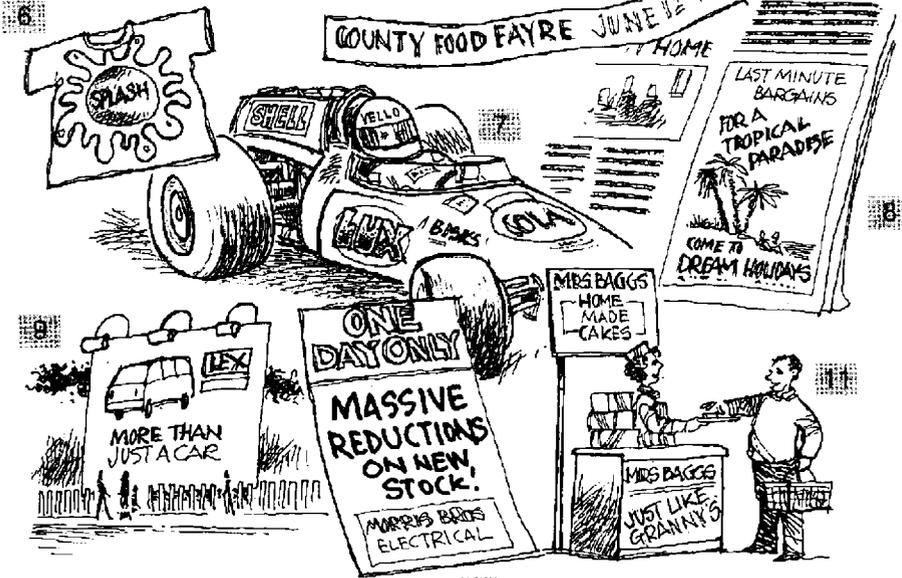
offer         

sandwich board         

sponsorship         

T-shirt advertising         

TV commercial         



10

# Communication and consumers

Next to each word or phrase in the box write the number of the correct picture.

commercial	<u>6</u>	discount	_____
mailing list	_____	mass media	_____
point-of-sale advertising	_____	reply coupon	_____
slogan	_____	target audience	_____
website	_____		

1

**CRYSTAL COMMUNICATION MAKES COMMUNICATION CRYSTAL CLEAR.**



2

3

## SD Financial Services

Freepost 6723, Dewsbury, Leeds LS14 60FT UK

Tel: 44 (0)113 453 9898

Email: [SDFinance@toplink.co.uk](mailto:SDFinance@toplink.co.uk) <http://www.sdfs.co.uk>

Yes please! Send me further details of the complete Home Finance Plan.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone: (home) \_\_\_\_\_ (work) \_\_\_\_\_

e-mail \_\_\_\_\_

4



5



6



7



8



9

- Araldi, V. Via Dante 38, San Giorgio a Cremano (NA)  
 Arcometti, P. Corso Occidentale 42, Pisa (PI)  
 Arione, G. Via Garibaldi 2, La Morra (CN)  
 Armando, Dino, Via Stretta 10, San Gimignano (FI)  
 Assenzi, P. Piazza della Libertà 32, Vicenza (VI)  
 Attametti, F. Via dei Caduti sul Lavoro 22, Trastevere, Roma



When you browse the Internet keep a pen and Notebook handy to write down new words and phrases in English. The web and all forms of advertising offer opportunities to read current, real functional examples of English in action.

# 34 Planning advertising

SPEAR, a mail order company, is planning a new advertising campaign. Below is an extract from an internal report to senior marketers in the company. Fill each gap in the report with a word or phrase from the box.

advertisements    advertising mix    campaign    ~~catalogue~~  
commercials    competition    consumer awareness    direct mail  
hard sell    impulse buying    mailshot    online    website

## ADVERTISING PLAN

Our plan is to sell products through a (1) catalogue and mail order service. We will use a high pressure, (2) \_\_\_\_\_ approach. We can attract customers to order the goods by offering special (3) \_\_\_\_\_ prizes. Once the catalogue arrives, consumers will order goods which have an instant appeal. We will depend on (4) \_\_\_\_\_.

Another approach is to run a long advertising (5) \_\_\_\_\_ to increase (6) \_\_\_\_\_ of our products. We plan a variety of advertising techniques: this (7) \_\_\_\_\_ will consist of television (8) \_\_\_\_\_, newspaper (9) \_\_\_\_\_, and street advertising. We have a good target customer database, so we will use (10) \_\_\_\_\_. We plan to do a (11) \_\_\_\_\_ twice, to put extra pressure on those who do not answer the first time.

We also have a company (12) \_\_\_\_\_ where we advertise our products. Customers can also order goods (13) \_\_\_\_\_.



Think of one or two well-known companies. Use some of the terms in this list to describe how they promote their products.

# 35 Strategies 1

Match each strategy (1–9) with the correct description (a–i).

- |   |                             |
|---|-----------------------------|
| 1 Advertising on the Internet   | a generic advertising       |
| 2 A promotion strategy based on getting the consumer's attention and interest, then desire for the product, then action (buying the product). | b below-the-line promotion  |
| 3 All forms of advertising except mass media advertising  | c AIDA                      |
| 4 Mass media advertising  | d customer-oriented selling |
| 5 A selling style based on identifying and meeting the customer's needs   | e push strategy             |
| 6 Advertising for a whole sector, such as tourism or health promotion, rather than for a specific product                                     | f above-the-line promotion  |
| 7 A sales-oriented selling style, using high pressure and persuasion, discounts and free services   | g hard sell approach        |
| 8 A method of sales promotion which uses pressure on distributors or on retailers   | h in-store promotion        |
| 9 Advertising at the point of sale  | i on-line promotion         |



Above-the-line and below-the-line are traditional marketing terms. Do not confuse them with the expression online. Above-the-line advertising would include online advertising. Below-the-line means all other forms, including in-store, on packaging, leaflets, posters, vehicles, etc.

# 36

## Strategies 2

Fill each gap in the sentences with a word or phrase from the box.

consumers    emotional appeal    image    promotes    publicity  
rational appeal    targets    USP (unique selling proposition)

- 1. A set of characteristics that make a product different from its competitors is its USP.
- 2. Any activity which increases consumer awareness of a company or its products is \_\_\_\_\_.
- 3. Promotional techniques based on giving the consumer facts and technical information are concerned with \_\_\_\_\_.
- 4. Promotional techniques aimed at people's fears, ambitions, feelings, likes and dislikes are concerned with \_\_\_\_\_.
- 5. Advertising \_\_\_\_\_ consumers and \_\_\_\_\_ products.
- 6. Companies use websites and e-commerce strategies to appeal to new consumers and to promote a state-of-the-art \_\_\_\_\_.
- 7. Mass media promotion aims to influence public perception, not only target \_\_\_\_\_.



**Promotion** is everything that raises consumer awareness of a product. That includes giving interviews to the media, logos on vehicles and staff wearing a uniform. **Advertising** is one type of promotion. There are many kinds of advertising and most involve paying someone else, for example a newspaper or radio station, to carry your advertisement.

# 37

## Types of promotion

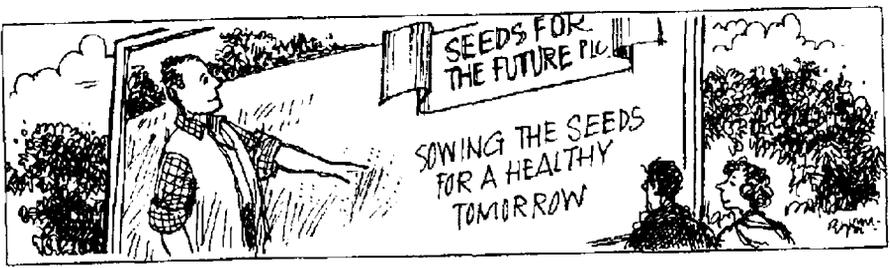
Choose the correct alternative for each sentence. In one case, both/all of the alternatives are possible.

- 1 direct mailing / mail order / postal advertising  
Sending product or service information by post to specific individuals or companies is called direct mailing.
- 2 personal selling / direct selling  
A selling technique based on making a personal call to an individual or company is called \_\_\_\_\_.
- 3 an in-store promotion / a special offer  
A promotion based on advertising in the actual shop is \_\_\_\_\_.
- 4 point-of-sale advertising / on-pack promotion  
A promotion method that involves the packaging of a product, such as including a free sample or coupons, is called \_\_\_\_\_.
- 5 sponsorship / perimeter advertising  
Advertising around the playing area at sports grounds is called \_\_\_\_\_.
- 6 bargain selling / BOGOF  
A promotion method for fast moving consumer goods which involves buying one and getting one free is called \_\_\_\_\_.
- 7 online advertising / advertising on the web / Internet advertising  
Promoting your activities or your company and its products or services on the Internet is called \_\_\_\_\_.
- 8 cold calling/door-to-door selling  
Telephoning direct to homes or businesses to try to interest people in your products or services is called \_\_\_\_\_.

# 38 Promoting a message

Match the definitions (1-6) with the phrases (a-f).

- |   |  |   |                   |
|---|--|---|-------------------|
| 1 | The way the company is perceived by the public.  | a | positioning       |
| 2 | What a promotion says about its subject.   | b | message structure |
| 3 | The attempt by marketers to give a product a unique strength, or special characteristics, in the market.                       | c | message format    |
| 4 | The person who conveys the message in the advertisement.   | d | corporate image   |
| 5 | The way a message is presented in an advertisement, for example through symbols, through shock, through humour.                | e | message source    |
| 6 | The design of an advertisement, in terms of presenting a problem, providing a solution and justifying why that solution works. | f | message content   |



**The corporate message** is very important. It is more than simply advertising to possible consumers: businesses and organizations have to think about their image in the wider community as well. For example, many large multinational corporations now spend a lot of money promoting their image as environmentally responsible.

# 39 Key words 4

Use the definitions to help you rearrange the letters to find words connected with market research.

1 A study of what people think or what they do.

yesvur survey

2 A person who finds out information from the public in order to discover what they want or can afford to buy.

kemrat charseerer \_\_\_\_\_

3 A set of questions to find out people's opinions on particular issues, often used in studies of political opinion and preference.

lolp \_\_\_\_\_

4 Something that is given away free to make the customer aware of the product, or to make them try the product.

plesma \_\_\_\_\_

5 A set of questions designed to find out what people think about a product or service.

teronequinsia \_\_\_\_\_

6 Information collected from research. The researcher then analyses the information before making conclusions.

atad \_\_\_\_\_

7 Subjectivity or personal opinion affecting the results of a survey.

saib \_\_\_\_\_

8 The person who is asked questions or is studied in market research.

justceb \_\_\_\_\_

9 Another name for the person who answers questions in market research, often by returning a completed questionnaire.

pestendron \_\_\_\_\_

# 40 Market research objectives

A clothing manufacturer, Corallo, wants to know why its sales of jeans are falling at a rate of 10% a year. They have asked Abacus Data Research (ADR), a market research consultancy, to find out.

Choose a phrase from the box to replace each phrase in *italics* in the letter. Write the number after the phrase.

advertising research	_____	causal research study	_____
consumer awareness	_____	consumer research	_____
focus groups	_____	in-house research	_____
market research	<u>1</u>	market research brief	_____
observational research	_____	pilot questionnaire	_____
population	_____	questionnaire	_____
representative	_____	secondary research	_____



*'Personally, I wouldn't be seen dead in a pair of jeans like that...'*



In American English letters, it is common to use the farewell *Yours truly*. In British English letters, the standard farewell in a business letter is *Yours sincerely* when the letter starts with a name (e.g. *Dear Mr Babcock*) or *Yours faithfully* if the letter begins *Dear Sir*.

**ADR  
Abacus Data Research**

South Dakota Blvd., Englewood Cliffs, 07632 New Jersey

Tel: 201 654 8787 Fax: 201 654 8732

email: [kleins@adr.com](mailto:kleins@adr.com) <http://www.adr.com>

Sam Klein  
Corallo Clothing Company  
P.O. Box 230  
Englewood Cliffs  
May 20, 2001

Dear Sam,

Thank you for your letter dated May 15. As I said when we met briefly last week, we at ADR would be very pleased to help you with (1) *studies on your products and their markets*. What I need now is a detailed (2) *description of your objectives for this study* – a statement of exactly what you need to know.

If we set up a (3) *study that aims to explain a particular phenomenon*, in this case why you are experiencing a sales fall, we should of course go direct to consumers and ask their opinions. This type of (4) *study of what consumers think* will be vital. We can do this in three ways:

- 1 Using (5) *groups of typical consumers that we bring together for detailed questioning*. The members of the panel need to be (6) *typical* of the whole (7) *mass of jeans buyers*.
- 2 A conventional (8) *paper with a lot of questions* sent out to consumers. Alone, this is less effective, even if we use a (9) *test set of questions* to make sure we are asking the right questions. But it is much cheaper.
- 3 We can use (10) *studies of actual sales*. But this kind of study is based on figures, rather than on what people say, so it gives only limited information.

A further area to think about is (11) *how much consumers actually know about your company and its products*. We can carry out some (12) *studies into the effects of your advertising*.

Please send us any (13) *studies you have carried out yourselves*, or any (14) *studies using published material* that you have used in the past. This will help our background investigations.

Looking forward to hearing from you.

Yours truly,

*R. McCawley*

Robert R. McCawley  
Deputy Vice-President

# 41 Types of research

Below are 11 types of market research, each followed by 4 statements. Two of the four statements are true, and two are false. Mark the statements T (True) or F (False).

## 1 agency research

- a) F It compares one agency with another.
- b) T It is carried out by independent agencies, usually experts in particular fields.
- c) T It is the opposite of in-house research.
- d) F It is research work for governments.

## 2 clinical trial

- a)     It is research carried out by clinical agencies.
- b)     It is research into the effects of drugs or treatment methods.
- c)     Pharmaceutical companies carry out clinical trials.
- d)     It is a test to find out if a finished product works.

## 3 desk research

- a)     It is research carried out using published material.
- b)     It can include information about geography, politics, economics and social conditions.
- c)     It involves going out to ask consumers for their opinions.
- d)     It is the study of research results using computer analysis.

## 4 distribution research

- a)     It is the system of sending research material to different consumers.
- b)     It is about sending out information to various research companies.
- c)     It is research into the ways products or services are distributed.
- d)     It is important when making decisions about where to locate retail outlets or where agents are needed.

## 5 exploratory research

- a)     It is about choosing the best research methods.
- b)     It is designed to help marketers understand problems.
- c)     An example of it is a detailed study of why a particular product is losing sales.
- d)     It is the study of new markets.

## 6 marketing communications research

- a)     It is the investigation of ways to talk to consumers and the public in general.

- b) \_\_\_\_ It is a kind of marketing research.
- c) \_\_\_\_ It is about the telecommunications sector.
- d) \_\_\_\_ It looks only at the results of communication methods.

### 7 marketing research

- a) \_\_\_\_ It is the same as market research.
- b) \_\_\_\_ It is about looking at the effects of advertising.
- c) \_\_\_\_ It includes market research.
- d) \_\_\_\_ It is about collecting, studying and analysing information which affects marketing decisions.

### 8 omnibus survey

- a) \_\_\_\_ It is research carried out on behalf of several companies together.
- b) \_\_\_\_ It is research on the performance of many different products.
- c) \_\_\_\_ Omnibus surveys look at several companies and compare their performance.
- d) \_\_\_\_ It is a survey which companies can buy from the government.

### 9 pricing research

- a) \_\_\_\_ It examines the relationship between price and demand.
- b) \_\_\_\_ It is about the cost of research.
- c) \_\_\_\_ It is very important, since price is a key element in determining market share.
- d) \_\_\_\_ It is about profit and loss accounts.

### 10 primary research

- a) \_\_\_\_ It is the first research that companies do.
- b) \_\_\_\_ It is the most important research into a product and its market.
- c) \_\_\_\_ It is original research carried out by a company.
- d) \_\_\_\_ It is contrasted with secondary research, which uses published information that is easily available.

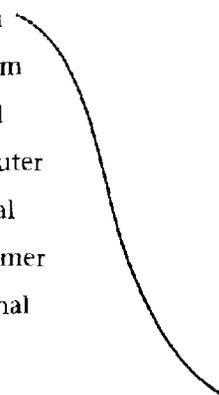
### 11 product research

- a) \_\_\_\_ It looks at the market acceptance of a product.
- b) \_\_\_\_ It involves the design and concept of a product, then testing of the product, then market acceptance of the product.
- c) \_\_\_\_ It is about competitors' products.
- d) \_\_\_\_ It is principally the same as quality testing.

The word **research** is a singular, uncountable noun. You cannot say *there have been a lot of researches on ...* ❌. This should be *there has been a lot of research on ...* ✅ or *there have been a lot of studies on ...* ✅. There is also the verb *to research something*. The commonest expressions are *to do research* and *to carry out research*.

## Research terms

**A** Match each word on the left with an appropriate word on the right to make a phrase common in market research.

- |             |              |
|-------------|--------------|
| 1 closed    | a analysis   |
| 2 random    | b population |
| 3 biased    | c trial      |
| 4 computer  | d brief      |
| 5 clinical  | e awareness  |
| 6 consumer  | f sampling   |
| 7 personal  | g interview  |
| 8 total     | h sample     |
| 9 quota     | i question   |
| 10 research | j survey     |
- 

**B** Now match each of the phrases you have made to one of the definitions below.

1 a test carried out on a new drug

---

2 a survey which is not objective and has been designed to give a particular result

---

3 a detailed description of the objectives of some marketing research

---

4 a sample in which all the people taking part have been selected by chance

---

5 a question with a yes/no answer

---

6 use of ICT (Information Communications Technology) or computers to interpret results

---

7 what the public know about a company or product

---

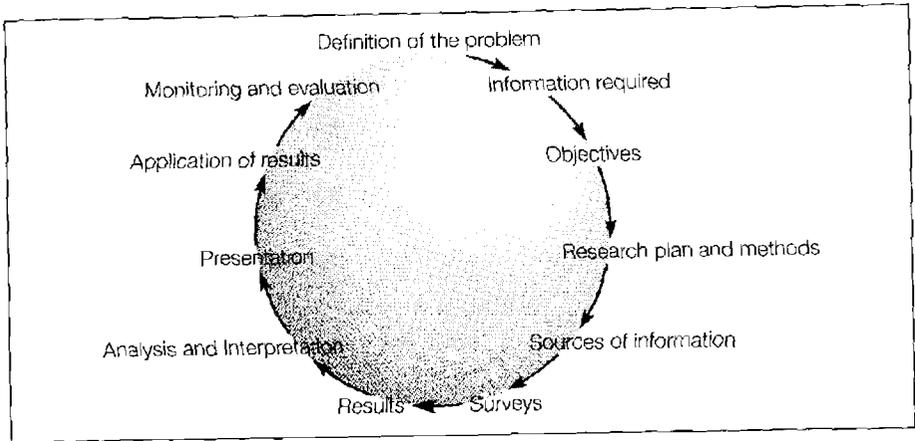
- 8 choosing a sample because of the particular characteristics of the individuals
- 9 all the people who could possibly be consumers for a particular product
- 10 a survey technique based on face to face (or possibly telephone) conversation



- A term that is common in market research is **socio-economic group** – a category based on occupation, education and income. Common groups are:
- A professionals: lawyers, doctors, architects, senior company executives
  - B other professionals: teachers, lecturers, managers, senior police officers, senior officials
  - C1 higher grade officials, low grade managers, self-employed, skilled workers, shop owners, etc.
  - C2 semi-skilled manual workers, low grade clerical assistants, low grade civil servants
  - D shop assistants, unskilled workers in regular employment
  - E marginally employed and unemployed workers
- Civil servants** means people employed by the state, especially in government offices.

# The research process

The picture below shows the research process, beginning with the definition of the problem, and ending with monitoring and evaluation. Study the picture, then complete the description that follows.



Student: Can you describe the research process?

Lecturer: Of course. The process has – according to the picture – eleven parts. Let's look at each of them in order. Well, first you have to define the problem. What is the problem? Then decide what 1) information you want to find out. Next you have to set 2) \_\_\_\_\_. The next step is to make a research plan and decide the 3) \_\_\_\_\_ of the research. After that, you have to decide where you can get the information you need, what 4) \_\_\_\_\_. Then you have to carry out the 5) \_\_\_\_\_, and collect 6) \_\_\_\_\_. When you have completed this stage you must do the 7) \_\_\_\_\_ of the results and interpret the data. After that you can 8) \_\_\_\_\_ the results of the research. The research can then be applied and change can be observed. When everything is finished, you then have to 9) \_\_\_\_\_ the effects of the research, and the changes, and evaluate the whole process.



**Market research** is a tool to help managers make the right marketing decisions. Good marketing requires a clear strategy. Good research helps marketers to design good strategies. It also helps managers deal with and respond to change.

# 44

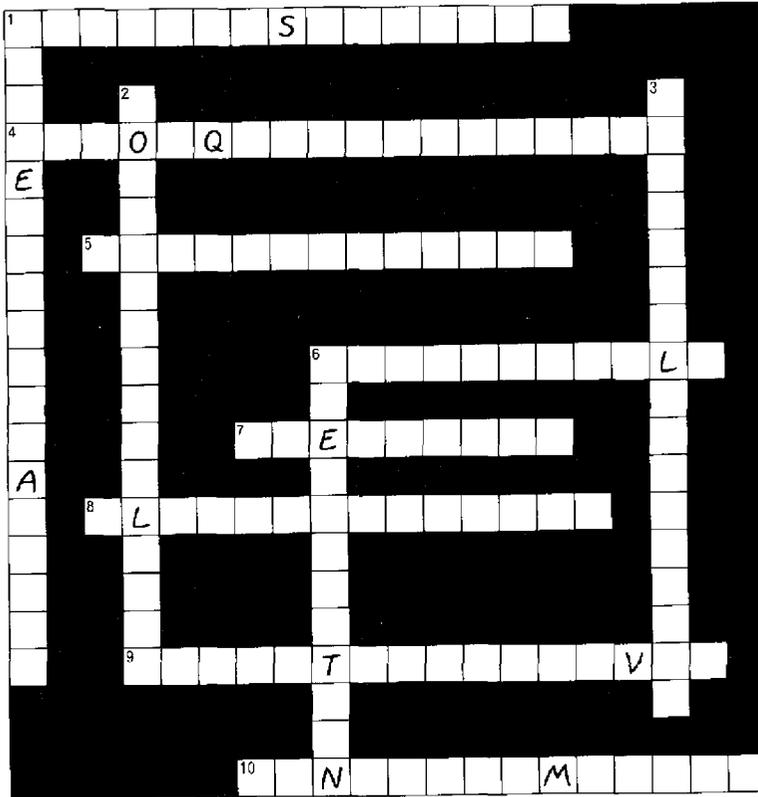
## Research methods 1

Match the definitions (1–10) with the words and phrases (a–j).

- |    |   |   |                       |
|----|---|---|-----------------------|
| 1  | Research which is designed to provide facts and statistical data. Results are easy to analyse, often by computer.                               | a | opinion poll          |
| 2  | A sampling method based on using small groups that are representative of much larger groups.  | b | validity              |
| 3  | Analysis of numerical information to test that results are accurate and reliable.   | c | quantitative research |
| 4  | A limited study carried out on a small number of people to test your research methods.  | d | extrapolation         |
| 5  | A survey designed to find out what people think, often on politics or environmental issues.   | e | statistical analysis  |
| 6  | A set of questions in which the answers given affect what question(s) will be asked next.   | f | pilot survey          |
| 7  | An original study carried out among the population, not by finding out information from published sources.                                      | g | fieldwork             |
| 8  | An essential quality for research. Without it, the research is not reliable.  | h | unstructured survey   |
| 9  | Using information gained from a small number of people to estimate how large numbers of (similar) people would behave in similar circumstances. | i | qualitative research  |
| 10 | Research which is open-ended and gives respondents the chance to express opinions, feelings and attitudes.                                      | j | cluster sampling      |

# 45 Research methods 2

Fill in the crossword. All the answers are terms used in research methods.



### Across

- 1 A sampling method based on using small groups that are representative of much larger groups. (7, 8)
- 4 A test set of questions used on a small sample of people. It helps to identify problems in survey design. (5, 13)
- 5 A method of choosing who to use as research respondents that is based on identifying people with certain characteristics, e.g. males aged 18–25 who drive and have above average income. (5, 8)

- 6 A survey designed to find out what people think – often on political issues. (7, 4)
- 7 Original study carried out by going out among the population to watch people, ask questions, etc. This contrasts with finding out information from published sources such as books or reports. (9)
- 8 A question with a limited number of possible answers, e.g. Yes or No. (6, 8)
- 9 A formal design for a questionnaire which is not dependent on the answers given. (10, 6)
- 10 A method of selecting who will be included in a sample which ensures that the sample is representative of the whole population. (6, 8)

### Down

- 1 A study of rival companies and their products. (10, 8)
- 2 A study of data using information technology hardware and software. (8, 8)
- 3 Questioning people individually, usually face-to-face. (8, 9)
- 6 A type of question which allows the person answering to use his or her own words, e.g. What do you think about Fresho Soap products? (4, 8)



**Open questioning** is often used in evaluation surveys. Open questioning invites respondents to say more in answer to a question. This is called **qualitative research**. It contrasts with **quantitative research**, which uses closed questions, or tick boxes. This kind of research gives results which are easily analysed, perhaps using statistical or computer analysis. Organizations often choose a combination of qualitative and quantitative **research methods**.

# 46

## Survey results

Look at these statistics collected from a survey. Then read statements 1–8 and mark them T (True) or F (False). If you choose False, say why.

Method: Telephone								
Age:		15	16	17	18	19	20	
Social group: (% of age group)	A	3	9	12	14	12	12	
	B	23	41	26	34	25	22	
	C1	49	20	29	35	32	38	
	C2	14	10	19	10	18	16	
	D	6	12	6	2	10	4	
	E	5	8	8	5	3	8	
<b>1</b>	Is eating healthy food important for you?							
	(% of total)	Yes	7	19	5	8	27	6
		No	4	5	3	2	12	2
<b>2</b>	How often do you eat healthy food?							
	Always	1	2	–	–	3	–	
	Most of the time	2	3	6	1	2	1	
	Sometimes	4	2	1	–	11	1	
	Rarely	1	3	1	7	14	2	
	Never	3	14	–	2	9	4	

- 1** The survey shows the young prefer healthy food. T/F
- 2** The survey was based on telephone interviews. T/F
- 3** The respondents were aged 14–19. T/F
- 4** The majority (72%) thought that eating healthy food was 'important' for them. T/F
- 5** 25% said that 'most of the time' they ate 'reasonably healthy food'. T/F
- 6** Higher status groups were clearly more interested in healthy eating. T/F
- 7** It was not possible to draw firm conclusions about the relationship between age and healthy eating, as there is no consistent trend in the results. T/F
- 8** The survey is biased since most of the respondents were in higher socio-economic groups. T/F

# 47 Key words 5

- A** Find eight common words connected with consumers and market segmentation in the word square. Three of the words are vertical, and five are horizontal.

P	O	S	I	T	I	O	N	I	N	G
P	B	E	K	L	M	O	G	R	G	F
O	N	G	L	D	Q	U	I	R	T	G
I	G	M	R	B	C	D	L	B	A	E
N	B	E	H	A	V	I	O	U	R	R
G	E	N	D	I	F	F	Y	N	G	D
A	E	T	H	I	C	S	A	I	E	L
N	M	G	E	L	S	P	L	M	T	E
U	S	L	I	F	E	S	T	Y	L	E
L	O	Y	M	E	N	T	Y	T	U	C
A	T	T	I	T	U	D	E	N	S	E

- B** Match the terms you have found in the word square with the meanings below.
- 1 The way people live, work and spend their leisure time.
  - 2 The special orientation of a product towards a particular target group of consumers.
  - 3 A part of the overall market.
  - 4 The tendency for consumers to stay with one product or one producer, and not to use similar ones from competitors.
  - 5 What a consumer feels or thinks.
  - 6 Considerations based on moral questions and moral judgements.
  - 7 What consumers actually do.
  - 8 Particular consumers at whom a producer directs promotional effort.

# Consumer marketing and buyer behaviour

**A** Match the term on the left with the definition on the right.

- |  |  |
|--|--|
| <b>1</b> marketing ethics                  | <b>a</b> An established liking for a particular producer's products that means you often buy the same product again, even over many years.                                       |
| <b>2</b> niche marketing                   | <b>b</b> Large purchases of products that will be used for a long time, even for years. Such purchases are often thought about a lot, with a high level of customer involvement. |
| <b>3</b> brand loyalty                     | <b>c</b> A spontaneous decision to buy something – you see it – you buy it!  |
| <b>4</b> routine purchasing                | <b>d</b> Aiming a high price, high quality product at a narrow group of consumers, with a lot of purchasing power (a lot of money!)  |
| <b>5</b> impulse buying                    | <b>e</b> Repeat buying, with little involvement in the purchase.   |
| <b>6</b> fast moving consumer goods (FCMG) | <b>f</b> Regularly used items that are bought frequently with little personal involvement.   |
| <b>7</b> consumer durables                 | <b>g</b> Concern for the environment, for society and for a moral code in marketing.   |

**B** Fill each gap in the sentences below with a preposition from the box. The prepositions may be used more than once.

at in into of on to with for -about-

1. People who are concerned about society are typically interested \_\_\_\_\_ marketing ethics.
2. Niche marketing is frequently concerned \_\_\_\_\_ aiming particular products \_\_\_\_\_ specific socio-economic groups.
3. Brand loyalty is based \_\_\_\_\_ the development \_\_\_\_\_ routine purchasing of low-involvement goods.
4. The success of shops attached \_\_\_\_\_ petrol stations depends \_\_\_\_\_ impulse purchasing. You can see motorists who suddenly decide to buy a music cassette, confectionery or a magazine.
5. Research \_\_\_\_\_ buyer behaviour shows that when consumers make routine purchases \_\_\_\_\_ regularly used consumer products, they are not personally involved \_\_\_\_\_ the products.
6. Routine purchasing contrasts \_\_\_\_\_ the purchase of consumer durables, such as furniture, kitchen appliances or a car. Here there is a greater degree \_\_\_\_\_ personal involvement.
7. Clients have increasingly high expectations \_\_\_\_\_ the providers of professional services in a range of fields, including health, education and the law.
8. Special government appointed committees are responsible \_\_\_\_\_ ensuring that consumers get good service and adequate protection. Sometimes called consumer watchdogs, they respond \_\_\_\_\_ reports of malpractice.



Check that you know the meaning of these terms: **niche marketing**, **routine purchasing**, **(brand) loyalty**, **impulse purchasing**, **(marketing) ethics**, **consumer durables**. If they are new to you, practise using them by writing sentences about yourself and your **buyer behaviour**.

# 49

## Economic factors and buyer behaviour

Fill each gap in the text below with a word or phrase from the box. The items in **bold** are headings.

assets	<b>credit availability</b>	discounts	discretionary income
economic growth	employment	<del>general economic situation</del>	
loss leader	outgoings	<b>price</b>	<b>purchasing power</b>

There are four major economic factors which affect consumer buying behaviour.

**1** general economic situation

When the national economy is doing well, when people feel that their \_\_\_\_\_ is safe, they spend more. In times of a slow down in \_\_\_\_\_, if interest rates or taxation rates increase, then buyer confidence goes down.

**2** \_\_\_\_\_

People spend according to what is left after meeting their regular costs on rent, mortgage, bills, tax, borrowings and other \_\_\_\_\_. What is left is called \_\_\_\_\_.

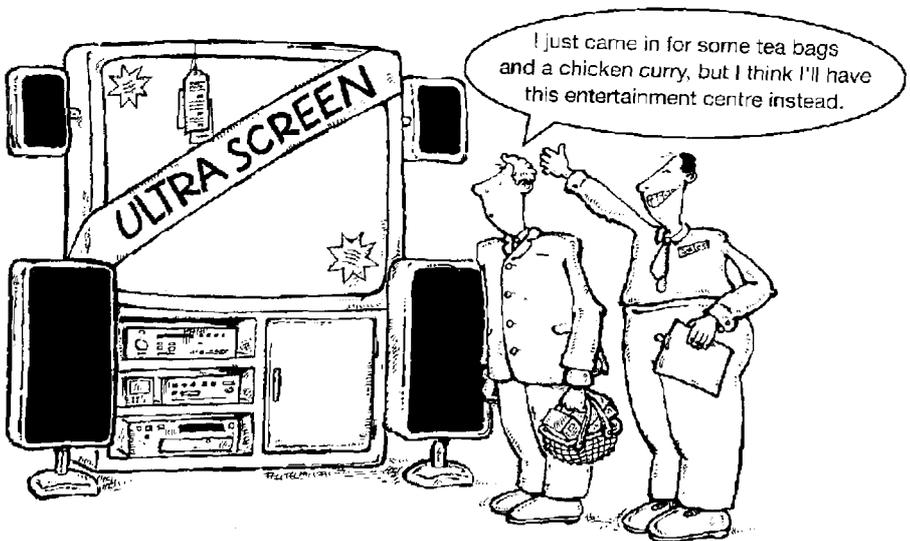
**3** \_\_\_\_\_

Banks and other lenders are sometimes particularly happy to lend, for example to anyone in work, or with \_\_\_\_\_ such as property. Credit card spending goes up and many people borrow money to buy goods.

4

This is perhaps obvious. High prices may limit spending, but not always. Sometimes high prices indicate high quality and this increases the desirability of the product. Price may also be less important if the need is great. But, in contrast, low prices may increase buying, especially where \_\_\_\_\_ are on offer.

Sometimes items are offered at a low price as a \_\_\_\_\_. This means products are sold at below cost price. The shop thinks that consumers will buy these low priced goods, but also other high profit items.



Supermarkets often sell some regularly purchased **fast moving consumer goods (FMCG)** at below cost price as part of a **loss leader strategy**. Special offers or, the other hand, are often to introduce a new product or to boost sales of a particular item. Special offers are usually temporary, but a loss leader strategy can be a long-term decision for some items. In both cases, the supermarket is predicting **consumer behaviour/buyer behaviour**.

# 50 Consumers and lifestyle

Match the consumer type (1–8) to the lifestyle definitions (a–h).

- |   |                |   |   |
|---|----------------|---|---|
| 1 | achiever       | a | This person has a traditional, conservative and conformist lifestyle. He or she likes to feel comfortable but does not like change. |
| 2 | belonger       | b | This person has the original idea to do something.  |
| 3 | decision maker | c | This person is young, ambitious, successful, hard-working and determined to win in life.  |
| 4 | dependent      | d | This person is ambitious and competitive, and seeks to become richer and more successful, but is content with life.                 |
| 5 | emulator       | e | This person has worked hard and got what he or she wanted. He/she is rational and reasonable.                                       |
| 6 | influencer     | f | This person announces that something is going to happen.  |
| 7 | initiator      | g | This person tells other people about an innovation they think is a good one, and recommends buying.                                 |
| 8 | integrated     | h | This person is unable to survive well alone because of age, lack of money or a physical or mental disability.                       |



When marketers talk about **prospects** they mean potential buyers of a product. A key aim of **promotion** is to persuade prospects to become **purchasers**. **Market segmentation** aims to categorize prospects, usually by **lifestyle** and **spending power**.

# 51 Market segmentation 1

Mark statements 1–8 T (True) or F (False). If a statement is false, correct it.

- 1 *Social marketing* targets particular consumers according to their socio-economic group. T / F
- 2 *Target marketing* is concerned with advertising to particular groups of consumers. T / F
- 3 *Differentiated marketing* aims to appeal to specifically identified groups of potential users of a product. T / F
- 4 *Undifferentiated marketing* is all kinds of marketing techniques used at once. T / F
- 5 *Segmentation strategy* is an attempt to divide the total market into specific types of consumers. T / F
- 6 *Product positioning* is a way of promoting goods in stores. T / F
- 7 *Industrial marketing* is the marketing of manufactured goods. T / F
- 8 *Consumer watchdogs* have become more common especially in service industries and in public sector. T / F



On socio-economic groups, see Test 42. On industrial marketing, see Test 53.

# Market segmentation 2

Complete the table below by writing the words and phrases from the next page under the right heading.

Types of market segmentation		
<b>Behaviouristic segmentation</b>	<b>Benefits segmentation</b>	<b>Demographic segmentation</b>
<i>use/non-use of product</i>	<i>product characteristics</i>	<i>age</i>
<b>Geographic segmentation</b>	<b>Industrial market segmentation</b>	<b>Psychographic segmentation</b>
<i>state/country</i>	<i>turnover</i>	<i>opinions</i>

- climate
- product characteristics
- ethnic origin
- size of company
- nationality
- region
- political beliefs
- ~~opinions~~
- ~~use/non use of product~~
- ~~turnover~~
- leisure interests
- urban/suburban/rural
- ~~age~~
- knowledge/awareness of a product
- attitudes to a product
- ~~state/country~~
- type of company
- sex
- product performance

# Industrial marketing

Industrial marketing is marketing by companies where the target audience is another company, or organization, not individual consumers or members of the public. Completely different marketing strategies are involved.

- A** Read the extract from a management training book below. Fill in the gaps with headings from the box.

buyer factors	external factors	needs
price and promotional factors	supplier factors	

## Influences on industrial purchasing

Industrial marketers must understand what affects buying decisions in companies and organizations. Then they can plan a marketing strategy. We can say that buying is affected by five factors.

1. \_\_\_\_\_, for example discounts, special prices and terms, as well as the influence of advertising, free samples, and trial offers.
2. \_\_\_\_\_, or what people say about the company, exhibitions and trade fairs, reviews and comments in trade journals, and also any relevant seasonal factors.
3. \_\_\_\_\_. Examples are the buyer's experience, and knowledge of the product, and of the potential suppliers. The culture of the buying organization is also important, and an understanding of the company purchasing policy. The size, complexity, level of technology, and financial resources are all important. A final factor in this category is the structure of the organization, and the role of senior executives in buying decisions.
4. \_\_\_\_\_ including level of urgency, stock levels, and the perceived value of the purchase to the buying organization.
5. \_\_\_\_\_ include competitors and rival offers, the quality and availability of the product offered, after-sales service, location and labour relations at the suppliers. Another significant factor here is the relationship with existing suppliers, including personal relationships, and the desire for continuity.

**B** Find words in the text above which go with these definitions. They are in the right order.

1 Special reduced prices

2 Conditions attached to payment, such as dates and credit

3 Special industry events to show off products

4 Specialist magazines

5 Rules about buying goods and services

6 Quantity of equipment held in storage

7 Support provided buy a seller to a buyer

8 The relationship between a company and its employees



Industrial marketing is affected by the industry environment. Porter described **Five Forces** of the industry environment: **competition** (Who are they?) and the nature of competition (Price or quality?); new **entrants** to the market (How easy or difficult is it to enter the market?); **substitutes** (E.g. travel by plane instead of by bus); **customers** (How much power do they have? How much choice?); **suppliers** (How many suppliers are there? If there are very few, they have more power).<sup>1</sup>

<sup>1</sup> Porter M., *Competitive Strategy: Techniques for Analysing Industries and Competitors*, (New York: Free Press, 1980), p. 7

# 54 Key words 6

**A** Match each word (1–6) with its opposite (a–f).

- |                          |                              |
|--------------------------|------------------------------|
| <b>1</b> overseas        | <b>a</b> free market economy |
| <b>2</b> strength        | <b>b</b> global              |
| <b>3</b> buyers          | <b>c</b> domestic            |
| <b>4</b> supply          | <b>d</b> weakness            |
| <b>5</b> command economy | <b>e</b> suppliers           |
| <b>6</b> local           | <b>f</b> demand              |

**B** Now fill each gap in the sentences with a word or phrase from part A.

**1** Nabisco has dominated the \_\_\_\_\_ biscuit market in the USA for over 60 years.

**2** The enormous \_\_\_\_\_ of the McDonald's brand name has helped the company to enter new markets all over the world.

**3** A \_\_\_\_\_ of small retail businesses is their inability to compete with larger competitors in fixing favourable terms with \_\_\_\_\_.

**4** All major European manufacturers have to look to \_\_\_\_\_ markets to increase their turnover.

**5** When commercial \_\_\_\_\_ purchase large quantities of goods, it is often possible to achieve important cost savings.

**6** Effective pricing policy depends on the \_\_\_\_\_ and \_\_\_\_\_ relationship.

**7** The WTO, NAFTA, Japan and the EU are committed to the values of the \_\_\_\_\_.

**8** Globalization has caused many businesses to look to \_\_\_\_\_ markets and not just \_\_\_\_\_ ones.



Marketers have to think about the impact of globalization on their business. What exactly is globalization? Here's a definition: globalization is the increasing diversity, cultural impact and extent of trade, communication, political, economic and security interests, and investment, industrial and commercial ownership, wealth generation and environmental awareness across and between regions where distance and locality are less significant than they once were.

An example of the impact of globalization is the increase in Foreign Direct Investment (FDI). FDI is investment of money in another country. FDI jumped from around \$50 billion in 1985 to \$644 billion in 1993 and was on track to top \$800bn in 1999. *United Nations World Investment Report 1999* (New York and Geneva, quoted in Mickethwait J. & Woodridge A. (2000, p.303) *A Future Perfect: the challenge and hidden promise of globalisation*, London Heinemann.

# 55 More key planning terms

Decide if the following terms are the same (S) or different (D). If they are different, explain how.

- 1 strategy / plan
- 2 customer/ client
- 3 free market / market economy
- 4 market trend / market survey
- 5 marketing mix / advertising mix
- 6 product mix / marketing mix
- 7 mission statement / corporate mission
- 8 opportunities / threats
- 9 royalty / franchise agreement
- 10 state sector / public sector
- 11 service industries / tertiary sector
- 12 accounting / accountability



## Corporate strategy<sup>1</sup>

Mission statement or vision

*What business are we in?*

Corporate objectives, goals and aims

*Where do we want to go and how do we get there?*

Market research

*Who are our customers? What are their needs?*

Audit of external environment

*What are the opportunities and threats that we face?*

Analysis of resources

*What are our strengths and weaknesses?*

Marketing objectives

*How do we achieve our objectives in marketing terms?*

Strategic plan

*How do we match our objectives with our resources?*

Action plan

*What do we have to do to achieve our objectives?*

<sup>1</sup> Hannagan T., *Management: Concepts and Practices*, 2nd edition (London: Financial Times/Pitman Publishing, 1998), p. 125

# 56

## Marketing planning

Fill each gap in the sentences below with a word or phrase from the box.

accountability    competition    ~~economies of scale~~  
economies of scope    external audit    marketing audit  
marketing planning    marketing research    public sector    service

- 1 Increasing production by 25% does not increase costs by much, because we are able to take advantage of economies of scale.
- 2 A complete \_\_\_\_\_ will demonstrate all aspects of our performance in terms of meeting our marketing objectives.
- 3 \_\_\_\_\_ is essential to prepare clear objectives and a strategy for reaching our objectives.
- 4 The \_\_\_\_\_ examines factors which are not under the company's control.
- 5 By having documentation which can be used in various markets we are able to take advantage of \_\_\_\_\_.
- 6 We are conducting \_\_\_\_\_ to try to improve all aspects of our company performance.
- 7 We know that marketing planning has a long history in the private sector and in manufacturing. Recently there has been a new emphasis on planning in the \_\_\_\_\_ and in all kinds of \_\_\_\_\_ industries.
- 8 Public sector marketing has had to respond to increased \_\_\_\_\_ and the need for \_\_\_\_\_ in all areas of service provision.



Marketing and marketing planning have become more important for **public sector service providers** and **organizations**. This is true in health, education, transport, and government-run departments. There are different reasons for this: there is more competition, governments want value for money from their departments and from their staff, the public are better informed and want better standards. See also Test 26.

# The international trading environment

Choose the correct term for each of the definitions.

1. The market consisting of the country where a company is based and no other countries.
  - a) servant market
  - b) domestic market
  - c) local market
  
2. Factors which i) may have a negative affect on company performance, but which ii) are outside the company's control and iii) are identified during an analysis of marketing performance and prospects.
  - a) weaknesses
  - b) threats
  - c) quotas
  
3. A contract which allows another company to make your product and states the terms of payment.
  - a) franchise
  - b) a patent
  - c) a licence agreement
  
4. The action of making illegal duplicates of copyright material.
  - a) black market
  - b) cloning
  - c) copyright infringement
  
5. A large company with subsidiaries in many different countries.
  - a) a multinational
  - b) a holding company
  - c) a corporation

- 8 Factors which i) probably have a negative affect on company performance, ii) are within the company's control, and iii) are identified during an analysis of marketing performance and prospects.
- weaknesses
  - threats
  - failures
- 7 A body which negotiates and then monitors international trade agreements.
- World Trade Organisation (WTO)
  - General Agreement on Tariffs and Trade (GATT)
  - World Bank.
- 8 Companies which advertise and trade internationally using their own website on the Internet
- high tech companies
  - dot.com companies
  - Internet Service Providers (ISPs)
- 9 Cash incentives provided by a government to encourage a company to do business overseas
- export taxes
  - export tariffs
  - export subsidies



- The WTO replaced GATT in 1995. In May 2001 the WTO had 141 member countries.
- Think about how the export of services, and the international dimension to the services sector, has increased in recent years. First list the main service industries. Then write down ways in which they have become more international.

# International marketing

Read this extract from a marketing consultant's report on options for Apsa, a Spanish food distribution company planning to expand into an international market. Then fill in the missing information on the next page.

## Central/South American expansion: Options and recommendations

*International marketing* is a major step beyond simple *exporting*. Exporting remains essentially focused on the home producer. International marketing, in contrast, establishes a genuine presence in new markets and involves major *capital investment*.

APSA's marketing strategy in seeking to expand in Central and South America involves four options:

1. **International marketing strategy:** setting up manufacturing and sales subsidiaries. This offers the opportunity for full integration in the target market. However establishing subsidiaries is of course very capital intensive, and can be risky unless a lot of preliminary market research is done. Research must include finding out about the economy, local habits and customs, as well as about the markets for the products. This would be appropriate for Argentina, where establishing a subsidiary may be the best option. With this kind of international marketing, the subsidiaries should operate as independent cost centres with local management.
2. A second option is **franchising, or other joint ventures or partnerships** with established players in the market. This is usually less capital intensive and is probably best for Peru and Bolivia. Another advantage is that franchising is common in the food and drinks industry. With franchising individuals pay to use the name of a well-known manufacturer. The franchisor can insist on various policies, standards and purchasing practices, as well as receiving license payments and other fees from the franchisees.
3. A compromise, some way short of international marketing, is to use **overseas agents and distributors**. This is closer to a simple exporting strategy than international marketing, but it can be effective, and is definitely much cheaper. We recommend this option in Mexico and Chile. A possible problem is conflict of interest where an agent also handles a competitor's products. We suggest Apsa should try to obtain sole distribution agreements for these countries.
4. The fourth option is to abandon plans for international marketing and keep a simple **export strategy**, using direct links between APSA and customers. We do not recommend this as growth potential is very low.

Countries: **Mexico and Chile**

Preferred expansion method: \_\_\_\_\_

Advantages: \_\_\_\_\_

Possible difficulties: \_\_\_\_\_

Recommendations: \_\_\_\_\_

Countries: **Peru and Bolivia**

Preferred expansion method: \_\_\_\_\_

Advantages: \_\_\_\_\_

Sources of income: \_\_\_\_\_

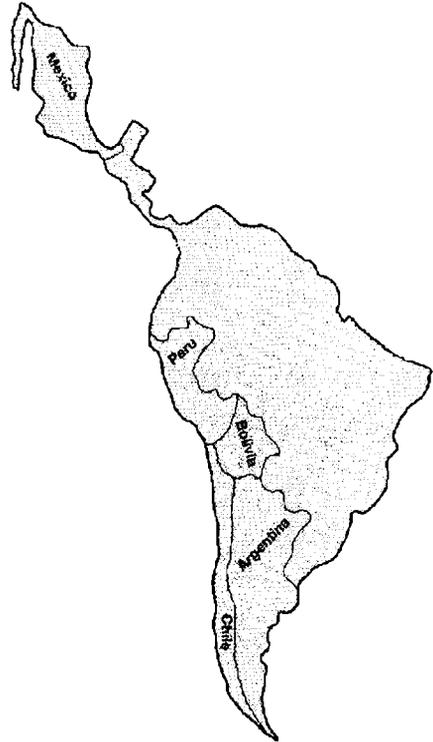
Countries: **Argentina**

Preferred expansion method: \_\_\_\_\_

Advantages: \_\_\_\_\_

Main disadvantages: \_\_\_\_\_

Recommendations: \_\_\_\_\_



- The text includes the adjective *risky*. Note the noun *risk* and the verb *to risk (something)*. There are also two common verb phrases *to run the risk of (+ ing)* and *to take a risk (in + ing)*.

Examples: *We run the risk of legal action if we copy another company's products.*

*We should not risk it. It's too risky.*

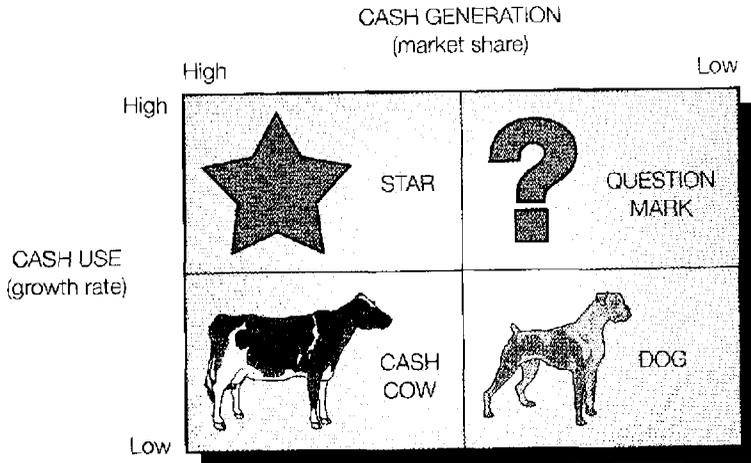
*We took a risk in setting up a plant in Rotoronga, but we made money.*

*There's still a risk of political instability in Rotoronga.*

- The term *purchasing practice* means how things are done. It is more common in the plural, *purchasing practices*. Note the similar phrase *common practice*, e.g. *It is common practice in most companies to have a marketing department.*

# Growth-Share Matrix

Read the extract from a training seminar on the Growth-Share Matrix and study the diagram. Then mark statements 1–10 T (True) or F (False). If they are false, explain why.



## The Growth-Share Matrix

The Growth-Share Matrix was originally conceived by the Boston Consulting Group. It is basically a planning tool to help marketers decide which products need extra support – in terms of cash investment – and which should be dropped completely.

**5** Cash Cows are the dream product: they generate high income but don't actually require a lot of spending. A Cash Cow product practically markets itself. A Star, on the other hand, is a new product, it requires a lot of cash, the advertising budget is high. You hope it might become a Cash Cow, but for now it offers a possibly very high short-term profit.

Question Marks, also known as Problem Products, probably need a lot of cash investment to turn them into Stars. On the other hand, they may never be really successful.

**10** At least the choice is usually clearer with Dogs: they don't use much cash, but they don't generate much income, either; they can probably be dropped.

A related concept to the Growth-Share Matrix is the idea of a Strategic Business Unit (SBU). This is the idea of treating each product area as an individual cost centre, and then being able to assess whether it is profitable or not. Profitable products – or product areas – are clearly identified as profitable, but weak and unprofitable ones are shown to be weak.

**15** With this information, it is easier to make decisions on whether to promote a weak product area using different and better marketing, or whether it would be better to drop it. If a failing product is dropped, then resources can be moved to other areas, or to develop new opportunities.

1	Cash Cows make a lot of money.	Ⓣ/ⓕ
2	Products shown to be Dogs in the growth-share matrix usually need a lot of money spending on them. Perhaps they are not worth it.	T/F
3	Stars can make good short-term profits even though they use a lot of cash.	T/F
4	The Growth-Share Matrix is a planning tool designed to show which products need extra marketing support and which should be abandoned.	T/F
5	Question Marks are also known as Problem Products.	T/F
6	Companies need to make a decision on what to do with Question Marks – they might develop into Stars if given extra support.	T/F
7	SBU stands for Standard Business Unit.	T/F
8	The SBU is a tool used to identify strong and weak products – or product areas – in a company's product portfolio.	T/F
9	The SBU approach treats whole companies as a separate item, and highlights profit or loss.	T/F
10	The SBU approach only works in manufacturing industries.	T/F

## Marketing audit

Read this email from a director of a financial services company to a colleague in an overseas subsidiary. Then fill each gap with a word or phrase from the box.

~~domestic~~ export external audit internal audit  
marketing audit SWOT analysis threat trend

Date 22 Jan 2000 15:48:45 +0900

From: J.A.W. Financial Services PLC JAWS@arena.com

To: 'Isabelle Braque' Isabraque@threecolours.com

Subject: Re. Update/news

Hello Isabelle,

Just a short note to bring you up to date while you are away. Since there has been a decline in our (1) domestic sales we have decided to carry out a (2) \_\_\_\_\_ to identify areas where improvement can be made. This consists of a typical (3) \_\_\_\_\_ with an (4) \_\_\_\_\_ to look at factors within the company and an (5) \_\_\_\_\_ examining factors outside our immediate control.

We expect that the major (6) \_\_\_\_\_ to improved performance in our domestic markets is the weakness of the national economy. The good news is that while home sales have fallen, our (7) \_\_\_\_\_ performance has been good. The (8) \_\_\_\_\_ in our key international markets is positive.

Please call me when you return to the office to discuss this in more detail.

Cheers,  
John



Remember! Marketing is everybody's business.

# Answers

## Test 1

- |             |               |
|-------------|---------------|
| 1 product   | 8 producing   |
| 2 place     | 9 developing  |
| 3 time      | 10 product    |
| 4 needs     | 11 service    |
| 5 profit    | 12 price      |
| 6 customers | 13 promote    |
| 7 want      | 14 distribute |

## Test 2

### A

R	Q	A	J	K	L	M	P	L	A	N	
C	U	S	T	O	M	E	R	S	P	O	Q
A	A	S	M	A	R	K	E	T	I	N	G
H	L	D	L	F	G	H	I	T	S	T	O
O	I	E	E	F	W	R	U	U	C	V	O
J	T	M	A	G	Y	B	B	C	E	A	D
L	Y	A	T	H	I	R	U	B	D	U	S
N	Q	N	P	R	O	D	U	C	T	Q	P
O	S	D	T	T	R	V	G	H	J	W	R
O	M	S	E	R	V	I	C	E	S	X	E
D	I	K	I	R	E	S	E	A	R	C	H
D	X	X	A	P	Q	U	A	N	A	F	H

### B

- |             |                |
|-------------|----------------|
| 1 quality   | 7 distribution |
| 2 research  | 8 marketing    |
| 3 customers | 9 plan         |
| 4 goods     | 10 mix         |
| 5 services  | 11 demand      |
| 6 product   |                |

### C

- |             |                |
|-------------|----------------|
| 1 consumers | 5 demand       |
| 2 customers | 6 distribution |
| 3 marketers | 7 mix          |
| 4 research  |                |

## Test 3

### A

- |                   |             |
|-------------------|-------------|
| 1 market          | marketer    |
| market, marketing |             |
| 2 distribute      | distributor |
| distribution      |             |
| 3 compete         | competitor  |
| competition       |             |

- |                            |            |
|----------------------------|------------|
| 4 advertise                | advertiser |
| advertising, advertisement |            |
| 5 supply                   | supplier   |
| supply                     |            |
| 6 sponsor                  | sponsor    |
| sponsorship                |            |
| 7 consume                  | consumer   |
| consumption                |            |
| 8 produce                  | producer   |
| product, production        |            |
| 9 analyse                  | analyst    |
| analysis                   |            |
| 10 research                | researcher |
| research                   |            |
| 11 import                  | importer   |
| import/s                   |            |

### B

- |                               |
|-------------------------------|
| 1 market/products             |
| 2 advertise/consumers         |
| 3 analyse/suppliers/consumers |
| 4 import                      |
| 5 supply                      |
| 6 competition                 |
| 7 sponsorship/advertising     |

## Test 4

### A

- |     |     |      |
|-----|-----|------|
| 1 c | 5 b | 9 b  |
| 2 a | 6 c | 10 b |
| 3 c | 7 a | 11 c |
| 4 b | 8 a | 12 a |

### B

- |                                   |
|-----------------------------------|
| 1 market leader (or market share) |
| 2 campaign                        |
| 3 market share                    |
| 4 sponsorship                     |
| 5 distribution (or shipment)      |

## Test 5

- |             |                     |
|-------------|---------------------|
| 1 Product   | 5 People            |
| 2 Price     | 6 Packaging         |
| 3 Place     | 7 Physical evidence |
| 4 Promotion | 8 Process           |

**Test 6**

- 1 plan
  - 2 strengths
  - 3 weaknesses
  - 4 opportunities
  - 5 threats
  - 6 mix
  - 7 product
  - 8 price
  - 9 place
  - 10 promotion
  - 11 process
  - 12 people
  - 13 physical evidence
- (7–13 in any order)

**Test 7**

f	e	d
h	g	i
b	a	c

**Test 8**

- |            |            |
|------------|------------|
| 1 goods    | 5 mix      |
| 2 free     | 6 plan     |
| 3 research | 7 trends   |
| 4 demand   | 8 analysis |

**Test 9**

- 1 c
- 2 a
- 3 b
- 4 b
- 5 c
- 6 a
- 7 b

**Test 10****A**

- 1 brand identity
- 2 brand name
- 3 brand image
- 4 own-brand
- 5 brand valuation
- 6 unbranded
- 7 intangible assets
- 8 brand loyalty
- 9 premium brand

**B**

- 1 brand name
- 2 brand valuation
- 3 unbranded
- 4 brand image
- 5 own-brand
- 6 intangible assets
- 7 brand loyalty
- 8 premium brand
- 9 brand identity

**Test 11**

- augmented product 7e  
clone 5c  
consumer durable 2d  
core product 9f  
fast moving consumer goods 8b  
generic product 1g  
perishables 3a  
primary manufacturing 4j  
sell-by date 10i  
service 6h

**Test 12**

- 5 Our R & D department designed the Triple X Pathway over a five-year period ...
- 4 ... and the product was finally launched this year.
- 6 The core product is, of course, a personal computer ...
- 2 ... but the augmented package includes ten types of software, a DVD drive, speakers, a printer, a scanner, manuals, free internet access, a free on-site warranty and the prestige of the Triple X brand name.
- 8 Of course, all components used in the manufacture of the Triple X Pathway have been well tested.
- 9 We offer a full after-sales service ...
- 1 ... and an extended five-year warranty with absolute confidence.
- 7 Furthermore, we expect the product to experience rapid early sales for at least three years ...
- 3 ... before being joined by me-too products from our competitors.

## Test 13

A

- 1 development
- 2 launch
- 3 growth
- 4 maturity
- 5 saturation
- 6 decline

B

- 1 potential
- 2 portfolio
- 3 positioning
- 4 return
- 5 penetration, consumers
- 6 extend
- 7 development, quality, appeal
- 8 markets
- 9 research, decision-making

## Test 14

- 1 launched
- 2 parts/labour
- 3 labour/parts
- 4 warranty
- 5 state-of-the-art
- 6 after-sales
- 7 network
- 8 customer
- 9 helpline
- 10 premium
- 11 on-site
- 12 support

## Test 15

- |              |             |
|--------------|-------------|
| 1 consumer   | 6 retailer  |
| 2 perishable | 7 service   |
| 3 products   | 8 purchased |
| 4 durables   | 9 patent    |
| 5 added      | 10 flop     |

## Test 16

- |        |        |
|--------|--------|
| 1 off  | 5 on   |
| 2 by   | 6 on   |
| 3 away | 7 to   |
| 4 back | 8 into |

## Test 17

A

A	P	R	I	C	E	L	T
D	I	S	C	O	U	N	T
E	C	R	G	S	N	O	I
M	P	O	R	T	E	V	F
A	W	R	M	S	V	I	O
N	I	P	F	E	E	O	R
D	R	L	M	H	R	G	P
A	M	A	R	G	I	N	E

B

- |           |            |
|-----------|------------|
| 1 profit  | 5 discount |
| 2 revenue | 6 fee      |
| 3 margin  | 7 demand   |
| 4 price   | 8 costs    |

## Test 18

A

- |     |     |
|-----|-----|
| 1 e | 4 b |
| 2 c | 5 a |
| 3 d |     |

B

- |     |     |
|-----|-----|
| 1 a | 4 e |
| 2 d | 5 c |
| 3 b |     |

C

- 1 elastic demand
- 2 penetration strategy
- 3 premium-priced
- 4 fixed costs
- 5 budget-priced

## Test 19

- 1 advance orders
- 2 break even
- 3 Production costs
- 4 high penetration
- 5 premium price
- 6 recommended retail price
- 7 factory gate price
- 8 price war
- 9 Aggressive pricing
- 10 market share

## Test 20

- 1 False. Budget-priced means low-priced, not at a reduced price.
- 2 True

- 3 False. A discount is a specially reduced price, usually for a particular customer. A discount may be offered to a frequent customer, or if he/she buys several products.
- 4 True
- 5 True
- 6 False. The factory gate price is the price a manufacturer asks when selling a product to a wholesaler, agent or retailer.
- 7 False. Production costs are all the expenses a manufacturer has to pay to produce a product, including labour.
- 8 False. The market price is the typical price that different companies are asking for similar products.
- 9 True
- 10 True
- 11 False. The wholesale price is the price a retailer pays a wholesaler for a product.
- 12 True

**Test 21**

- |                 |                 |
|-----------------|-----------------|
| 1 unit cost     | 5 budget-priced |
| 2 retail margin | 6 going rate    |
| 3 selling costs | 7 demand curve  |
| 4 price war     |                 |

**Test 22**

- |     |     |     |
|-----|-----|-----|
| 1 h | 4 e | 7 i |
| 2 f | 5 d | 8 g |
| 3 a | 6 b | 9 c |

**Test 27****A**

Buying things over the Internet	Business over the Internet	A personal identification for access to a website or a security protected resource	Looking for information on the Internet
virtual shopping	e-commerce	access code	surfing
home shopping	e-business	password	browsing
e-shopping			

**Test 23**

- |     |     |      |
|-----|-----|------|
| 1 a | 5 b | 9 a  |
| 2 c | 6 a | 10 a |
| 3 a | 7 b | 11 b |
| 4 b | 8 c | 12 a |

**Test 24**

- 1 producer
- 2 haulage company
- 3 distributor
- 4 agent
- 5 sales representative
- 6 retailer
- 7 customer

**Test 25****A**

- |                |                |
|----------------|----------------|
| 1 goods        | 6 provider     |
| 2 producer     | 7 user         |
| 3 customer     | 8 distribution |
| 4 intermediary | 9 Place        |
| 5 services     |                |

**B**

- |                   |                  |
|-------------------|------------------|
| 1 despatch rider  | 5 barge          |
| 2 container lorry | 6 container ship |
| 3 delivery van    | 7 cargo plane    |
| 4 freight train   |                  |

**C**

- |     |     |     |
|-----|-----|-----|
| 1 c | 3 d | 5 b |
| 2 f | 4 a | 6 e |

**Test 26**

- |     |     |     |
|-----|-----|-----|
| 1 c | 4 b | 7 c |
| 2 b | 5 a | 8 a |
| 3 a | 6 a | 9 a |

**B**

- 1 EDI Electronic Data Transfer
- 2 EFT Electronic Funds Transfer
- 3 ICT Information Communications Technology
- 4 ISP Internet Service Provider

**C**

- |     |     |      |      |
|-----|-----|------|------|
| 1 f | 5 p | 9 a  | 13 k |
| 2 d | 6 n | 10 b | 14 g |
| 3 j | 7 c | 11 o | 15 i |
| 4 e | 8 l | 12 h | 16 m |

**Test 28**

- chain stores 13
- cold-calling 10
- commission 7
- door-to-door selling 6
- e-commerce 14
- franchises 5
- hypermarkets 11
- internet service providers (ISPs) 15
- large multiples 3
- mail order 8
- mail order companies 1
- purchasing power 4
- specialist retailers 12
- telesales staff 9
- warehouses 2

**Test 29**

- consumers 2
- despatch 7
- e-business 11
- mail order 10
- middlemen 4
- multiples 9
- producer 1
- retailers 8
- sales forces 5
- sales representatives 6
- wholesalers 3

**Test 30**

- 1 commission agent
- 2 sole distribution agreement
- 3 sales force
- 4 independent distributor
- 5 patent
- 6 shelf space
- 7 franchise agreement

- 8 vending machine
- 9 copyright

**Test 31**

- 1 conventional marketing system (CMS)
- 2 vertical marketing system (VMS)
- 3 total systems approach (TSA)

**Test 32**

- banner towing 5
- billboard 9
- flyer 10
- free sample 11
- freebie 3
- newspaper advertisement 8
- offer 4
- sandwich board 2
- sponsorship 7
- T-shirt advertising 6
- TV commercial 1

**Test 33**

- commercial 6
- discount 2
- mailing list 9
- mass media 5
- point-of-sale advertising 7
- reply coupon 3
- slogan 1
- target audience 8
- website 4

**Test 34**

- 1 catalogue
- 2 hard sell
- 3 competition
- 4 impulse buying
- 5 campaign
- 6 consumer awareness
- 7 advertising mix
- 8 commercials
- 9 advertisements
- 10 direct mail
- 11 mailshot
- 12 website
- 13 online

**Test 35**

- |     |     |     |
|-----|-----|-----|
| 1 i | 4 f | 7 g |
| 2 c | 5 d | 8 e |
| 3 b | 6 a | 9 h |

**Test 36**

- 1 unique selling proposition
- 2 publicity
- 3 rational appeal
- 4 emotional appeal
- 5 targets, promotes
- 6 image
- 7 consumers

**Test 37**

- 1 direct mailing
- 2 direct selling
- 3 an in-store promotion
- 4 on-pack promotion
- 5 perimeter advertising
- 6 BOGOF(Buy one get one free)
- 7 online advertising / advertising on the web / Internet advertising (all are possible)
- 8 cold calling

**Test 38**

- |     |     |     |
|-----|-----|-----|
| 1 d | 3 a | 5 c |
| 2 f | 4 e | 6 b |

**Test 39**

- 1 survey
- 2 market researcher
- 3 poll
- 4 sample
- 5 questionnaire
- 6 data
- 7 bias
- 8 subject
- 9 respondent

**Test 40**

- advertising research 12  
causal research study 3  
consumer awareness 11  
consumer research 4  
focus groups 5  
in-house research 13

- market research 1  
market research brief 2  
observational research 10  
pilot questionnaire 9  
population 7  
questionnaire 8  
representative 6  
secondary research 14

**Test 41**

- 1 a) F, b) T, c) T, d) F
- 2 a) F, b) T, c) T, d) F
- 3 a) T, b) T, c) F, d) F
- 4 a) F, b) F, c) T, d) T
- 5 a) F, b) T, c) T, d) F
- 6 a) T, b) T, c) F, d) F
- 7 a) F, b) F, c) T, d) T
- 8 a) T, b) T, c) F, d) F
- 9 a) T, b) F, c) T, d) F
- 10 a) F, b) F, c) T, d) T
- 11 a) T, b) T, c) F, d) F

**Test 42****A**

- |     |     |      |
|-----|-----|------|
| 1 i | 5 c | 9 f  |
| 2 h | 6 e | 10 d |
| 3 j | 7 g |      |
| 4 a | 8 b |      |

**B**

- 1 clinical trial
- 2 biased survey
- 3 research brief
- 4 random sample
- 5 closed question
- 6 computer analysis
- 7 consumer awareness
- 8 quota sampling
- 9 total population
- 10 personal interview

**Test 43**

- |               |            |
|---------------|------------|
| 1 information | 6 results  |
| 2 objectives  | 7 analysis |
| 3 methods     | 8 present  |
| 4 sources     | 9 monitor  |
| 5 surveys     |            |

## Test 44

- 1 c            5 a            9 d  
 2 j            6 h            10 i  
 3 e            7 g  
 4 f            8 b

## Test 45

## Across

- 1 cluster sampling  
 4 pilot questionnaire  
 5 quota sampling  
 6 opinion poll  
 7 fieldwork  
 8 closed question  
 9 structured survey  
 10 random sampling

## Down

- 1 competitor analysis  
 2 computer analysis  
 3 personal interview  
 6 open question

## Test 46

- 1 T  
 2 T  
 3 F The respondents were aged  
 15-20  
 4 T  
 5 F 15% claimed to eat reasonably  
 healthy foods most of the time.  
 6% said they always ate healthy  
 foods.  
 6 F This is not clear from the results  
 7 T  
 8 T

## Test 47

P	O	S	I	T	I	O	N	I	N	G
P	B	E	K	L	M	O	G	R	G	F
O	N	G	L	D	Q	U	I	R	T	G
I	G	M	R	B	C	D	L	B	A	E
N	B	E	H	A	V	I	O	U	R	R
G	E	N	D	I	F	F	Y	N	G	D
A	E	T	H	I	C	S	A	I	E	L
N	M	G	E	L	S	P	L	M	T	E
U	S	L	I	F	E	S	T	Y	L	D
L	O	Y	M	E	N	T	V	T	U	C
A	T	T	I	T	U	D	E	N	S	E

## B

- 1 lifestyle                    5 attitude  
 2 positioning                6 ethics  
 3 segment                    7 behaviour  
 4 loyalty                      8 target

## Test 48

## A

- 1 g                              5 c  
 2 d                              6 f  
 3 a                              7 b  
 4 e

## B

- 1 about, in                    5 into, of, in  
 2 with, at                      6 with, of  
 3 on, of                        7 of  
 4 to, on                        8 for, to

## Test 49

- 1 general economic situation,  
 employment, economic growth  
 2 purchasing power, outgoings,  
 discretionary income  
 3 credit availability, assets  
 4 price, discounts, loss leader

## Test 50

- 1 c                              5 d  
 2 a                              6 g  
 3 f                              7 b  
 4 h                              8 e

**Test 51**

- 1 False. Social marketing takes general attitudes in society into account in all marketing decisions, e.g. cruelty to animals is wrong, the environment has to be protected, women should look after the children.
- 2 False. Target marketing is concerned with making sure a product is appropriate for specifically identified needs.
- 3 True
- 4 False. Undifferentiated marketing is aimed at everyone in society. It promotes a product and its reputation for everyone, not just users.
- 5 True
- 6 False. Product positioning aims to ensure that a product has unique and distinguishing features, appealing to particular consumers.
- 7 False. Industrial marketing is marketing of goods and services between companies. It contrasts with consumer marketing, which targets individual consumers.
- 8 True

**Test 53****A**

- 1 Price and promotional factors
- 2 external factors
- 3 buyer factors
- 4 needs
- 5 supplier factors

**B**

- 1 discounts
- 2 terms
- 3 trade fairs
- 4 trade journals
- 5 purchasing policy
- 6 stock levels
- 7 after-sales service
- 8 labour relations

**Test 54****A**

- |     |     |     |
|-----|-----|-----|
| 1 c | 3 e | 5 a |
| 2 d | 4 f | 6 b |

**B**

- 1 domestic
- 2 strength
- 3 weakness, supplier
- 4 overseas
- 5 buyers
- 6 supply, demand
- 7 free market economy
- 8 global, local

**Test 52****Behaviouristic segmentation**

use/non-use of product  
knowledge/awareness of a product  
attitudes to a product

**Benefits****segmentation**

product characteristics  
product performance

**Demographic segmentation**

age  
sex  
ethnic origin  
nationality

**Geographic segmentation**

state/country  
urban/suburban/rural  
region  
climate

**Industrial market segmentation**

turnover  
type of company  
size of company

**Psychographic segmentation**

opinions  
political beliefs  
leisure interests

### Test 55

- 1 Same
- 2 Different. A client buys a service; a customer buys a product.
- 3 Same
- 4 Different. A survey investigates a market; a trend is the direction something is moving in, e.g. sales.
- 5 Different. The marketing mix is all aspects of marketing; the advertising mix is the combination of different advertising techniques.
- 6 Different. Product mix is the variety of products on offer from a certain company; the marketing mix is the combination of factors involved in how a company markets itself.
- 7 Same
- 8 Different. Opportunities are positive; threats are negative.
- 9 Different. A royalty is a commission paid on the number of sales; a franchise agreement is an agreement to use a famous product identity, logo, name, marketing approach, etc.
- 10 Same
- 11 Same
- 12 Different. Accounting is the job of looking after, preparing and presenting company accounts or finances. Accountability is the obligation to meet certain standards that society expects.

### Test 56

- 1 economies of scale
- 2 marketing audit
- 3 marketing planning
- 4 external audit
- 5 economies of scope
- 6 marketing research
- 7 public sector, service
- 8 competition, accountability

### Test 57

- |     |     |     |
|-----|-----|-----|
| 1 b | 4 c | 7 a |
| 2 b | 5 a | 8 b |
| 3 c | 6 a | 9 c |

### Test 58

Countries: **Mexico and Chile**

Preferred expansion method: overseas agents and distributors

Advantages: effective, cheap

Possible difficulties: conflict of interest if agent also sells competitor's products

Recommendation: set up sole distribution agreements

Countries: **Peru and Bolivia**

Preferred expansion method: franchising, joint ventures or other partnerships

Advantages: common in food and drinks industry, less capital intensive

Sources of income: license payments and other fees from franchisee

Country: **Argentina**

Preferred expansion method: international marketing strategy, setting up manufacturing and sales subsidiaries

Advantages: full integration in target market

Main disadvantages: very capital intensive, risky

Recommendations: carry out detailed market research, run subsidiaries as cost centres

### Test 59

- 1 True
- 2 False. Usually the opposite: to drop them, spend no money.
- 3 True. Stars can make good short term profits and may become Cash Cows, therefore producing long term profits.
- 4 True
- 5 True
- 6 True
- 7 False – Strategic Business Unit
- 8 True
- 9 False – it looks at individual product areas, or even individual products.
- 10 False – the text does not say this. Anyway, the SBU approach can be used in manufacturing or in service industries, and in the private or public sector.

### Test 60

- |                   |                  |
|-------------------|------------------|
| 1 domestic        | 5 external audit |
| 2 marketing audit | 6 threat         |
| 3 SWOT analysis   | 7 export         |
| 4 internal audit  | 8 trend          |

# Word list

The numbers after the entries are the tests in which they appear.

## A

above-the-line promotion 35  
access code 27  
accountability 55, 56  
accountable 26  
accounting 55  
achiever 50  
action plan 5  
added value 6, 7, 15  
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