Professional English Marketing

Test Your Professional English: Marketing is one in a series of ten useful Test Your Professional English books. This thoroughly revised and updated edition features 60 clear and simple tests for students and professionals. The book is organized into 8 sections and covers over 500 key words and expressions in areas such as product management, pricing, promotion, market research, planning and international marketing.

- 60 tests covering over 500 key words and expressions
- Wide variety of tests, including crosswords, cartoons, fill-the-gaps, and many more
- NEW - Tips on using English for work
- A-Z word list and full answer key
- Ideal for self-study and classroom use

Simon Sweeney
Series Editor: Nick Brieger

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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
- Test Your Professional English: Business General
- Test Your Professional English: Business Intermediate
- Test Your Professional English: Finance
- Test Your Professional English: Hotel and Catering
- Test Your Professional English: Law
- Test Your Professional English: Management
- Test Your Professional English: Marketing
- Test Your Professional English: Medical
- Test Your Professional English: Secretarial

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) **customer** at the right (3) **price**.

Marketing is about meeting consumer (4) **needs** at a (5) **profit**.

Marketing makes it easier for (6) **customers** to do business with you.

Marketing aims to find out what people (7) **want**; then (8) **satisfy** and (9) **promote** a (10) **product** or (11) **profit** that will satisfy those wants; and then determining the best way to (12) **promote** (13) **product** and (14) **service** the product or service.

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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.

```
A B C D E F G H I J K L M
R O A I J K L M P L A N
C U S T O M E R S Q P 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 C 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 studies
4) the extent to which consumers want something
5) the movement of goods and services from the producer to the consumer
6) the combination of factors that makes up a marketing plan
3 Word building

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

1. Marketers __________ p. __________ to customers.

2. Advertisers __________ 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 Fill in the missing words in the table.

<table>
<thead>
<tr>
<th>Verb</th>
<th>Agent</th>
<th>General noun</th>
</tr>
</thead>
<tbody>
<tr>
<td>market</td>
<td>marketer</td>
<td></td>
</tr>
<tr>
<td>distribute</td>
<td></td>
<td>competition</td>
</tr>
<tr>
<td></td>
<td>advertising</td>
<td>advertisement</td>
</tr>
<tr>
<td></td>
<td>supplier</td>
<td></td>
</tr>
<tr>
<td></td>
<td>sponsor</td>
<td></td>
</tr>
<tr>
<td>consume</td>
<td></td>
<td></td>
</tr>
<tr>
<td>produce</td>
<td></td>
<td>analyst</td>
</tr>
<tr>
<td></td>
<td>researcher</td>
<td></td>
</tr>
<tr>
<td>import</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- A word table is a useful tool for increasing your vocabulary. Make a table of your own with new vocabulary. Link for related terms, e.g. nouns, verbs, adjectives and adverbs.

- The terms exports and imports are usually used in the context of international trade. Exports means the sale of goods, banking, insurance and tourism, whereas imports bring in money from foreign countries.

1 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.

2 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. [Diagram of market share]
   - Market leader

2. [Image of truck]
   - Exporting

3. [Diagram of corporate mission]
   - Corporate mission

4. [Image of market analyst]
   - Market analyst

5. [Diagram of trend]
   - Trend

6. [Image of distribution]
   - Distribution

7. [Diagram of exchange distribution]
   - Exchange distribution

8. [Image of multinational]
   - Multinational

9. [Diagram of selling]
   - Selling

10. [Image of market share]
    - Market share

11. [Diagram of corporate mission]
    - Corporate mission

12. [Image of market analyst]
    - Market analyst
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 the mix nowadays: Companies and organisations 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.

<table>
<thead>
<tr>
<th>mix</th>
<th>opportunities</th>
<th>people</th>
<th>physical evidence</th>
<th>place</th>
</tr>
</thead>
<tbody>
<tr>
<td>-plan</td>
<td>price</td>
<td>process</td>
<td>product</td>
<td>promotion</td>
</tr>
<tr>
<td>strengths</td>
<td>threats</td>
<td>weaknesses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SANDERMAN & KELLS ASSOCIATES
- Business Strategists -
Marketing is Our Business

MARKETING SEMINARS – Corachie Park Hotel, Taynuilt, Oban, Strathclyde

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 EH12 7TR or by email to andyboscher@sandkells.co.uk
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:

And then the fourth area is physical evidence.
It covers both goods and services offered by the company.
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.
Yes. This means any visual presence or signs suggesting the company.
The second area is place - also called distribution - meaning the movement of goods from the producer to the consumer.
Well, we identified six areas where improvement is necessary.
After place, process. Process is the interaction between people and systems at all stages, from market research, design, production, delivery and after-sales.
The first is product.
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: ___________________________

* Not all the Ps are included in the conversation above. Three and
  Priceless.
* 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.
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.

Date 22 Nov 2000 15:48:45 +0900
From: M & T Cables GmbH <MTCables@worldcom.de>
To: 'Peter Jarrow' PJARROW@gold.oten.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 goods in every market in the world, but we need to do some market analysis in your region.

I have four questions to start with:

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

Please email by return if possible. Thank you!

Sandra Sah

Lindacher Str. 48, D-40474 Düsseldorf, Germany
MTCables@worldcom.de
Tel: 0049 211 646453 or 646458. Fax: 0049 211 646460

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 yiimnedi  
   **brand identity**

2. ardneb eman

3. dabn igema

4. won-drabn

5. radbn nataviluo

6. burnadden

7. antibinge stases

8. andrb yallyot

9. rempuin bdnar

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 _____________.

5. In the 1990s most supermarkets began to sell _____________.

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

7. A key concern for marketers is to establish _____________.

8. Consumers are often prepared to pay a high price for a _____________.

9. A new product must create a _____________.

---

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.

---

Doctor! I drive a BMW, I drink Moët & Chandon.
I wear a Rolex watch and Christian Dior aftershave, I smoke Marlboro cigarettes, I wear Adidas leisure wear and Armani suits...

So what's the problem?

I don't know who I am.
augmented product  
clone  
consumer durable  
core product  
fast moving  
consumer goods

7e  
generic product  
perishables  
manufacturing  
sell-by date  
service

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

... 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

C Managers have to understand the **potential** of their products.

D Most companies produce many different products and services. Together this is called the product **______**.

E Companies market products at particular groups of consumers, so the product is matched to the consumer. This is called product **______**.

F 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 toys that are spin-off products from the movie industry or by technology products that were once state-of-the-art but are later repossessed by technological innovation (such as early fax machines). Products at the end of their life cycle are described as obsolete.

- One of Europe's most successful cars is the Volkswagen Golf. Since it was first launched, it has experienced many face-lift improvements that mostly affect appearance. After each face-lift, the car looked different. Nowadays, the car is still a bestselling product and is 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.

<table>
<thead>
<tr>
<th>after-sales</th>
<th>customer</th>
<th>helpline</th>
<th>labour</th>
<th>launched</th>
<th>network</th>
</tr>
</thead>
<tbody>
<tr>
<td>on-site</td>
<td>parts</td>
<td>premium</td>
<td>state-of-the-art</td>
<td>support</td>
<td>warranty</td>
</tr>
</tbody>
</table>

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...’

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 perishable goods like milk, cheese and meat, which need to be sold within a short time.

3. It is not only food perishable which have a very short shelf life. Fashion items quickly become out of date.

4. For larger consumer produce, like music systems and TVs, we provide an after-sales service.

5. An important aspect of marketing goods like computers is possible add value, such as free software, Internet access and technical support.

6. The business of a retail industry is to sell products.

7. A serve industry is one that offers specialist expertise or advice. Lawyers, marketers, translators and financial consultants all do this.

8. If you are not completely satisfied with any product purchased in this store, you may return it and receive a complete refund or exchange it for a different item.

9. A patented 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.

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.
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.

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).

B. Use one word from the word square to complete each sentence.

1. When a business pays all its costs and taxes, any money left is ______ profit ______.

2. Another word for income is ______.

3. The difference between costs and selling price is the ______.

4. Many consumers normally look for the lowest ______.

5. Selling something at a reduced price is called giving a ______.

6. The price you pay for a professional service, for example from an architect, doctor or lawyer, is a ______.

7. Businesses can't sell products if there is no ______.

8. 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 wall of price-related terms. You can use this learning tip for other themes as well.
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.

- penetration  a. demand
- down-  b. priced
- fixed  c. market
- budget-  d. costs
- elastic  e. strategy

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

- inelastic  a. demand
- variable  b. priced
- premium-  c. market
- skimming  d. costs
- 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 _____________________.

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 advance orders are impressive. The company expects the product to (1) _____________________. 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) _____________________.

(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 three national newspapers, The Times at a much lower price than its competitors, in an attempt to draw 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: DF, 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**
### 21 Pricing strategy 1

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

<table>
<thead>
<tr>
<th>budget-priced</th>
<th>demand curve</th>
<th>going rate</th>
<th>price war</th>
</tr>
</thead>
<tbody>
<tr>
<td>retail margin</td>
<td>selling costs</td>
<td>unit cost</td>
<td></td>
</tr>
</tbody>
</table>

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 **__________**.

---

### 22 Pricing strategy 2

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

1. **break-even point**

2. **discounting**

3. **factory gate price**

4. **inelastic demand**

5. **overheads**

6. **penetration strategy**

7. **price sensitive buyers**

8. **loss leader**

9. **cartel**

<table>
<thead>
<tr>
<th>1 break-even point</th>
<th>a. The price wholesalers and distributors pay to the producer for goods.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 discounting</td>
<td>b. A pricing strategy based on low pricing and low unit profits.</td>
</tr>
<tr>
<td>3 factory gate price</td>
<td>c. An illegal and secret agreement between competitors to fix higher prices to boost their profits.</td>
</tr>
<tr>
<td>4 inelastic demand</td>
<td>d. The day-to-day costs of running a business.</td>
</tr>
<tr>
<td>5 overheads</td>
<td>e. Sales of a product do not change much with variations in price.</td>
</tr>
<tr>
<td>6 penetration strategy</td>
<td>f. Reducing the price of goods in return for bulk sales or to a favoured customer.</td>
</tr>
<tr>
<td>7 price sensitive buyers</td>
<td>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.</td>
</tr>
<tr>
<td>8 loss leader</td>
<td>h. The point in the development of a product when sales begin to exceed the investment.</td>
</tr>
<tr>
<td>9 cartel</td>
<td>i. Consumers who are very attentive to price changes and look for lower-priced items.</td>
</tr>
</tbody>
</table>
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. labour input
   a) all costs relating to production of a product, including development costs and raw materials, electricity and labour

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
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

Classic distribution channels have altered in recent years. For example, in the market and other mass retailing scenarios, their turn as buying direct from producers, as the role of the retailer or 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.

Distribution and shipping methods

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.
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  a a business specializing in rapid delivery of small items, usually by van or motorbike.
2 despatch rider  b a company specializing in moving heavy goods and raw materials by train
3 shipping line  c the business of moving large quantities of goods by air
4 courier service  d 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  e 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  f someone who works for a courier company delivering small items by motorbike

- The terms relating to distribution in this unit 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 certain firms specialize in rapid door-to-door delivery.
- Look for examples of companies that illustrate terms 1, 2, 4, 5 and 6. Write sentences about them, e.g. DPD Logistics is the courier service that...
Where the private sector leads, the public sector follows

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.

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.

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 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, 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 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
   c) 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
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.

---

<table>
<thead>
<tr>
<th>Access code</th>
<th>Browsing</th>
<th>E-business</th>
<th>E-commerce</th>
<th>E-shopping</th>
<th>Home shopping</th>
<th>Password</th>
<th>Surfing</th>
<th>Virtual shopping</th>
</tr>
</thead>
</table>

---

<table>
<thead>
<tr>
<th>Buying things over the Internet</th>
<th>Business over the Internet</th>
<th>A personal identification for access to a website or a security protected resource</th>
<th>Looking for information on the Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-shopping</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

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 the armed forces.
### B. What do these abbreviations stand for?

- EDT
- EFT
- ICT
- ISP

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

<table>
<thead>
<tr>
<th>Online Support</th>
<th>Illegally accessing a company's computer systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web Support</td>
<td>Designing something (e.g., an Internet site) to suit the owner's needs and preferences on the web or via the Internet</td>
</tr>
<tr>
<td>Advertising on the Web</td>
<td>Extra help available over the Internet from a company's website</td>
</tr>
<tr>
<td>Website</td>
<td>An Internet resource dedicated to one user, company, or organization</td>
</tr>
<tr>
<td>Modem</td>
<td>Help or after-sales service available through the Internet</td>
</tr>
<tr>
<td>Homepage</td>
<td>Personalised communication sent from one Internet user to another</td>
</tr>
<tr>
<td>Online</td>
<td>The time of day when connection charges are most expensive</td>
</tr>
<tr>
<td>Distance Learning via the Web</td>
<td>The time of day when connection charges are least expensive</td>
</tr>
<tr>
<td>Hacking</td>
<td>Carrying out banking tasks over the Internet</td>
</tr>
<tr>
<td>Customizing</td>
<td>Using the Internet and a website to promote products or services</td>
</tr>
<tr>
<td>Download</td>
<td>A device that allows a computer access to telephone links and then to the Internet</td>
</tr>
</tbody>
</table>

---

**P.S.** A new bank adds to a range of products and services offered electronically, for example: online e-purse. This means a whole new way of spending. Expect everything to become e-learning and e-marketing soon and in many more...
28 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.

<table>
<thead>
<tr>
<th>term</th>
<th>description</th>
<th>number</th>
</tr>
</thead>
<tbody>
<tr>
<td>chain stores</td>
<td>cold calling</td>
<td></td>
</tr>
<tr>
<td>commission</td>
<td>door-to-door selling</td>
<td></td>
</tr>
<tr>
<td>e-commerce</td>
<td>franchises</td>
<td></td>
</tr>
<tr>
<td>hypermarkets</td>
<td>Internet service providers (ISPs)</td>
<td></td>
</tr>
<tr>
<td>large multiples</td>
<td>mail order</td>
<td></td>
</tr>
<tr>
<td>mail order companies</td>
<td>purchasing power</td>
<td></td>
</tr>
<tr>
<td>specialist retailers</td>
<td>telesales staff</td>
<td></td>
</tr>
<tr>
<td>warehouses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(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.
29 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 ____
mall order ____ middlemen ____ multiples ____
producer ____ retailers ____ sales forces ____
sales representatives ____ wholesalers ____

Date 24 Nov 2000
From: chenement@sun1.valdisere.fr
To: silver@ro.frieberg.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
   ___________
Distribution 2

Here is an extract from a marketing consultant's report on distribution systems in the fast moving consumer goods (FMCC) 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.

Promotion and advertising

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

- banner towing
- billboard
- flyer
- free sample
- freebie
- newspaper advertisement
- offer
- sandwich board
- sponsorship
- T-shirt advertising
- TV commercial

Do retailers in America use the TSA method of lining up on the UK and elsewhere they have been criticized for producing less, produces that supply 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 retailer's orders, and if the retailer goes bankrupt, they will be left without warning and the producer is left without an outlet.
Communication and consumers

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

commercial  6  discount
mailing list  ___  mass media
point-of-sale advertising  ___  reply coupon
slogan  ___  target audience
website  ___

CRYSTAL COMMUNICATION MAKES COMMUNICATION CRYSTAL CLEAR.

If you buy 200, we'll cut the price by 10%.

SD Financial Services
Freepost 6722, Dewsbury, Leeds LS14 6FT UK
Tel: 44 (0)113 453 9938
Email: SDFinance@toplink.co.uk http://www.sdts.co.uk

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

Name: ____________________________
Address: __________________________

Telephone: (home) ___________ (work) ___________
e-mail ____________________________

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
exchanging email opportunities to read and write real functional examples of
English in action.
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.

<table>
<thead>
<tr>
<th>advertisements</th>
<th>advertising mix</th>
<th>campaign</th>
<th>catalogue</th>
</tr>
</thead>
<tbody>
<tr>
<td>commercials</td>
<td>competition</td>
<td>consumer awareness</td>
<td>direct mail</td>
</tr>
<tr>
<td>hard sell</td>
<td>impulse buying</td>
<td>mailing list</td>
<td>online website</td>
</tr>
</tbody>
</table>

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) .

Strategies

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 e-commerce buying. Above-the-line advertising would include online advertising. Below-the-line means other forms, including in-store, 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 ____________________.

8. Promotion is marketing that concerns the process of a product that includes getting interested to the needs, agony unvehicles and start buying a customer. Advertising is one type of promotion. There are many kinds of advertising and most involve paying someone else (the second party) to have their product 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 ____________________

2. Personal selling / direct selling
   A selling technique based on making a personal call to an individual or company is called ____________________

3. 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 potential consumers. Business and organisations 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 charseer
3. A set of questions to find out people's opinions on particular issues, often used in studies of political opinion and preference.  jolp
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
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
- consumer awareness
- focus groups
- market research
- observational research
- population
- representative
- causal research study
- consumer research
- in-house research
- market research brief
- pilot questionnaire
- questionnaire
- secondary research

"Personally, I wouldn't be seen dead in a pair of jeans like that..."
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.
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
2. random
3. biased
4. computer
5. clinical
6. consumer
7. personal
8. total
9. quota
10. research

a. analysis
b. population
c. trial
d. brief
e. awareness
f. sampling
g. interview
h. sample
i. question
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, doctors, architects, senior company executives

B. other professionals, 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.
43 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) __________ 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.

44 Research methods

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.

2. A sampling method based on using small groups that are representative of much larger groups.

3. Analysis of numerical information to test that results are accurate and reliable.

4. A limited study carried out on a small number of people to test your research methods.

5. A survey designed to find out what people think, often on politics or environmental issues.

6. A set of questions in which the answers given affect what question(s) will be asked next.

7. An original study carried out among the population, not by finding out information from published sources.

8. An essential quality for research. Without it, the research is not reliable.

9. Using information gained from a small number of people to estimate how large numbers of (similar) people would behave in similar circumstances.

10. Research which is open-ended and gives respondents the chance to express opinions, feelings and attitudes.

a. opinion poll
b. validity
c. quantitative research
d. extrapolation
e. statistical analysis
f. pilot survey
g. fieldwork
h. unstructured survey
i. qualitative research
j. cluster sampling
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 Fresco 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.
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

<table>
<thead>
<tr>
<th>Age</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
<th>19</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social group:</td>
<td>A</td>
<td>3</td>
<td>9</td>
<td>12</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>(% of age)</td>
<td>B</td>
<td>23</td>
<td>41</td>
<td>26</td>
<td>34</td>
<td>25</td>
</tr>
<tr>
<td>group)</td>
<td>C1</td>
<td>49</td>
<td>20</td>
<td>29</td>
<td>35</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>C2</td>
<td>14</td>
<td>10</td>
<td>19</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>6</td>
<td>12</td>
<td>6</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>5</td>
<td>8</td>
<td>8</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

1. Is eating healthy food important for you?
   (％ of total) Yes 7 19 5 8 27 6 3 No 4 5 3 2 12 2

2. How often do you eat healthy food?
   Always 1 2 3 2
   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

3. The survey shows the young prefer healthy food.
4. The survey was based on telephone interviews.
5. The respondents were aged 14–19.
6. The majority (72%) thought that eating healthy food was ‘important’ for them.
7. 25% said that ‘most of the time’ they ate ‘reasonably healthy food’.
8. Higher status groups were clearly more interested in healthy eating.
9. 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.
10. The survey is biased since most of the respondents were in higher socio-economic groups.

Key words 5

1. 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  B  E  K  I  M  O  G  R  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  D  G
   A  E  T  H  I  C  S  A  I  E  L
   N  M  G  F  E  L  S  P  L  M  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

2. Match the terms you have found in the word square with the meanings below.

   The way people live, work and spend their leisure time.
   The special orientation of a product towards a particular target group of consumers.
   A part of the overall market.
   The tendency for consumers to stay with one product or one producer, and not to use similar ones from competitors.
   What a consumer feels or thinks.
   Considerations based on moral questions and moral judgements.
   What consumers actually do.
   Particular consumers at whom a producer directs promotional effort.
A. Match the term on the left with the definition on the right.

1. marketing ethics
   - a. An established liking for a particular producer's products that means you often buy the same product again, even over many years.

2. niche marketing
   - 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.

3. brand loyalty
   - c. A spontaneous decision to buy something - you see it - you buy it!

4. routine purchasing
   - d. Aiming a high price, high quality product at a narrow group of consumers, with a lot of purchasing power (a lot of money!)

5. impulse buying
   - e. Repeat buying, with little involvement in the purchase.

6. fast moving consumer goods (FCMG)
   - f. Regularly used items that are bought frequently with little personal involvement.

7. consumer durables
   - g. 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.

1. People who are concerned about society are typically interested in marketing ethics.

2. Niche marketing is frequently concerned with aiming particular products at specific socio-economic groups.

3. Brand loyalty is based into the development of routine purchasing of low-involvement goods.

4. The success of shops attached to petrol stations depends on impulse purchasing. You can see motorists who suddenly decide to buy a music cassette, confectionery or a magazine.

5. Research on buyer behaviour shows that when consumers make routine purchases into regularly used consumer products, they are not personally involved about the products.

6. Routine purchasing contrasts with the purchase of consumer durables, such as furniture, kitchen appliances or a car. Here there is a greater degree into personal involvement.

7. Clients have increasingly high expectations into the providers of professional services in a range of fields, including health, education and the law.

8. Special government appointed committees are responsible for ensuring that consumers get good service and adequate protection. Sometimes called consumer watchdogs, they respond to 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, please use them by writing sentences about yourself and your buyer behaviour.
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 credit availability discounts discretionary income
economic growth employment general economic situation
loss leader outgoings price purchasing power

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

**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.

__________

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 _________.

__________

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.

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.
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.

---

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

4. 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

---

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.

---

On socio-economic groups, see Text 42. On industrial marketing, see Text 53.
Complete the table below by writing the words and phrases from the next page under the right heading.

<table>
<thead>
<tr>
<th>Types of market segmentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behaviouristic segmentation</td>
</tr>
<tr>
<td>use/non-use of product</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geographic segmentation</th>
<th>Industrial market segmentation</th>
<th>Psychographic segmentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>state/country</td>
<td>turnover</td>
<td>opinions</td>
</tr>
</tbody>
</table>

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 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 by 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?).

---

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

1. overseas  
2. strength  
3. buyers  
4. supply  
5. command economy  
6. local

A. free market economy  
B. global  
C. domestic  
D. weakness  
E. suppliers  
F. 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.

Section 8: Planning and international marketing
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

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.

---


---

Section B: Planning and international marketing
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

6. 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.
   a) weaknesses  
   b) threats  
   c) failures

7. A body which negotiates and then monitors international trade agreements.
   a) World Trade Organisation (WTO)  
   b) General Agreement on Tariffs and Trade (GATT)  
   c) World Bank.

8. Companies which advertise and trade internationally using their own website on the Internet.
   a) high tech companies  
   b) dot.com companies  
   c) Internet Service Providers (ISPs)

9. Cash incentives provided by a government to encourage a company to do business overseas.
   a) export taxes  
   b) export tariffs  
   c) export subsidies

---

The WTO replaced GATT in 1995. In May 2001 the WTO has 144 member countries.

Think about how the export of services and the international expansion to the services sector has increased in recent years. Think how these service industries have grown in ways in which they have become more international.
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 franchisee 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:

Countries: Peru and Bolivia
Preferred expansion method:
Advantages:
Sources of income:

Countries: Argentina
Preferred expansion method:
Advantages:
Main disadvantages:
Recommendations:

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- The cost includes the adjective now. 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 Botswana, but we made money.
  There's still a risk of political instability in Botswana.

- 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 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.

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.

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. 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. T/F
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
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: 'Issabelle Braque' issabrqae@threecolours.com
Subject: Re: Update/news

Hello Issabelle,

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

### Test 2

A: CUSTOMERS

B: RADIO

### Test 3

A: market, marketing

B: market leader (or market share)

### Test 4

A: 1. c 2. a 3. c 4. b

B: 1. market leader (or market share)

### Test 5


B: 1. market leader (or market share)

### Test 6

A: 1. marketing 2. promoter 3. distributor 4. market 5. competitor

B: 1. market leader (or market share)

### Test 7

A: 1. market 2. marketing

B: 1. market leader (or market share)
### 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
<table>
<thead>
<tr>
<th>A</th>
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<tbody>
<tr>
<td>f</td>
<td>brand name</td>
</tr>
<tr>
<td>e</td>
<td>brand valuation</td>
</tr>
<tr>
<td>d</td>
<td>unbranded</td>
</tr>
<tr>
<td>b</td>
<td>brand image</td>
</tr>
<tr>
<td>a</td>
<td>own-brand</td>
</tr>
<tr>
<td>c</td>
<td>intangible assets</td>
</tr>
<tr>
<td>i</td>
<td>brand loyalty</td>
</tr>
<tr>
<td>h</td>
<td>premium brand</td>
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### Test 11
<table>
<thead>
<tr>
<th>B</th>
<th>test 6</th>
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<tbody>
<tr>
<td>augmented product 7e</td>
<td>cloned 5c</td>
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<tr>
<td>consumer durable 2d</td>
<td>core product 9f</td>
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<tr>
<td>fast moving consumer goods 8b</td>
<td>generic product 1g</td>
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<tr>
<td>perishables 3a</td>
<td>primary manufacturing 4j</td>
</tr>
<tr>
<td>sell-by date 10i</td>
<td>service 6h</td>
</tr>
</tbody>
</table>

### 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
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<thead>
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<th>B</th>
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<tbody>
<tr>
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<td>3</td>
<td>growth</td>
</tr>
<tr>
<td>4</td>
<td>maturity</td>
</tr>
<tr>
<td>5</td>
<td>saturation</td>
</tr>
<tr>
<td>6</td>
<td>decline</td>
</tr>
<tr>
<td>7</td>
<td>potential</td>
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<td>8</td>
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<tr>
<td>9</td>
<td>positioning</td>
</tr>
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<td>return</td>
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### Test 14
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<tr>
<td>3</td>
<td>labour/parts</td>
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<tr>
<td>4</td>
<td>warranty</td>
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<tr>
<td>5</td>
<td>state-of-the-art</td>
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<tr>
<td>6</td>
<td>after-sales</td>
</tr>
<tr>
<td>7</td>
<td>network</td>
</tr>
<tr>
<td>8</td>
<td>customer</td>
</tr>
<tr>
<td>9</td>
<td>helpline</td>
</tr>
<tr>
<td>10</td>
<td>premium</td>
</tr>
<tr>
<td>11</td>
<td>on-site</td>
</tr>
<tr>
<td>12</td>
<td>support</td>
</tr>
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</table>

### Test 15
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<thead>
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</thead>
<tbody>
<tr>
<td>consumer</td>
<td>6 retailer</td>
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<tr>
<td>perishable</td>
<td>7 service</td>
</tr>
<tr>
<td>products</td>
<td>8 purchased</td>
</tr>
<tr>
<td>durables</td>
<td>9 patent</td>
</tr>
<tr>
<td>added</td>
<td>10 flop</td>
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### Test 16
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<td>2</td>
<td>by</td>
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<tr>
<td>3</td>
<td>away</td>
</tr>
<tr>
<td>4</td>
<td>back</td>
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</table>

### Test 18
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<tr>
<td>1</td>
<td>c</td>
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<td>e</td>
</tr>
<tr>
<td>3</td>
<td>a</td>
</tr>
<tr>
<td>4</td>
<td>4 b</td>
</tr>
<tr>
<td>5</td>
<td>5 a</td>
</tr>
<tr>
<td>6</td>
<td>3 d</td>
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### Test 19
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<thead>
<tr>
<th>A</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>advance orders</td>
</tr>
<tr>
<td>2</td>
<td>break even</td>
</tr>
<tr>
<td>3</td>
<td>Production costs</td>
</tr>
<tr>
<td>4</td>
<td>high penetration</td>
</tr>
<tr>
<td>5</td>
<td>premium price</td>
</tr>
<tr>
<td>6</td>
<td>recommended retail price</td>
</tr>
<tr>
<td>7</td>
<td>factory gate price</td>
</tr>
<tr>
<td>8</td>
<td>price war</td>
</tr>
<tr>
<td>9</td>
<td>Aggressive pricing</td>
</tr>
<tr>
<td>10</td>
<td>market share</td>
</tr>
</tbody>
</table>

### 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 wholesale, 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 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

Test 26
1 c 4 b 7 c
2 b 5 a 8 a
3 a 6 a 9 a

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

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 (ISP) 15
large multiples 3
mail order 8
mail order companies 1
purchasing power 4
specialist retailers 12
telephones 9
warehouses 2

Test 29
consumers 2
despatch 7
e-business 11
mail order 10
middlesmen 4
multis 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 commercials 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 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
2. d
3. e
4. f
5. a
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 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, 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
2. a
3. c
4. c
5. b
6. a
7. a
8. b

Test 60
1. Domestic
2. Marketing audit
3. SWOT analysis
4. Internal audit
5. External audit
6. Threat
7. Export
8. Trend
Word list

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

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above-the-line promotion 35
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accountable 26
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buying group 28
buying organisation 53

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