

# ИННОВАЦИОННАЯ ОБРАЗОВАТЕЛЬНАЯ ПРОГРАММА



**Проект 2:** индивидуальная траектория обучения  
и качество образования

**Цель:** ориентированное на требования рынка  
образовательных услуг улучшение качества  
подготовки и переподготовки специалистов

Федеральное агентство по образованию  
Государственное образовательное учреждение  
высшего профессионального образования  
Владимирский государственный университет

Л.Д. Ермолаева

## **MARKETING**

(Маркетинг)

Учебное пособие по английскому языку

В двух частях

Часть 1

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Учебное пособие направлено на развитие навыков чтения и устной речи на основе переработки информации оригинальных текстов и системы коммуникативно-ориентированных упражнений.

Зарубежная методика обучения чтению и устной речи делают пособие актуальным, современным и доступным для использования в качестве основного материала на занятиях по английскому языку для студентов специальности «Маркетинг» на 1-м и 2-м курсах дневного отделения.

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## ***Предисловие***

*Данное пособие предназначено для использования в учебном процессе студентами-маркетологами на втором этапе обучения английскому языку в университете.*

*Цель пособия – развитие практических навыков чтения и перевода специальной литературы, устной речи и правильного восприятия информации в процессе делового общения.*

*Структурно пособие состоит из пяти блоков, каждый из которых включает 2-3 обработанных текста, взятых из американских и английских источников, англо-русский словарь по определённой тематике, а также специально разработанные задания и упражнения, позволяющие закрепить лексику блока и отработать навыки перевода. Помимо этого, в блоки включены грамматические упражнения, обеспечивающие восприятие грамматических систем английского языка, а также творческие упражнения, развивающие речевые умения и навыки, необходимые для общения в реальных жизненных ситуациях.*

*В пособии представлена следующая тематика: общие понятия маркетинга; стратегия маркетинга, исследование рынка; рыночный потенциал и прогнозирование, виды продуктов, поставляемых на рынок; ценообразование.*

*В процессе работы над пособием формируются лингвострановедческие знания, способствующие расширению контактов с носителями иностранного языка, а значит и усвоению новой культуры.*

*Автор благодарит Т.И. Матяр, ст. преподавателя кафедры иностранных языков, А.В. Подстрахову, кандидата филологических наук, профессора, зав.кафедрой иностранных языков Владимирского юридического института за ценные замечания, высказанные ими в процессе работы над рукописью.*

## UNIT I

### WHAT IS MARKETING?

#### Preview

**1. Work in groups and discuss these questions:**

- a. *Can you give the definition of marketing? Compare your definition with the one given in the text below.*
- b. *What activities are marketing departments involved into, in your opinion?*

#### Vocabulary focus

**2. Translate the groups of words of the same root.**

To develop – development - developed

To define – definition – defined

To promote – promotion – promoter

To improve – improvement – improved

To satisfy – satisfaction – satisfied – unsatisfied

To identify – identification – identified

To implement – implementation

To consider – consideration – considered

To cover – coverage

To advertise – advertisement – advertiser

To modify – modification

To exist – existence

To compete – competition – competitor – competitive

#### Reading 1

**3. Read the text and answer these questions:**

What aspects does the marketing include?

What is the sign of a fully successful market?

What do we mean when we say about marketing opportunities?  
What is the company's next step after identifying a target market?  
What aspects are considered in marketing a product?  
What does price include?  
What does promotion group?  
How can long-term demand be created?  
Why do companies try to influence or change consumers' needs?

### ***WHAT IS MARKETING?***

A market can be **defined** as all the potential customers **sharing** a **particular** need or want.

Marketing is the process of developing, **pricing**, distributing and promoting the goods or services that **satisfy** such needs. Marketing therefore combines market research, new product development, distribution, advertising, promotion, product **improvement**, and so on. According to this definition, marketing begins and ends with the customer. Truly successful marketing understands the customer so well that the product or service satisfies a need so perfectly that the customer is **desperate** to buy it. The product almost sells itself. Of course this will only happen if the product or service is better than those of competitors.

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

Marketers do not only identify consumer needs; they can **anticipate** them by developing new products. They will then have **to design market-**

**ing strategies** and plan marketing programmes, and then organize, **imple-**  
**ment**, and control the marketing **effort**. Once the basic offer, for example a  
product concept, has been established, the company has to think about the  
**marketing mix** – the **set** of all the various elements of a marketing pro-  
gramme, their integration, and the **amount** of effort that a company can **ex-**  
**pend** on them in order to influence the **target market**. The best-known  
classification of these elements is the 4 P's: ***Product, Price, Promotion and***  
***Place***.

Aspects to be considered in marketing a *product* include its quality, its  
features, style, brand name, size, packaging, services and guarantee, while



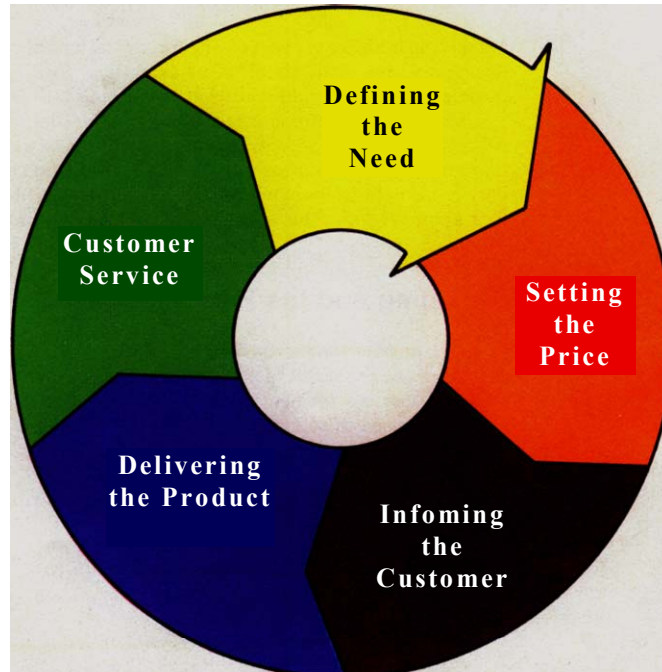
*price* includes **consideration** of things like  
the basic list price, discounts, the length of  
the payment period, and possible **credit**  
**terms**. *Place* in a marketing mix includes  
such factors as distribution channels,  
**coverage** of the market, locations of **points**  
**of sale, inventory** size, and so on. *Promo-*  
*tion* groups together advertising, **publicity**,  
sales promotion, and personal selling.

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

Marketing can also involve the **attempt** to influence or change con-  
sumers' needs and wants. Companies try to do this in order to sell their  
products; governments and health authorities sometimes try to change peo-  
ple's habits for their own good or for the general good. In other words, mar-  
keting also **involves** regulating the level, **timing** and character of **demand**.

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

5. *Marketing can be seen as a cycle of five activities. The complete cycle is seen in figure. Describe these activities in the proper sequence on the basis of the figure.*



6. *Match the words in A and B which have the same meaning.*

- |          |                  |          |                |
|----------|------------------|----------|----------------|
| <b>A</b> | opportunity      | <b>B</b> | rival          |
|          | to satisfy needs |          | benefit        |
|          | submarket        |          | try            |
|          | to implement     |          | to spend       |
|          | to define        |          | specific       |
|          | various          |          | to influence   |
|          | feature          |          | stock          |
|          | inventory        |          | characteristic |
|          | to affect        |          | different      |
|          | particular       |          | to identify    |
|          | to expend        |          | possibility    |
|          | attempt          |          | to fill needs  |
|          | advantage        |          | to carry out   |
|          | competitor       |          | segment        |

**6. Match up the terms on the left with the definitions on the right.**

- |                         |  |
|-------------------------|--|
| 1. Market re-<br>search | A. The mix of product, distribution system, promotion, and price that a firm uses to serve customers in a target market. |
| 2. Target market        | B. Any unpaid public mention of a company or its product.  |
| 3. Marketing            | C. Short-term incentives to encourage purchase or sales of a product or service.   |
| 4. Publicity            | D. All individual and organizational activities directed to identifying and satisfying customer needs and wants.         |
| 5. Sales promotion      | E. A systematic, objective way of getting information needed to solve specific marketing problems.                       |
| 6. Marketing strategy   | F. The amount of a product that customers are willing and able to buy at a given price.                                  |
| 7. Price                | G. A stock of finished goods on hand and ready for shipment.   |
| 8. Product              | H. A group of customers with similar needs.  |
| 9. Inventory            | I. The amount of money a customer must pay for a product.  |
| 10. Demand              | J. Anything that can be supplied to a market in order to satisfy customer needs.   |

 **Reading 2**

***MARKETING AND SALES***

Most contemporary marketing theorists **distinguish** between the now **out-of-date** 'selling concept' and the modern 'marketing concept'.

The former – the selling concept – assumes that resisting consumers have to be **persuaded** by **vigorous hard-selling techniques** to buy non-



essential goods or services. In other words, products are sold rather than bought. The marketing concept, on the contrary, **assumes** that the producer's task is to find wants and fill them. In other words, you don't sell what you make; you make what will be bought, so that selling becomes almost **superfluous**.

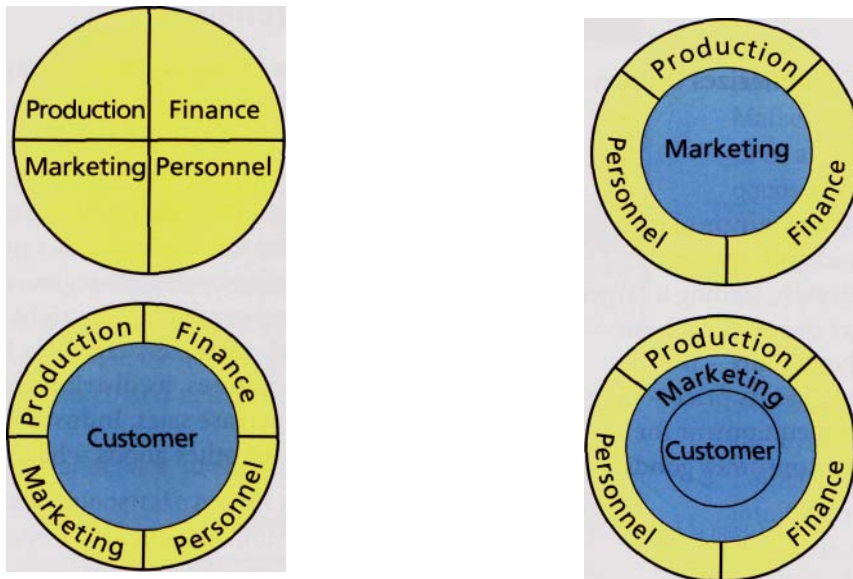
Of course, this is a little Utopian: the existence of competitors offering comparable products will always make some selling necessary. Furthermore, sales departments generally resist the dominance of marketing, as they have different objectives. They are generally interested in the short-term and in achieving current sales targets rather than planning the right products and marketing strategy **to meet** consumers' long-term **needs**.

Yet although marketing tends to dominate in consumer goods companies, there are still industries in which the production and sales departments tend to be as important. In capital intensive industries such as steel or chemicals, for example, it is desirable to keep equipment operating as much as possible. **Consequently**, senior management **tends** to set sales goals on the basis of the economic and competitive situation, as well as the need to keep plants **running** at or near **capacity**, and then tries to find ways to sell the **output** in the short term.

**8. Complete the following collocations from the text:**

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

9. According to the text in reading 2, which of these diagrams best illustrates a company that has adopted the marketing concept? Give your reasons.



 **Reading 3**

***INTERNATIONAL MARKETING***

Having made a product the problem becomes to find someone who will buy it. It is the **responsibility** of the marketing department to promote and organize the sale of products to the **purchaser**. Broadly speaking, activities such as sales promotion, advertising and market research are involved. It would be possible for the factory simply to produce a motor car and then hope that it sells. However, it takes a long time to set up the production line for a car assembly plant and even minor modifications can prove difficult and **expensive**. It is much better **to discover** what people are looking for when they buy a car and then try to satisfy their needs. Do car drivers want speed – or safety? Are they looking for the power to accelerate – or comfort? Is their aim to impress their neighbours or other road users, or **are** they

just **concerned with** getting from A to B and back? How important is the price and the cost of petrol and maintenance? Which designs and colours are preferred? It is questions like these the marketing department will have to answer even before production commences.

It becomes obvious that making and selling are two facets of the same **undertaking**. The marketing manager and the production manager are two members of the same team, depending on each other in much the same way as the players in the Liverpool football team. What good does it do if our strikers are scoring goals but our goalkeeper keeps having to pick the ball out of the back of the net? This situation could be compared to the marketing team who make great efforts to find customers for their cars, only to find the cars cannot be delivered on time, or that the cars develop faults as soon as they arrive.

The problem facing any business is that the market for goods – and services – is ever changing. Take the case of a company manufacturing cigarettes. Not so long ago the market for cigarettes was **assured**. Then the medical researchers discovered the link between cigarette smoking and lung cancer and many other diseases. Prospects for further growth evaporated as many people decided both to save money and live longer to spend it. The government joined in by restricting advertising and sponsoring their own anti-smoking campaign. The government is also understandably involved in campaigns to discourage drinking and driving, much to the chagrin of the breweries whose sales of wines and spirits are thereby reduced.

New technologies have an even more **devastating** effect on the markets. Once upon a time there was a very successful company which made gas mantles. The whole country was lit by gas. Then came electric light. The sales of gas mantles plummeted. Today we look to oil for our energy. Our oil companies prosper, but for how long? The day before yesterday we used typewriters. Today we use word processors. And tomorrow?

The rapidly changing world is both a headache and an exciting challenge to those engaged in marketing. If they predict correctly their business will survive and prosper. If they misread the signs the business will fail and, perhaps more importantly for all of us, valuable economic resources will be wasted.

**10. Having read the above passage, answer these questions in your own words.**

1. What is the purpose of the marketing department?
2. Why do the marketing and production departments need to co-operate?
3. What needs to be done before a production line is set up?
4. What do businesspeople and footballers have in common?
5. In what ways does the marketing team depend on the production team?
6. Why is the design of a product so important?
7. Why is the rapidly changing world a challenge to the marketing team?
8. What does a business need to do to survive and prosper?
9. In what way can a government help or hinder a business?
10. How do we all benefit (or suffer) from the activities of business firms?

 **Language focus**

**11. Choose the right form of the verb.**

1. Currently our company ... a range of new products.  
a) develops   b) is developing   c) has been developing
2. Our company ... a new model of heater when our competitors launched a similar product.  
a) had been developing   b) developed   c) was developing
3. Every year our company ... some new products.  
a) develops   b) will have been developing   c) is developing

4. Last year the company ... a new brand of heater.  
a) will develop b) developed c) will be developing
5. In a couple of months the company ... a required product for this segment.  
a) will develop b) had developed c) will have developed
6. While the research department ... a new product the advertising department will be looking for a new brand name.  
a) will have developed b) was developing c) will be developing
7. The company ... a new product by the time the sales of the old product fall.  
a) had developed b) will have developed c) was developing
8. This year the company ... the required product for its market segment.  
a) has developed b) developed c) develops
9. The company ... a new product by the time the demand for the old product fell.  
a) has developed b) developed c) had developed
10. The company ... a new brand product since the demand for the old one fell.  
a) develops b) has been developing c) had been developing
11. The company ... a new product for two months when the Board decided to reject it.  
a) had been developing b) developed c) was developing
12. The company ... a new product for two or three months by the time when advertising campaign for this product begins.  
a) is developing b) will be developing c) will have been developing

**12. Complete the following sentences with the proper forms of the verbs.**

1. We (to conclude) a lot of transactions at those prices lately.
2. They found that model which England (to produce) for the last few years, was among the best on the world market.
3. Where is the Sales Manager? - He (to have) lunch now.
4. The supplier (to deliver) another lot of goods before we sent him the claim.
5. Our manager (to advise) you before you leave for the meeting.
6. Sales will drop if we (to increase) prices.
7. Mr. Brown (to operate) on the Stock Exchange for a number of years.
8. This week Mr. Green (to work) in our London office.
9. We (to examine) general conditions of sale when President came in.
10. They (to discuss) the price problem for a few days before they agreed to sign the contract.
11. Every year our company (to put) a new brand of washing machine on the market.
12. You (to settle) the question about commission? – Not yet. We (to discuss) still this point.

**13. Make these sentences passive. Only use “by” if it is important to say who performed the action.**

1. They are creating new designs of products all the time.
2. We have reduced product launch time dramatically.
3. The CEO (chief executive officer) evaluated marketers’ ideas regularly.
4. I think we should discontinue this range of products.
5. The corporation’s sales and service organization covers the country.
6. They have enlarged the marketing department since my last visit.

7. According to a recent report the company is increasing its market share.
8. They had not checked the invoice properly before they delivered the product to the stores.
9. The suppliers will make further modifications to this service to other customers.
10. Companies are always looking for marketing opportunities.

***14. Put the verbs in brackets in the correct form.***

1. Some changes already ... (to make) in the marketing plan.
2. At the present time the prototype ... (to check) by the design team.
3. You ... (to meet) at the airport by the company driver tomorrow.
4. This product ... (to market) more imaginatively this season.
5. The price lists ... (to print) now and will be available in few days.
6. He ... (to promote) to the post of Marketing Director.
7. After a target market ... (to identify) the company decided what goods to offer.
8. The basic offer ... (to establish) before the company decides on marketing mix.
9. While the marketing plan ... (to design) other departments were waiting for it to be ready to start working on their own planning.
10. When a commercial on TV ... (to show) the telephone rang.

  **Follow-up**

***15. List some examples of situations in which people buy things that they don't really want or that they are not really good for them. Why do you think they do so?***

***16. Work in pairs. You have bought some goods that you really did not want or you thought were not good for you. Discuss:***

*Why did you buy them?*

*Who (what) is to blame for this purchase?*

*How to avoid such purchases in future?*



### ***Essential words and phrases***

|                            |   |
|----------------------------|---|
| Advantage                  | ➤ преимущество, выгода                      |
| Amount                     | ➤ количество, величина, сумма               |
| To anticipate              | ➤ предвидеть                                |
| To assume                  | ➤ предполагать                              |
| To assure                  | ➤ уверять, гарантировать                    |
| Attempt                    | ➤ попытка                                   |
| Capacity                   | ➤ мощность                                  |
| Competency                 | ➤ компетенция, умение, способность          |
| Consequently               | ➤ следовательно, поэтому                    |
| To be concerned with       | ➤ интересоваться, быть озабоченным          |
| Consideration              | ➤ рассмотрение, обсуждение, соображение     |
| Coverage                   | ➤ охват                                     |
| Credit term                | ➤ срок кредита                              |
| To define                  | ➤ определять, устанавливать                 |
| Demand                     | ➤ спрос                                     |
| To design                  | ➤ создавать, разрабатывать                  |
| To be desperate to do smth | ➤ быть готовым на все, чтобы сделать что-то |
| Devastating                | ➤ разрушительный, разорительный             |
| To discover                | ➤ обнаруживать, открывать                   |
| To distinguish             | ➤ различать                                 |
| Due to                     | ➤ благодаря, вследствие                     |
| Effort                     | ➤ достигнутое, созданное, усилие            |
| Existence                  | ➤ существование                             |



|                        |  |
|------------------------|--|
| To expend              | ➤ тратить, расходовать                                       |
| Expensive              | ➤ дорогостоящий  |
| To fill needs          | ➤ удовлетворять потребности                                  |
| Hard-selling technique | ➤ технология настойчивого рекламирования, навязывание товара |
| To identify            | ➤ определять, устанавливать                                  |
| To improve             | ➤ улучшать, совершенствовать                                 |
| To implement           | ➤ осуществлять   |
| Inventory              | ➤ запасы, резервы  |
| To involve             | ➤ вовлекать  |
| Long-term demand       | ➤ долгосрочный спрос   |
| Market research        | ➤ маркетинговое исследование                                 |
| Marketing mix          | ➤ комплекс маркетинга, маркетинговые составляющие            |
| To meet needs          | ➤ удовлетворять потребность                                  |
| Opportunity            | ➤ возможность  |
| Out-of-date            | ➤ устаревший   |
| Output                 | ➤ продукция  |
| Particular             | ➤ особый, конкретный   |
| To persuade            | ➤ убеждать   |
| Point of sale          | ➤ место продажи  |
| Pricing                | ➤ назначение цены, ценообразование                           |
| Product development    | ➤ создание, разработка товара                                |
| To promote             | ➤ стимулирование сбыта                                       |
| Publicity              | ➤ рекламная пропаганда                                       |
| To purchase            | ➤ покупать   |
| Responsibility         | ➤ ответственность  |
| To run                 | ➤ работать   |
| Sales promotion        | ➤ рекламная компания по стимулированию сбыта                 |

|               |  |
|---------------|--|
| To satisfy    | ➤ удовлетворять                        |
| To set        | ➤ устанавливать, создавать             |
| To share      | ➤ разделять вкусы, потребности         |
| Share         | ➤ доля                                 |
| Superfluous   | ➤ излишний                             |
| Target market | ➤ целевой рынок                        |
| To tend       | ➤ стремиться                           |
| Timing        | ➤ распределение во времени (по срокам) |
| Undertaking   | ➤ предприятие, дело                    |
| Vigorous      | ➤ энергичный, сильный, мощный          |

## UNIT II

### MARKETING STRATEGY

#### Preview

#### *1. Work in groups and discuss these questions.*

- a. *What do you mean by the term strategy in general and marketing strategy in particular? Compare your definition to that from the text.*
- b. *Is marketing strategy designed before market research or afterwards?*

#### Reading 1

#### **MARKETING STRATEGY AND MARKETING MIX**

With the help of a marketing information system, market research and an understanding of a buyer **behavior**, a firm plans its marketing strategy. In a truly marketing-oriented firm, the marketing strategy is a central part of strategic plan, and all top managers, not just the marketing manager should

be involved in setting it up. Planning a marketing strategy means choosing a target market and a marketing mix to serve that market.

A marketing-oriented company starts by choosing a target market. For this purpose the market is divided into submarkets, which **made up** of groups of customers who are **alike** in some key way. This process is known as market segmentation.

Market segmentation can help a firm in several ways. First, it allows firms **to tailor** their products and promotional efforts to customer needs. Second, it helps the firm find specific groups of customers whose needs are not being served well by competitors. Finally, it makes it possible to use resources more effectively; money can be **saved**, for example, by placing ads only in magazines that are likely to be read by people in the target market.

After market segments have been identified, the next step is to decide which segment or segments to serve and how. Three **approaches** can be used. A firm that takes a concentrated marketing approach chooses a single market segment as its target and tries to offer the ideal marketing mix for that segment. A firm that takes a **differentiated** marketing approach produces **a range of related** products or brands, each one tailored to the needs of a specific market segment. Finally, some companies **pursue** an undifferentiated marketing approach, offering a single product to all consumers. Anyone of the three approaches can be successful, as long as it is suited to the market and to the **abilities** of the producer.



Once the target market has been chosen, the next step is to develop a marketing mix that is **suited to** the market. A marketing mix is the mix of product, distribution system, promotion, and pricing that the firm uses to serve the customers in the target market.

As an element of the marketing mix, product refers to **matching** the nature of the product **to** the target market. Designing new products is part of that process. So is improving old products **in response to feedback** of users.

Distribution is concerned with getting goods and services to the customer. Problems of transportation and warehousing come under the heading of distribution. So do decisions on how to use **intermediaries**, such as **wholesalers and retailers**.

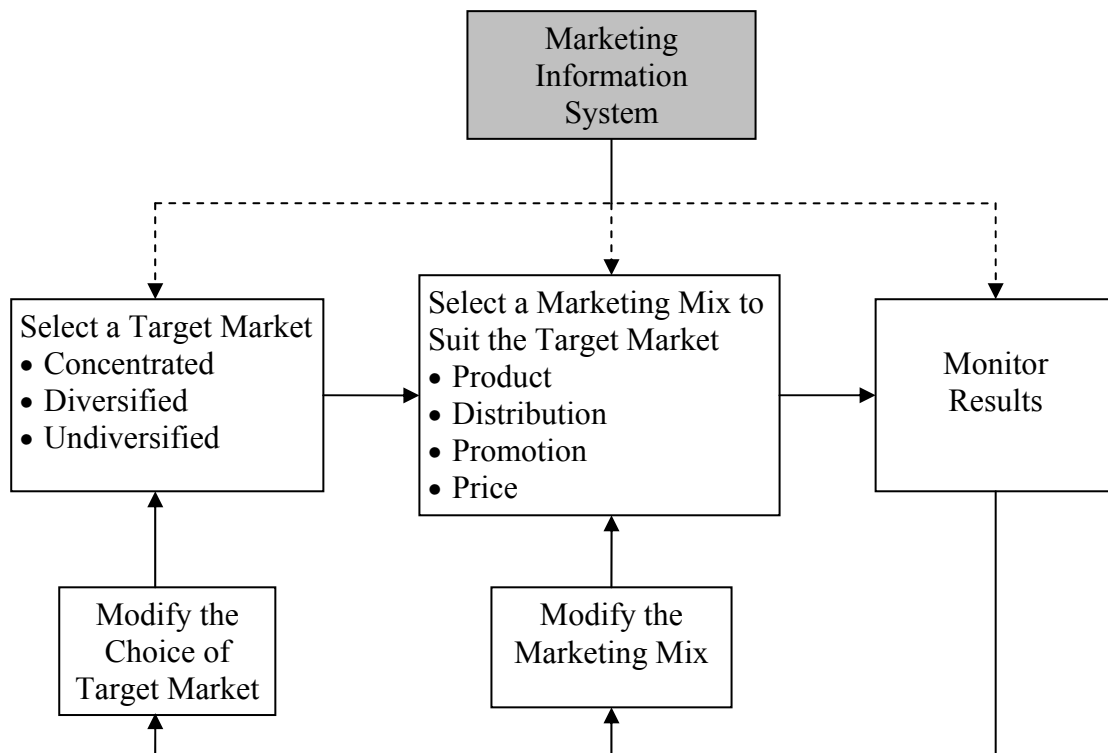
Promotion means telling and selling. **Advertising** is the most obvious way to tell consumers about the product. **News stories**, reviews in consumer-oriented magazines, and plain old **word of mouth** are also important. After telling is done, selling is still needed **to convince** potential customer that your product is the one that will best serve their needs. Finally, **follow-up** service is a major promotional tool.

Finding the right price for the product is **crucial** to a firm's success. To stay in business and meet consumer needs **in the long run**, a firm must set a price that is high enough to allow it to make **a profit** but not so high that it **drives** customers **away**.

**2. If necessary read the text again. Then comment on the following:**

- a) why all top managers are involved in setting marketing strategy up;
- b) ways in which market segmentation can help a firm;
- c) three approaches in deciding which segment or segments to serve;
- d) developing a marketing mix suited to the market.

3. Summarize the process of planning a marketing strategy on the basis of the figure.



☹ Speaking

4. Work in groups. Devise a marketing strategy for your product covering these points:

- ❖ What product or a range of related products you are going to produce.
- ❖ Who will be your potential customers (What segment or segments you will serve).
- ❖ What marketing approach you will use.
- ❖ What are the main ‘features and benefits’ of your product.
- ❖ How you will get your product to the customers.
- ❖ How you will inform customers about your product.
- ❖ What criteria for setting the price for your product you will use.

## Reading 2

5. *Read the text, and then decide whether the statements following it true or false.*

### **MARKET STRUCTURE**

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

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

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

**Market challengers** can either attempt to attack the leader, or to increase their market share by attacking various **market followers**. If they

choose to attack the leader, market challengers can use most of the strategies also available to market leaders: product innovation, price reductions, cheaper or higher quality versions, improved services, distribution channel innovations, manufacturing cost reduction, intensive advertising, and so on.

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

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

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

Small companies that do not establish their own niche – a segment of a segment – are in a **vulnerable** position. If their product does not have a "**unique selling proposition**," there is no reason for anyone to buy it. Consequently, a good strategy is to concentrate on a niche that is large enough to be profitable and that is likely to grow, that doesn't seem to interest the

leader, and which the firm can serve effectively. The niche could be a specialized product, a particular group of end-users, a geographical region, the top end of a market, and so on. Of course unless **a niche** builds up immense customer **goodwill**, it is vulnerable to an attack by the market leader or another larger company. Consequently, developing a position in two or more niches – is a much **safer** strategy.

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



☞ **Vocabulary focus**

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

|                   |                     |                  |
|-------------------|---------------------|------------------|
| <i>aim</i>        | <i>design</i>       | <i>leader</i>    |
| <i>benefit</i>    | <i>distribution</i> | <i>market</i>    |
| <i>challenger</i> | <i>extent</i>       | <i>product</i>   |
| <i>clone</i>      | <i>follower</i>     | <i>reduction</i> |
| <i>competitor</i> | <i>increase</i>     | <i>share</i>     |
| <i>consumer</i>   | <i>innovation</i>   | <i>target</i>    |

**7. Complete the following collocations from the text:**

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

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

**9. Choose the correct alternative to complete each sentence:**

1. In many markets there is a firm with a much larger market share than its competitors, called...

- a. market leader*                      *b. monopolist*                      *c. multinational*

2. A company that is number two in an industry, but which would like to become number one – think of Pepsi vs. Coke, Reebok vs. Nike, Avis vs. Hertz - is known as a ...

- a. market challenger*              *b. market competitor*              *c. market follower*

3. A smaller company in an industry, more or less content with its existing market share, is called ...

*a. market challenger      b. market follower      c. market sharer*

4. Small, specialized companies, which target segments within segments, are called ... .

*a. market failures      b. market followers      c. market niches*

5. A market in which one single producer can fix an artificially high price is called a/an ....

*a. homogeneous market      b. monopoly      c. undifferentiated market*

6. A market dominated by a few large suppliers, and which it is hard for new companies to break into, is called a/an ....

*a. conglomerate      b. market concentration      c. oligopoly*

7. A group of companies which chose to collaborate by sharing out markets, coordinating their prices, and so on, form a ... .

*a. cartel      b. conspiracy      c. joint venture*

8. A situation in which the market leader can determine the price that its competitors can charge is called a ... .

*a. dominant-firm oligopoly      b. market failure      c. monopoly*

9. A market in which it is normal to have only one supplier - e.g. utilities such as water and sewage, gas, electricity - is called ... .

*a. conglomerate      b. natural monopoly      c. pure monopoly*

### **Language focus**

**10. Translate the following sentences and explain the meaning of modals.**

1. Some information could be assembled without us moving from our tables.

2. I suspect sales might have been falling at our subsidiary.
3. We will have to select the right market or markets to enter.
4. It could have been a coincidence but it was unlikely.
5. I don't doubt you must have received an accurate picture of that market.
6. If the components had been delivered earlier, we might have been able to start work on time.
7. Without any doubt credit terms must have been changed.
8. You needn't have stopped producing the old range.
9. The marketing department ought to have done a more accurate market research.
10. Our competitors might have started exporting abroad.
11. According to the contract the company was to deliver much more goods for the customer.
12. According to marketing concept customers don't have to be persuaded by hard-selling technique to buy non-essential goods.
13. You needn't have phoned them, the goods have already been delivered.

**11. Choose the right modal. There may be two options.**

1. (*May/should/need*) I look at the price list?
2. You (*can/needn't/may*) remind me about my responsibilities, I know them well.
3. If we reduce the price, more people (*should/must/ will be able*) to buy this product.
4. You (*should have/ must have/ought to have*) invested in sales promotion to increase your market share.
5. The marketing concept assumes that consumers' needs (*might/needn't/ have to*) be taken into account.

6. If we want to make a big impact, we (*had to/have got to/will have to*) consider a TV campaign.
7. Our goods are poorly sold. Marketers (*ought to have/must have/might have*) anticipated consumer needs.
8. You (*can/must/might*) be an experienced marketer for designing a successful marketing strategy.
9. Once sales goals have been set, we (*are not able/will have/ought*) to change them.
10. Why (*might/can/should*) we all learn one language? – Well, then we (*could/must/should*) communicate better.
11. They (*must have/could have/needn't have*) bought the same goods somewhere else more cheaply.

 **Listening**

***12. Listen to the tape on which John, Peter and Mike, the directors of the company manufacturing bathroom tiles, are discussing the future of the company. Each of them has slightly different views on the best way to survive in the market place.***

*In the table below:*

|                                    |                                |                                |
|------------------------------------|--------------------------------|--------------------------------|
| $\gamma$ = <i>must follow plan</i> | - = <i>needn't follow plan</i> | + = <i>mustn't follow plan</i> |
|------------------------------------|--------------------------------|--------------------------------|

***Now listen to their discussion and as you listen put the initial of the speaker in the appropriate column in the table below. The order of the speakers is John (J), then Peter (P), and then Mike (M).***

|  | $\gamma$ | - | + |
|--|----------|---|---|
| concentrate only on the home market              |          |   |   |
| concentrate only on the foreign market           |          |   |   |
| concentrate on both the home and foreign markets |          |   |   |

|                            |  |  |  |
|----------------------------|--|--|--|
| borrow money from the bank |  |  |  |
| grow very quickly          |  |  |  |
| increase product range     |  |  |  |

**J.:** I think that what we must do now is concentrate our efforts on both the home and the foreign markets, and for that we've got to get extra capital from the bank. As a small company we are in a vulnerable position and I think we all realize that we mustn't only concentrate on the home market. However, we needn't increase our product range yet – that can wait. Another thing – we needn't grow very quickly – rather at a steady pace. I'd say – over the next few years, if we are going to survive.

**P.:** I'm a little worried about getting extra capital from the bank. I really don't think we need to borrow money at the moment. Our products have been very successful in this country and I think we are doing very well. We don't need to rush into the foreign market-place yet. I think we've got to concentrate just on the home market and stabilize our position here. And for that we've got to grow – but not very quickly or we'll explode.

**M.:** I think I rather agree with you, John. We've got to be dynamic in our approach, and I think we must develop both the local and the foreign markets. But here I disagree with both of you. I think that if we are going to survive we've got to grow very quickly. By that I mean that we need to develop new products, and this of course means we've got to borrow capital from the bank.

☹ **Speaking**

**13. Company A and company B have different strategic plans for next year. Use the table below and meanings of symbols in the previous**

*exercise to make sentences, firstly about company A, and secondly about company B.*

*e.g. We must (mustn't, needn't) increase production. Now you continue with Company A and Company B.*

| <b>PLAN</b>                  | <b>COMPANY <i>A</i></b>       | <b>COMPANY <i>B</i></b>      |
|------------------------------|-------------------------------|------------------------------|
| Increase production          | ✓                             | -                            |
| Take on more staff           | +                             | ✓<br><i>Production Dept.</i> |
| Develop new products         | -                             | ✓<br><i>Research Dept.</i>   |
| Invest in new machinery      | ✓<br><i>French subsidiary</i> | -                            |
| Increase prices to retailers | ✓                             | +                            |
| Spend more on advertising    | -                             | +<br><i>Promotion Dept.</i>  |

☺ ☹ **Discussion**

*14. Think of some durable consumer goods that your family possesses – perhaps a car, a television, a stereo, a camera, a personal computer, a fridge, a cooker, a hairdryer, and so on. Think of your casual clothes, especially jeans and sports shoes. Think of the brands of food and drink you habitually consume, including breakfast cereals, chocolate, tea and instant coffee.*

*In each case, do you know whether the company that makes them is one of the following?*

- the market leader (with the biggest market share)
- the market challenger (the second -biggest company in the industry)
- one of many smaller market followers

*If you buy or have bought products that are not produced by the market leader or a well-known market challenger, what is the reason?*

- chance
- price
- because the product has a ‘unique selling proposition’ that appeals to you
- because you need something special, and are part of a particular niche or market segment

*Give examples.*

 *Essential words and expressions*

|                             |  |
|-----------------------------|--|
| Ability                     | ➤ способность, возможность                                 |
| To achieve                  | ➤ добиваться, достигать                                    |
| Advertising (ad)            | ➤ рекламирование   |
| Alike                       | ➤ подобный, похожий  |
| Approach                    | ➤ подход, приближение                                      |
| To bear (bore, borne) costs | ➤ нести издержки   |
| Behavior                    | ➤ поведение  |
| (To) benefit                | ➤ выгода, прибыль; извлекать выгоду, прибыль               |
| To choose (chose, chosen)   | ➤ выбирать   |
| A competitor                | ➤ конкурент  |
| To convince                 | ➤ убеждать   |
| Cost reduction              | ➤ понижение стоимости                                      |
| Crucial                     | ➤ решающий, критический                                    |
| Current                     | ➤ существующий, теперешний, современный, текущий, нынешний |
| To determine                | ➤ определять, устанавливать                                |
| To differentiate            | ➤ дифференцировать   |

|                     |   |
|---------------------|---|
| To distribute       | ➤ распределять, распространять  |
| To drive away       | ➤ отгонять, отталкивать (покупателей)   |
| Economics of scale  | ➤ экономия, обусловленная ростом масштаба производства; эффект масштаба   |
| Environment         | ➤ окружающая среда, условия, обстановка   |
| To exploit          | ➤ изучать, разрабатывать, использовать  |
| To extend           | ➤ расширять, удлинять   |
| Extent              | ➤ размер, степень, мера   |
| Feedback            | ➤ отклик, обратная связь  |
| Follow-up           | ➤ вторичный, последующий  |
| Goodwill            | ➤ престиж фирмы; расположение; ценность фирмы, определяющаяся её клиентурой, репутацией   |
| An intermediary     | ➤ посредник   |
| A life cycle        | ➤ жизненный цикл продукта   |
| To make up          | ➤ составлять  |
| A market challenger | ➤ претендент (компания, имеющая вторую по величине долю рынка и претендующая на лидирующее положение)                                 |
| A market follower   | ➤ подражатель (мелкая компания, имеющая свою небольшую, выгодную нишу на рынке и, чаще всего, имитирующая продукцию ведущих компаний) |
| A market leader     | ➤ ведущая компания (имеющая самую большую долю рынка)   |



|                  |   |
|------------------|---|
| A market niche   | ➤ ниша, небольшой сегмент рынка для сбыта определённого товара  |
| To match to      | ➤ согласовывать, подбирать под ч-л.   |
| News stories     | ➤ сообщение в печати, газетный материал   |
| An objective     | ➤ цель  |
| Obviously        | ➤ ясно, очевидно  |
| Overall          | ➤ полный, всеобъемлющий   |
| A product line   | ➤ товарная серия, ассортимент товаров одной фирмы   |
| (To) profit      | ➤ выгода, прибыль; приносить прибыль, выгоду  |
| Promotion        | ➤ стимулирование сбыта, рекламирование с целью повышения интереса потребителей к определённому товару |
| To pursue        | ➤ следовать ч-л., придерживаться  |
| A range          | ➤ ряд, серия, ассортимент, диапазон цен   |
| Related products | ➤ родственная продукция   |
| In response to   | ➤ в ответ на  |
| A retailer       | ➤ розничный торговец  |
| To retaliate     | ➤ отплатить тем же самым, мстить  |
| In the long run  | ➤ в конце концов  |
| Safe             | ➤ безопасный, надёжный  |
| To save          | ➤ экономить   |
| A set            | ➤ совокупность, набор, ряд  |
| To stretch       | ➤ расширять   |
| To suit to       | ➤ соответствовать, подходить  |
| To tailor        | ➤ приспособлять, угождать   |

|                            |  |
|----------------------------|--|
| To uncover                 | ➤ обнаруживать, открывать  |
| Unique selling proposition | ➤ продукт для продажи, обладающий уникальными, только ему свойственными качествами |
| Vulnerable                 | ➤ уязвимый   |
| A wholesaler               | ➤ оптовый торговец   |
| Word of mouth              | ➤ устная реклама, молва  |

## UNIT III

### MARKET RESEARCH

#### Preview

*1. Work in groups and discuss these questions.*

- a) *How do you think market research is conducted?*
- b) *What tools can be used in the process of market research?*

#### Reading 1

*2. Read the text and answer these questions.*

Why can't we develop and launch a product only on the basis of intuition?

What information is collected in the process of market research?

Where is secondary data for market research obtained?

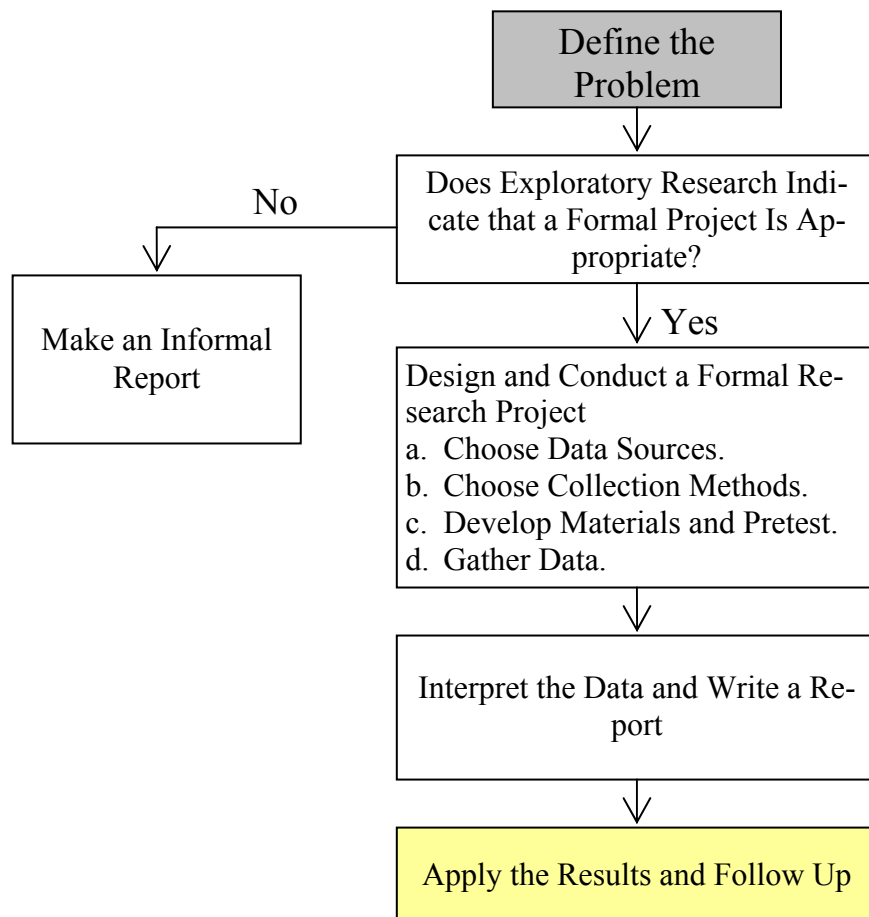
In what case do we engage in gathering primary data?

What is the disadvantage of survey research in focus groups?

In what case is questionnaire research more likely to be statistically significant?

## MARKET RESEARCH

Oh no, we'd never develop and **launch** a product **solely** on the basis of guesswork. That's much too risky. You can't just **trust** the intuition of senior managers or product managers, you have to do market research. That's what we call it in Britain; in the States they say marketing research. We collect and analyze information about the size of a potential market, about consumers' **tastes** and habits, their reactions to particular product features, **packaging features** and so on.



Lots of people think that market research just means going out and asking consumers for their opinions of products, but that's not true. Actually, talking to customers is a relatively minor market research **tool**, because it is

very expensive. In fact, personal interviewing is the very last thing we'd do. We usually find that our own **accounts department**, which **keeps records** of sales, **orders**, inventory size, and so on, is a far more important source of information. Our sales representatives are another good source.

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

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

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

Focus groups are informative, but they're usually too small for us to be sure that the chosen **sample** of consumers is statistically **valid**. **Questionnaire** research, involving many more respondents, is more likely to be statistically **significant** as long as we make sure we select the **appropriate**

sampling unit – whether it's a **random** sample of the population, or a sample of a selected category of people – and the sample size is **sufficiently** large. When we've **established** a sample, we do the interviews, normally by telephone or mail, sometimes by personal interviewing.

**3. Find words or expressions in the text which mean the following:**

- a) a document published by companies every year including details of activities and financial statements;
- b) potential customers interviewed collectively by market researcher;
- c) a group chosen out of a large number for survey;
- d) the introduction of a new product onto the market;
- e) a sample chosen from a large number of people or objects without selection criteria;
- f) the visible attributes of a packaging;
- g) the words or text of an advertisement;
- h) a general term for intermediaries such as agents, brokers, merchants and wholesalers;
- i) the collection of information about people's tastes and opinions from a sample of the population;
- j) different ways of communicating information.

☹ **Speaking**

**4. On the basis of figure on page 35 describe the process of market research.**

☹ ☺ **Discussion**

**5. Study the table showing strengths and weaknesses of three contact methods and then do the following tasks.**

|  | <b>MAIL</b>      | <b>TELEPHONE</b> | <b>PERSONAL</b>  |
|--|------------------|------------------|------------------|
| <i>1. Flexibility</i>                            | <i>Poor</i>      | <i>Good</i>      | <i>Excellent</i> |
| <i>2. Quantity of data that can be collected</i> | <i>Good</i>      | <i>Fair</i>      | <i>Excellent</i> |
| <i>3. Control of interviewer effects</i>         | <i>Excellent</i> | <i>Fair</i>      | <i>Poor</i>      |
| <i>4. Control of sample</i>                      | <i>Fair</i>      | <i>Excellent</i> | <i>Fair</i>      |
| <i>5. Speed of data collection</i>               | <i>Poor</i>      | <i>Excellent</i> | <i>Good</i>      |
| <i>6. Response rate</i>                          | <i>Poor</i>      | <i>Good</i>      | <i>Good</i>      |
| <i>7. Cost</i>                                   | <i>Good</i>      | <i>Fair</i>      | <i>Poor</i>      |

- a) Speak on the advantages of each contact method.
- b) Speak on the disadvantages of each contact method.
- c) Tell what is the most effective contact method in your opinion and why.

*If you look at the table ....*

*Response rates tend to be .....*

*This table shows ....*

*According to the table ....*

*This method (interview) allows ....*

*This method of contact can be conducted very quickly (slowly) ...*

*The interviewer bias (влияние) is great (poor, fair) ....*

## **Reading 2**

**6. Read the following text and write short headings for each paragraph.**

### **MARKET RESEARCH APPROACHES**

Just as researchers must carefully **evaluate** the quality of secondary information, they must also take a great care in collecting primary information

to assure that they provide marketing decision makers with **relevant**, accurate and current information. There are three approaches used for primary data collection: **observational research**, **survey research** and experimental research.

Observational research is the gathering of primary data by observing relevant people, actions and situations. For example, a food product manufacturer sends researchers into supermarkets to find out the prices of competing brands or how much **shelf space** and **display support** retailers give its brands.

Observational research can be used to obtain information that people are unwilling or unable to provide. In some cases, observation may be the only way **to obtain** the needed information. On the other hand, some things simply cannot be observed – things such as feelings, **attitudes**, motives, or private behavior. Because of these limitations, researchers often use observation **along with** other data collection methods.

Survey research is the research best suited for gathering descriptive information. A company that wants to know about people's knowledge, attitudes, preferences, or buying behavior can often find out by asking them directly. Survey research can be structured and unstructured. Structured surveys are formal **list** of questions asked of all respondents in the same way. Unstructured surveys let the interviewer **probe** respondents and **guide** the interview according to the answers.

Survey research is the most widely used method for primary data collection. The major advantage of survey research is its **flexibility**. It can be used to obtain many kinds of information in many different marketing situations. Depending on the survey design, it may also provide information

more quickly and at lower price than observational or experimental research.

However, survey research also presents some problems. Sometimes people are unable to answer survey because they cannot remember or never thought about what they do and why. Or people may be unwilling **to respond to** unknown interviewers or about things they consider private. Or they may **try** to help interviewers by giving **pleasing** answers.

Whereas observation is best suited for **exploratory** research and surveys for descriptive research, experimental research is best suited for gathering **causal** information. Experiments involve selecting **matched** groups of subjects, giving them different **treatments**, controlling **unrelated** factors, and checking for differences in group responses. Thus, experimental research tries to explain **cause-and-effect relationships**.

For example, to test the effects of two different prices, McDonald's could set up the following simple experiment. It could introduce the new sandwich at one price in its restaurants in one city and at another price in restaurants in another city. If the cities are similar, and if all other marketing efforts for the sandwich are the same, then differences in sales in the two cities could **be related to** the price charged. More complex experiments could be designed to include other variables and other locations.

***7. Match the words to make word partnerships from the text above.***

- |              |                |
|--------------|----------------|
| 1. pleasing  | a) information |
| 2. unrelated | b) data        |
| 3. current   | c) behavior    |
| 4. primary   | d) factors     |



- 5. shelf e) answer
- 6. buying f) space

**8. Complete the following sentences which summarize the text above.**

1. Three approaches observational, survey and experimental provide ... .
2. Under observational research some companies send their researchers to find out for example ... .
3. As observational research has both advantages and disadvantages it is used along with ... .
4. Structured and unstructured surveys provide companies information about ....
5. The advantages of survey research are ....
6. Problems presented by survey research include ....
7. The experimental research involve the following stages ....
8. For example, experimental research can find out whether differences in the sales of the same product ... .

 **Reading 3**

**9. Nine sentences in the text are unfinished. Choose the correct sentence endings from “a” to “i” below.**

***MARKET TESTING***

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

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

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

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

- a. by even better products developed by competitors.
- a. how many will re-buy it and **adopt** it, and what the **frequency** re-purchase is.
- b. it fails to offer a “unique selling proposition”, or that it is badly designed or wrongly priced.
- c. it will probably be necessary to increase advertising and sales promotion spending **to encourage** more people to try the product.
- d. something is clearly wrong with the product.
- e. the company will probably go ahead and launch it in as large a geographical area as they have the capacity **to supply**.

- f. this may be due to a **previous failure** of market measurement or **forecasting** or research.
- g. to selected potential customers for trial.
- h. unless, perhaps, the company is involved in a race with a competitor's product, in which case it might launch a product immediately.

 **Language focus**

**10. Choose the appropriate form of the infinitive from the brackets and translate the sentences.**

1. One of the aspects (*to consider/to be considered*) in marketing a product is its quality.
2. The less profitable market followers are too big (*to focus/to be focused*) on niches, but too small (*to benefit/to have benefited*) from economics of scale.
3. This company was the first (*to have launched/to launch*) this product onto the market.
4. I am sorry (*to be lost/to have lost*) an annual report.
5. There are many sources of secondary data (*to have been studied/to study*).
6. The researchers regret not (*to have been carried out/to have carried out*) properly market measurement.
7. Do you remember (*to have been called/to be called*) by the customer yesterday?
8. We can't afford (*to be reduced/to reduce*) our prices.
9. There are three approaches (*to use/to be used*) for primary data collection.

10. I can't remember (*to offer/to have offered*) you a replacement.
11. The customer forgot (*to be completed/to complete*) the five-year guarantee form.
12. As personal interviewing is very expensive, it is the last thing (*to have done/to be done*).

**11. Identify subjective or objective infinitive constructions in the following sentences and translate them.**

1. At the same time competitors are likely to increase their marketing effort.
2. Accounts department is considered to be an important source of information.
3. Market research data appeared to have been misinterpreted.
4. These ideas proved not to have been commercially successful.
5. Board of Directors considers good new products to have been destroyed by poor promotion.
6. I recommended reliability to be improved.
7. The firm was reported to have displayed its products at a trade fair.
8. The company seems to be modifying the existing product.
9. Marketing department wants the researchers to be sent in the nearby supermarket.
10. Survey research is known to be best suited for gathering descriptive information.
11. He is sure to be remembered for introducing basic tools of strategic thinking.
12. If there is only one brand in a market it is likely to be positioned in the center.

13. I don't mind new products to be tested for safety and performance.

 **Listening**

**12. Listen to Steve Moody, the manager of Marks & Spencer store on Cambridge, giving a hypothetical example of a marketing failure – a product that reaches the shops but fails to sell – and answer questions.**

1. What does Steve Moody say is the role of Marks & Spencer's head office?
2. What is the example of a product that fails to sell?
3. In these circumstances, whose fault would it be that the product failed? What had not been done properly, before the product was delivered to the stores?
4. Who would be the only people in the country that would be able to find out what is wrong?
5. What action could Marks & Spencer take?
6. How does Steve Moody describe the relationship between head office and the individual stores?

**Interviewer:** You're responsible for operational management, the management of people, but not product development. Could you say something about the role of head office?

**Steve Moody:** Obviously, head office, the nature of what head office does in terms of selecting the products and then deciding on quantities they buy. Obviously when they do that we have great success stories, that we develop a new product, say it's a new food recipe dishes that we introduce, it might be a new tie range, or foods from the Far East, and we introduce that and

it sells very well and obviously that's fine, and usually head office don't require a lot of feedback on that. However, they could buy a particular new type of fabric, say it's lycra fabric which we've not used before and we develop a range of ladies' underwear, for example, with that, we buy large quantities of it, we display it, we think it's the right price, we think we've chosen the right colour, everybody in head office actually thinks it's going to sell really well. It then goes out to 50 stores and for some unknown reason the customers don't want to buy it. So in those cases obviously we have a commitment there of stock that we've bought, we need to do some investigation as to find out why it's not selling and therefore head office would then come and talk to us and not simply to me but my sales staff to say, well, you know, what have we got wrong here, is it the make-up of the fabric, is it the colour of the fabric, is it the texture, is it the price, and obviously try and take some remedial action, in terms of it is price, then maybe we would reduce the price. If it's colour we would go and see what we could do. So we have large input into head office on a daily basis in terms of feeding back communication and obviously sales figures and very much it's a partnership between ourselves and head office.

### **Case study**

***13. Suppose that you were part of the marketing team responsible for the following product concepts:***

- ❖ *A new line of swimwear, to be sold by chain of department stores*

❖ *Fresh Fries*

❖ *A new range of expensive hi-fi equipment*

❖ *A new English dictionary for foreign learners*

*What market research would you do before developing the products?*

*What specific information would you need? Where could you get it?*

*In each case, which of the following sources of information do you think would be the most useful, and why?*

- Focus group interviews, in which several members of the target market are invited (and paid a small fee) to meet and discuss the product concept.
- Internal research analyzing data already available in the company's accounts and sales departments, which keep records of sales, orders, inventory size, and so on.
- Printed sources of secondary data including business newspapers, magazines and trade journals, competitor's annual reports, official government statistics, and reports published by private market research agencies.
- Questionnaire research, by telephone, mail, or personal interviewing.
- The company's own sales staff.
- Other sources.

### Follow-up

**14. Group work.** *You are the marketing manager of a company which manufactures some product. Your task is to design a questionnaire to find out what ideas consumers have for a new product.*

*Your questionnaire should not take more than three minutes to answer and should include wh-questions, yes/no questions and statement questions.*

*Keeping in mind that survey research involves gathering primary data by asking people questions about their knowledge, attitude, preferences, and buying behavior you should:*

- 1) choose group of customers your questions will be aimed at;
- 2) design a questionnaire;
- 3) try your questionnaire on the other members of your class.

 *Essential words and expressions*

|                               |   |
|-------------------------------|---|
| Accounts department           | ➤ бухгалтерия                                     |
| Advertising copy              | ➤ текст печатного объявления (в печатной рекламе) |
| Along with                    | ➤ наряду с  |
| Annual                        | ➤ ежегодный                                       |
| Appropriate                   | ➤ соответствующий, подходящий, присутствующий     |
| An attitude                   | ➤ отношение                                       |
| Causal                        | ➤ причинный                                       |
| Cause-and-effect relationship | ➤ причинно-следственная связь                     |
| To destroy                    | ➤ разрушать, уничтожать                           |
| A display                     | ➤ экспонирование товара                           |
| Display support               | ➤ средства экспонирования                         |
| Durable goods                 | ➤ товары длительного пользования                  |
| To encourage                  | ➤ стимулировать, поощрять                         |
| To engage                     | ➤ заниматься                                      |



|                         |  |
|-------------------------|--|
| To establish            | ➤ устанавливать, определять  |
| To evaluate             | ➤ оценивать  |
| An executive            | ➤ руководитель   |
| An exploratory research | ➤ поисковое, разведывательное исследование                           |
| To fail to do something | ➤ не суметь, не быть в состоянии, оказаться неспособным сделать ч-л. |
| Failure                 | ➤ отсутствие, невыполнение, неосуществление                          |
| A feature               | ➤ характеристика, свойство   |
| To field                | ➤ обрабатывать (например, ответы анкеты)                             |
| Field work              | ➤ работать с клиентами   |
| Flexibility             | ➤ гибкость   |
| A focus group interview | ➤ целевой опрос (проводимый в фокус группе)                          |
| To forecast             | ➤ прогнозировать   |
| Frequency               | ➤ частота  |
| To guide                | ➤ направлять, руководить   |
| To handle a product     | ➤ продавать продукт  |
| Inadequate              | ➤ недостаточный  |
| To keep records         | ➤ вести учёт   |
| To launch a product     | ➤ выпускать новый товар на рынок                                     |
| To lead (led, led)      | ➤ вести, руководить  |
| A list                  | ➤ перечень, список   |
| Matched                 | ➤ подобранный, пригнанный  |
| To measure              | ➤ измерять   |
| A middleman             | ➤ посредник  |
| Observational research  | ➤ исследование путём наблюдения                                      |
| To obtain               | ➤ получать   |

|                  |  |
|------------------|--|
| (To) order       | ➤ заказ, заказывать                          |
| Packaging        | ➤ упаковка                                   |
| Performance      | ➤ работа, функционирование                   |
| Pleasing         | ➤ приятный, который может понравиться        |
| To probe         | ➤ прозондировать                             |
| A questionnaire  | ➤ вопросник, анкета                          |
| A race           | ➤ гонка                                      |
| Random           | ➤ случайный, произвольный                    |
| Rate             | ➤ уровень, скорость, темп                    |
| To be related to | ➤ быть связанным с, иметь отношение к        |
| Relevant         | ➤ относящийся к делу                         |
| To reveal        | ➤ обнаруживать, открывать                    |
| A report         | ➤ отчёт                                      |
| A sample         | ➤ образец, выборка                           |
| Safety           | ➤ безопасность                               |
| Shelf space      | ➤ место на полке                             |
| A showroom       | ➤ демонстрационный зал, выставка, экспозиция |
| Significant      | ➤ имеющий смысл, значение                    |
| Size             | ➤ размер                                     |
| Solely           | ➤ исключительно, только                      |
| A source         | ➤ источник                                   |
| Sufficiently     | ➤ достаточно                                 |
| To supply        | ➤ снабжать, обеспечивать, поставлять         |
| A survey         | ➤ изучение, исследование, сбор информации    |
| Taste            | ➤ вкус                                       |

|             |                               |
|-------------|-------------------------------|
| A tool      | ➤ средство                    |
| A treatment | ➤ обработка, режим, испытание |
| To trust    | ➤ доверять                    |
| Unrelated   | ➤ неродственный, несвязанный  |
| Valid       | ➤ обоснованный                |

## UNIT IV

### MARKET POTENTIAL AND FORECASTING

#### Preview

***1. While developing a marketing plan for a new and existing product the process must involve the following:***

*Evaluating the market for the product;*

*Evaluating opportunities in marketing the product;*

*Developing product objectives;*

*Identifying the target market for the product and establishing a strategy to position the product;*

*Developing a marketing mix to implement product strategy;*

*Forecasting sales and establishing initial profit projections.*

- a) What do you think future sales will be based on?
- b) What methods for sales forecasting are used?



#### Reading 1

***2. Read the text and answer these questions.***

What should companies do before planning their marketing activities?

What is the interconnection between marketing expenditure and market expansion?

In what case will a company's marketing effort be directed at increasing its marketing share?

What is sales volume associated with?

What factors in the marketing environment cannot the company control?

Why does marketing expenditure give first increasing, and then diminishing returns?

In what case will a firm create a natural monopoly?

### ***MARKET POTENTIAL***

In order to analyze market opportunities and to plan their marketing activities, companies have to measure current demand and forecast future demand. That will depend on the overall marketing environment, which can of course change, but so too can the company's marketing programme.

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

In a competitive market, individual firms with an effective marketing programme can and do increase their market share. There is, therefore, a company demand function or a sales response function which forecasts the **likely sales volume** during a specified time period associated with different

possible levels of a marketing-mix element. But of course market potential depends on many factors in the marketing environment that a company cannot control, such as the general health of the national economy. Furthermore, the sales response function assumes that other **variables**, such as competitors' prices, **remain** constant, whatever the company spends on marketing. This is obviously untrue, and so has to be **compensated for** in calculations.

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

***3. Match the words to make word partnerships from the text.***

- |                       |                     |
|-----------------------|---------------------|
| 1. sale response      | a. expenditure      |
| 2. marketing          | b. function         |
| 3. sales              | c. prospect         |
| 4. company demand     | d. function         |
| 5. demand-stimulating | e. volume           |
| 6. sales              | f. natural monopoly |
| 7. to create          | h. environment      |

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

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

**5. Match up the terms on the left with the definitions on the right.**

- |                                |   |
|--------------------------------|---|
| 1. market environment          | a) a company's sales expressed as a percentage of the total sales of an industry  |
| 2. market demand for a product | b) a company's plan regarding the marketing mix, including product features, price, expenditure on promotions, the allocation of resources, and so on |
| 3. marketing programme         | c) figures set as goals for a company division, a product line, a sales team, individual sales representatives, etc.                                  |
| 4. sales response function     | d) the economic situation, and demographic, technological, political, cultural changes, and so on.  |
| 5. market potential            | e) the expected level of company sales based on a selected marketing plan and an assumed marketing environment.                                       |
| 6. company potential           | f) the limit approached by company demand as it increases its marketing effort relative to its competitors.   |
| 7. market share                | g) the limit approached by market demand, in a given environment, when additional marketing expenditure no longer produces a significant return.      |

|                    |   |
|--------------------|---|
| 8. market forecast | h) the market demand that corresponds to a whole industry's planned level of marketing expenditure.   |
| 9. sales forecast  | i) the relationship between sales volume and a particular element of the marketing mix.   |
| 10. sales quotas   | j) the total volume that would be bought by a particular customer group or market segment in a particular geographical area and period of time, in a defined marketing environment under a defined marketing programme. |

## Reading 2

**6. Look quickly through the following text and decide which paragraphs are about these subjects:**

- ... – getting estimates from sales reps and distributors
- ... – cases of using surveys
- ... – forecasting based on analyzing existing data
- ... – reasons for carrying out market tests
- ... – the results of poor estimating market potential.

### ***MARKET FORECASTING***

**To estimate** total market potential a company needs to forecast the number of buyers, and the **average quantity** that they will purchase. If this is done badly it can result in **excessive** inventories and **costly** price cuts, or, on the contrary, lost sales due to insufficient production.

There are various methods of forecasting, but they all depend on one of three factors: what people say, what they do (which not always the same),

and what they have done in the past. Forecasts based on what people say are made from surveys of buyer **intentions**, conducted by personal, telephone or postal interviews of a statistically selected sample of consumers. Even though consumers do not always have clear intentions, or carry out their original intentions, and they are not always prepared to disclose them, buyer-intention surveys are often quite accurate for major consumer durables and industrial goods. Surveys are also the only possible forecasting technique for new products for which past data does not **exist**.

If surveying customers is too expensive, an alternative method is to get estimates from sales representatives who are, **after all**, close to customers, especially those of highly specialized, technical products. Where a company does not have its own sales force, distributors can sometimes provide equivalent information.

Direct market tests, unlike surveys, enable a forecast to be made based on what people actually do. Consequently, market tests are often carried out for new products, for products whose buyers do not carefully plan their purchases or who are highly **erratic** in fulfilling their intentions, or for products that are being sold in new areas or by new distribution channels.

An alternative to both surveys and market tests is to analyze existing data, such as **time series** of past sales of a product, **taking into account** the business cycle, and **unpredictable** events such as shortages, strikes, price wars, etc.

**7. Put questions, relating to the text, to which these could be answers.**

1. Surveys are conducted by personal, telephone and postal interviews.
2. When market potential estimating is done badly.



3. Because surveying customers is too expensive.
4. Unlike surveys market tests are based on what people actually do.
5. You should take into account the business cycle and unpredictable events.

☹ **Speaking**

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

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

|                            |                                 |
|----------------------------|---------------------------------|
| <i>to rush out</i>         | <i>торопиться</i>               |
| <i>an inferior product</i> | <i>продукт плохого качества</i> |
| <i>a set-up</i>            | <i>сборка, наладка, монтаж</i>  |
| <i>changeover</i>          | <i>переоснастка</i>             |
| <i>production run</i>      | <i>партия изделий</i>           |

**A.:** “Aaargh!”

**B.:** “Because we’re looking for technical perfection. We believe we can incorporate some outstanding new technical features into this product. We think we’re close to a breakthrough, so we’re not interested in rushing out an inferior product before Christmas.”

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

**9. Discuss in pairs.**

- a) What is the main subject being discussed by the people from different departments?
- b) What is the opinion of marketing reps about customers needs?
- c) What do they want R&D department to hand them?
- d) What are the objections of reps from R&D and production departments to the opinion of marketing people?
- e) What conclusion did marketing people make?

 **Language focus**

**10. Translate the sentences paying attention to the forms and functions of gerunds.**

1. After being approved by the president the plan was returned to the Sales Department.
2. There is no possibility of our lengthening credit terms.
3. I remember our having decided to take the basic design as it stands today.
4. Some people don't like being asked their opinions about new products.
5. They raised the price of the product without its upgrading.
6. He was accused of having failed the advertising campaign.
7. The problem is not worth discussing.
8. I am still angry at his having broken the agreement.
9. How could I prevent them from undertaking these measures?
10. They were afraid of sales resistance being increased.
11. Customers were informed of new technical features having been incorporated into the product.



## Listening

12. Listen to the tape. A Sales manager of a Sports Equipment company gives a presentation about differences between forecast and actual sales. As you listen, complete the table with appropriate figures.

| Products                    | Forecast sales | Actual sales |
|-----------------------------|----------------|--------------|
| <i>Tennis equipment</i>     | £450,000       |              |
| <i>Squash and badminton</i> |                | £180, 000    |
| <i>Golf equipment</i>       | £100,000       |              |
| <i>Winter sports</i>        | £250,000       |              |
| <i>Football</i>             | £110,000       |              |
| <i>Hang-gliding</i>         |                | £25,000      |

*I'd like to begin by taking a look at the differences between our forecast and actual sales figures for last year.*

*As you can see, for tennis equipment, our actual sales figures were exactly the same as forecast. Our squash and badminton sales were almost as forecast, just £5,000 lower at £180,000. Unlike our sales in these two sectors, there was a big difference in the golf equipment sales ... in fact we only achieved £50,000 in total sales. Actual sales again differed from the forecast in our winter sports range ... £20,000 lower than expected. In the football equipment sector, there was only a slight variance, just £10, 000 lower than forecast. Lastly, as forecast, we reached £25,000 sales in our new market, hang-gliders.*

 *Essential words and expressions*

|                    |   |                                |
|--------------------|---|--------------------------------|
| To affect          | ➤ | воздействовать                 |
| After all          | ➤ | в конце концов                 |
| Average            | ➤ | средний                        |
| To compensate      | ➤ | баланси́ровать, компенсировать |
| Costly             | ➤ | дорогой                        |
| To create          | ➤ | создавать                      |
| Diminishing return | ➤ | убывающая доходность           |
| Erratic            | ➤ | колеблющийся, неустойчивый     |
| To estimate        | ➤ | оценивать                      |
| Excessive          | ➤ | избыточный                     |
| To exist           | ➤ | существовать                   |
| Expenditure        | ➤ | расходы, затраты               |
| To experience      | ➤ | испытывать                     |
| Finite             | ➤ | ограниченный                   |
| To fulfill         | ➤ | выполнять                      |
| Hardly             | ➤ | едва                           |
| To increase        | ➤ | увеличивать                    |
| Intention          | ➤ | намерение                      |
| Level              | ➤ | уровень                        |
| Likely             | ➤ | вероятный, вероятно            |
| Quantity           | ➤ | количество                     |
| To remain          | ➤ | оставаться                     |
| Return             | ➤ | доход, прибыль                 |
| Sales prospect     | ➤ | потенциальный покупатель       |

|                      |   |   |
|----------------------|---|---|
| Sensitive            | ➤ | чувствительный, отзывчивый, способный<br>быстро реагировать |
| Single               | ➤ | единственный, отдельный, один                               |
| To take into account | ➤ | принимать во внимание, учитывать                            |
| To take over         | ➤ | завоевать   |
| Time series          | ➤ | временной ряд   |
| Unpredictable        | ➤ | непредсказуемый   |
| A variable           | ➤ | отклонение, переменная                                      |
| Volume               | ➤ | объём   |

## UNIT V

### PRODUCTS

#### Preview

**1. List some of your favorite brands. Then answer these questions:**

**a. Are they international or national brands?**

**b. What image and qualities does each one have? Use the following words and phrases to help you.**

|                         |                  |                    |                  |
|-------------------------|------------------|--------------------|------------------|
| <i>value for money</i>  | <i>luxurious</i> | <i>timeless</i>    | <i>well-made</i> |
| <i>top of the range</i> | <i>durable</i>   | <i>inexpensive</i> | <i>cool</i>      |
| <i>reliable</i>         | <i>stylish</i>   | <i>fashionable</i> | <i>sexy</i>      |

**c. Why do people buy brands?**

**d. Why do you think some people dislike brands?**

**e. How loyal are you to the brands you have chosen?**

**For example, when you buy jeans, do you always buy Levi's?**

2. A recent survey named the brands below as the world's top ten. Which do you think is number one? Rank the others in order.

|                  |                  |                         |
|------------------|------------------|-------------------------|
| <i>Marlboro</i>  | <i>Mercedes</i>  | <i>General Electric</i> |
| <i>Intel</i>     | <i>Microsoft</i> | <i>McDonald's</i>       |
| <i>Coca-Cola</i> | <i>Nokia</i>     | <i>Disney</i>           |
| <i>IBM</i>       |                  |                         |

### Reading 1

3. Read the text and answer these questions.

- In what way can products be classified?
- What is the first way of classifying consumer goods?
- What is the difference between the first and second ways of classifying goods?
- What is the difference between consumer goods and industrial goods?
- What does a product strategy include?

### **PRODUCT TYPES**

A product is anything that can be supplied to a market in order to satisfy customer needs. This is a **broad** concept. It includes both goods and services. **Not-for-profit firms** and units of government have products too.

Products are often classified according to types of buyer and ways of shopping. The most basic division is between consumer and industrial goods.

**Consumer goods** are bought to satisfy consumer needs. In statistics such goods are classified as follows.



- Durable goods that last a year or more, such as furniture, **appliances**, and cars.
- Nondurable goods, or those that last less than one year. Food, gasoline, and medicine are examples. Clothing is **counted** as nondurable, even though some **items** last more than a year.
- Services, or actions performed directly for the benefit of the consumer. Haircuts, concerts, and **tax preparation** are examples.

In recent years services have **accounted for** about half of all consumer purchases, nondurable goods for about 35 percent, and durable goods for about 15 percent. The proportion spent on services has been rising **steadily**.

A second way of classifying consumer goods is based on how people shop for them, **rather than** on the nature of the goods themselves. This results in the following categories.

- ★ **Convenience goods**, which are bought often and with little **comparison shopping**. Eggs, pencils and cigarettes are examples.
- ★ **Shopping goods**, which are bought only after an effort to gather information on the price, quality, and other features of competing **brands**. Most consumer durable goods are shopping goods.
- ★ **Specialty goods**, which are bought without much comparison shopping because they offer unique features or brand images. A Rolex watch and a Porsche are products that, at least in the minds of some consumers, have no **substitutes**.

Many firms, of course, sell to other firms rather than to consumers. Their products are called industrial goods. Effective marketing of those products require some knowledge of why and how they are bought. Industrial goods are bought not for the direct benefits they provide but to be used

in making other goods to satisfy consumer demand. Industrial goods fall into two broad groups.

- **Capital goods**, which are durable **additions** to the buyer's plant or equipment. Examples are industrial boilers, **assembly line** robots, and office equipment.
- **Expense goods**, which are used up in the course of producing the buyer's output. **Raw materials**, component parts, and **maintenance supplies** are **expense items**.

Planning a product strategy is part of the job planning a marketing strategy. It includes not only deciding which products to make but also deciding when to **bring out** new products and when to **retire** old ones. It also means working out the details of branding, packaging, **warranty**, and service. All of these plans must **mesh with** distribution, promotion, and pricing plans.



#### Vocabulary focus 1

**4. Match words or phrases from the text to these definitions:**

- a) goods that customers compare and consider carefully before buying

- b) goods with specific characteristics that particular customers will make an effort to buy
- c) something or someone used instead of another product or person
- d) goods which are quickly consumed, and probably replaced by others
- e) a device, machine or piece of equipment
- f) substance on which manufacturing processes are carried out, and company's products are made
- g) goods that are used up in the course of producing the buyer's output
- h) articles that companies need for keeping machinery, etc. in good working condition.

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

|                            |                          |
|----------------------------|--------------------------|
| <i>consumer behavior</i>   | <i>consumer boycott</i>  |
| <i>consumer confidence</i> | <i>consumer credit</i>   |
| <i>consumer durables</i>   | <i>consumer goods</i>    |
| <i>consumer market</i>     | <i>consumer panel</i>    |
| <i>consumer profile</i>    | <i>consumer spending</i> |

1. A description of the characteristics of the consumers of a particular product, in terms of age, class, income, and so on.
2. A group of shoppers who record their purchases of all or selected products, for use in market research.
3. Goods in everyday use, such as food, clothing, household goods, and services such as hairdressing, retail banking, and so on.
4. How different people react to marketing stimuli, depending on their psychology, their cultural and social background, and their economic situation.

5. Goods that last a long time, such as cars, fridges, cookers, TV sets, etc.
6. How people in general feel about their job security, future economic prospects, and so on.
7. The amount of money being spent on consumer goods and services, which fluctuate with recessions and booms.
8. The amount of money borrowed by people to buy goods and services, depending on confidence and the economic cycle.
9. The individuals and households that buy products for their own personal consumption.
10. When customers refuse to buy the products of a company they disapprove of for ethical or political reasons.

## **Reading 2**

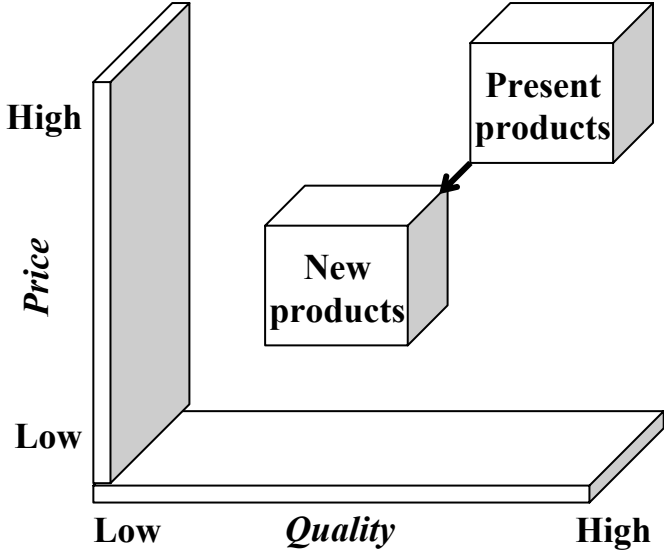
**6. While reading the text decide which paragraphs could be given the following headings.**

- consequences of upward stretch of product lines
- reasons for product-line filling
- the results of downward stretch of product lines
- cases of a two-way stretch of product line
- components of companies' product mix
- responsibilities of product line managers
- two ways of lengthening product lines and their consequences

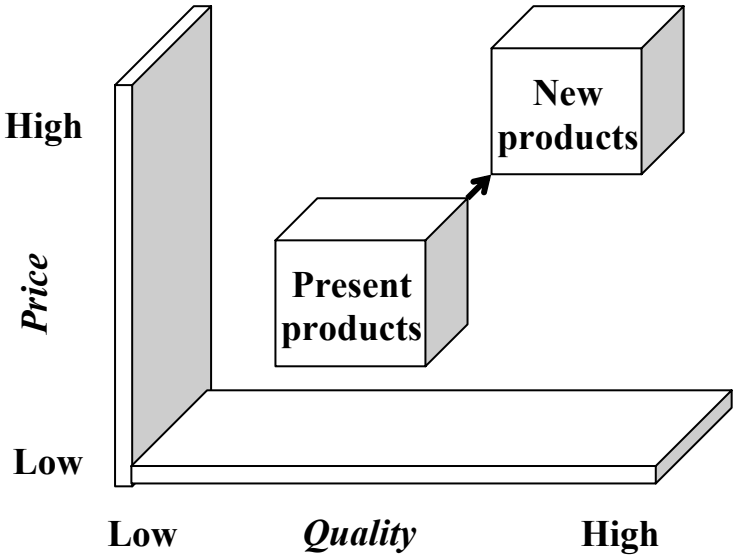
### ***PRODUCT LINE AND MIX***

A group of products that are closely related in how they are used is known as a product line. The 727s, 737s, 747s and other aircraft made by

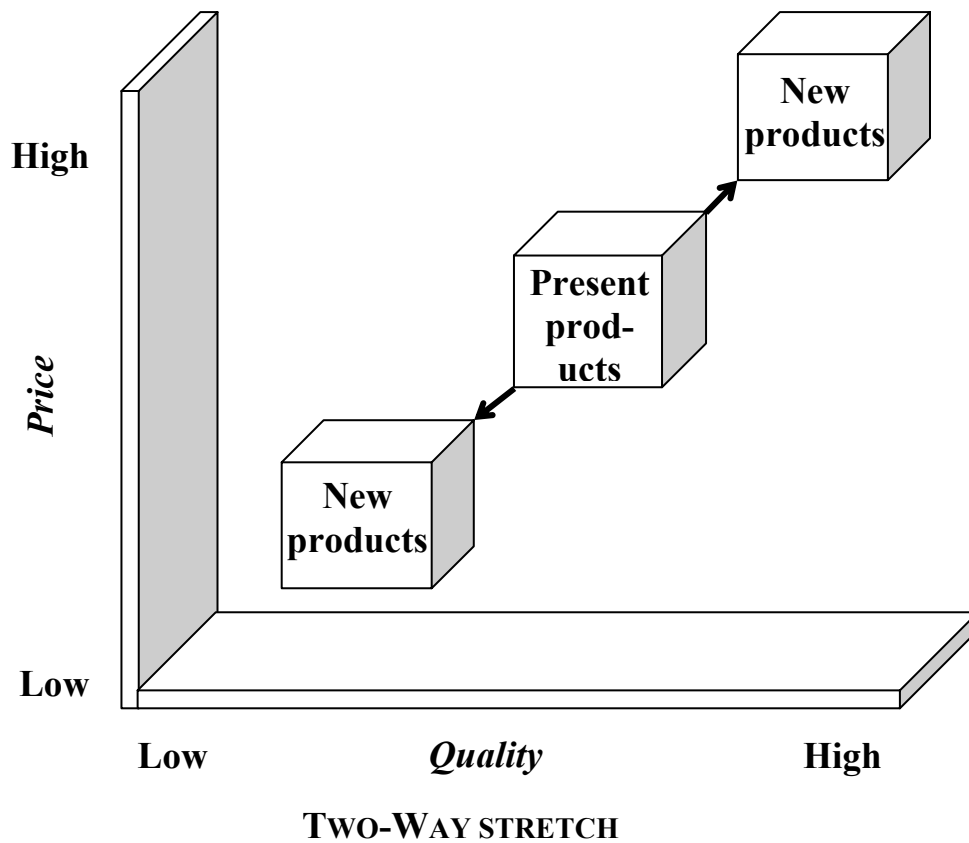
Boeing are a product line. Often firms have more than one product line. The **complete** list of products offered by a firm, including all of its product lines, is known as its **product mix**.



**DOWNWARD STRETCH**



**UPWARD STRETCH**



Product line managers have to decide on **product-line length**. The line is too short if the manager can increase profits by **adding** items; the line is too long if the manager can increase profits by **dropping** items. Companies that are **seeking** high market share and market growth usually carry longer lines. Companies that want high profitability generally carry shorter lines consisting of selected items.

Product line managers have to decide on **product-line length**. The line is too short if the manager can increase profits by **adding** items; the line is too long if the manager can increase profits by **dropping** items. Companies that are **seeking** high market share and market growth usually carry longer lines. Companies that want high profitability generally carry shorter lines consisting of selected items.

Product lines tend to lengthen over time. The product line manager wants to add items to the product line to increase sales and profits. However, as the manager adds items, several **costs** rise: design and engineering costs, **inventory carrying** costs, **manufacturing changeover** costs, transportation costs, and promotional costs to introduce new items. The company must plan product line growth carefully. It can systematically increase the length of its product line in two ways: by stretching its line and by filling its line. Product-line stretching occurs when a company lengthens its product line beyond its current range. A company can stretch its line downward, upward, or both ways.

Many companies initially locate at **the high end** of the market and later stretch their lines downward. In making a downward stretch, the company faces some risks. **The low-end item** might **provoke** competitors to move into the higher end. Or the company's dealers may not be willing or able to handle the lower-end products. Or the new low-end items might **cannibalize** higher-end items.

Companies at the low end of the market may want to enter the higher end. An upward-stretch decision can be risky. The higher-end competitors may **strike back** by entering the lower end of the market. Prospective customers may not believe that the newcomer can produce quality products. Finally, the company's sales people and distributors may **lack** the talent and training to serve the higher end of the market.

Companies in the **middle range of the market** may decide to stretch their lines in both directions. The Marriott Hotel group has performed a two-way stretch of its hotel product line. Alongside regular Marriott hotels,

it added the Marriott Marquis line to serve the upper end of the market and the Courtyard and Fairfield Inn lines to serve the lower end.

A product line can also be lengthened by adding more items within the current range of the line. Among the reasons for **product-line filling** are: reaching for extra profits, trying to satisfy dealers, trying to use excess capacity and trying to be the leading **full-line company**.

**7. Find words and expressions in the text that mean nearly the same.**

|                                      |                                    |
|--------------------------------------|------------------------------------|
| a full list                          | to try to attain high market share |
| stock carrying costs                 | to excite to some action           |
| to hit back                          | nearly equally associated          |
| to withdraw products from the market | to enter the lower end             |
| to face risks                        | to obtain extra profits            |

**8. Choose the appropriate ending for each sentence. Summarize the text putting the sentences in the correct order.**

1. To increase sales and profits the product line manager can do it...
  - a) by reducing design costs and manufacturing changeover costs;
  - b) by shortening product line beyond its current range;
  - c) by stretching the line and by filling the line.
2. Companies selling consumer goods of middle cost may stretch their lines...
  - a) entering the lower end of the market and the higher end of the market;
  - b) moving only into the higher end of the market;
  - c) serving only the lower end of the market.
3. The risks of stretching product lines downward include...



- a) competitors' moving into the higher end, dealers' rejecting to sell the lower end products, and forcing high-end items out;
  - b) provoking competitors' moving into the lower end;
  - c) dealers' unwilling to handle the lower end products.
4. Product managers can increase profits of the company by...
- a) adding items if the line is too short and dropping the items if the line is too long;
  - b) adding the items if the line is too long and dropping the items if the line is too short;
  - c) lengthening lines consisting of selected items.
5. Product mix of a firm includes...
- a) a full list of products including its product lines;
  - b) all of its product lines presenting high end items;
  - c) all of its product lines presenting low-end items.
6. Extra profits and the position of the full-line company can be achieved...
- a) by serving the lower end of the market;
  - b) by adding more items within the current range of the line;
  - c) by trying to satisfy dealers.
7. Companies entering the higher end may face some problems such as...
- a) reducing profits, stagnant market share, and losing customers;
  - b) raising profits, increasing market share, and obtaining new customers;
  - c) competitors' entering the lower end of the market, distrust to a new-comer, inability of sales people to serve the higher end of the market.

 **Vocabulary focus 2**

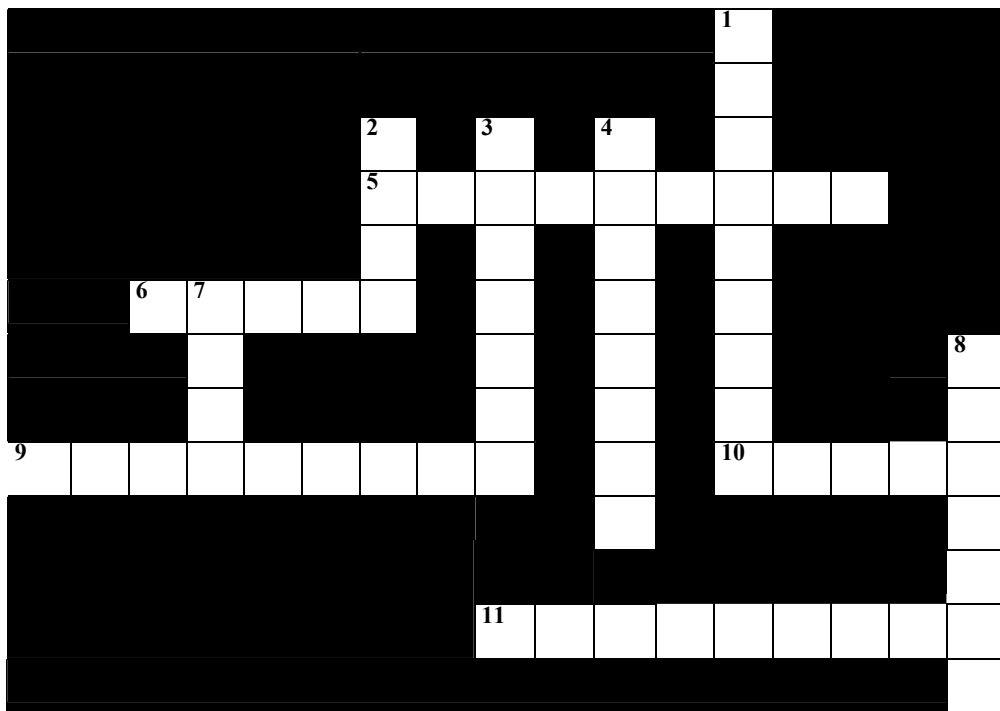
**9. Complete the spaces in the sentences with the words and expressions given in the box.**

1. Often companies have a ... consisting of a number of product lines.

2. These products can have growing, ..., or declining sales, depending on where they are in their ... .
3. Companies looking for high ... generally have long product lines, while companies seeking high ... will have shorter lines.
4. Yet most product lines tend to ... over time, as companies add extra items to cover additional ... .
5. ... are cheap and simple products which people use regularly without comparing alternatives.
6. A product line can be ... in two directions, both up-market and down-market.
7. ... are products for which customers generally search for information.
8. Sometimes you can increase profits by ... certain items.
9. Adding items to a product line results in a variety of ....., for example, you will need to carry more ... .
10. ... are durable goods with unique characteristics that informed customers have to go to a particular store to buy.

|                          |                        |                        |
|--------------------------|------------------------|------------------------|
| <i>inventories</i>       | <i>costs</i>           | <i>dropping</i>        |
| <i>stable</i>            | <i>shopping goods</i>  | <i>stretched</i>       |
| <i>convenience goods</i> | <i>specialty goods</i> | <i>market segments</i> |
| <i>lengthen</i>          | <i>profitability</i>   | <i>market share</i>    |
| <i>life cycle</i>        | <i>product mix</i>     |                        |

**10. Use the clues to complete the crossword puzzle.**



**ACROSS**

5. The knowledge people have of a brand is called “brand ...”.
6. The ideas and beliefs people have about a brand.
9. Consumers who buy various competing products rather than being loyal to a particular brand.
10. The first people to buy a new product are called innovators and ... adapters
11. When the products are used in TV programmes, films, etc., we speak of product ... .

**DOWN**

1. It starts with product design and ends when it is discontinued.
2. When a company has a new product, it gives it catchy ... .
3. A good way to make consumers aware of a new product is to give them free ... .
4. The gathering of information about what buyers need or want.

7. A good product is one that can ... most, or all, of the customers expectations.
8. If you keep buying a particular brand, you show ... .

☺ **Speaking 1**

**11. Four marketing executives at a cosmetics company, Marvel Plc, are talking about licensing their 'Luc Fontaine' product range to an Asian manufacturer. Listen to or read the conversation and answer these questions.**

- a) Why do the marketing executives at Marvel Plc want to license their 'Luc Fontaine' product range?
- b) What advantages does Susan Li offer to Marvel?
- c) According to Barbara, what is the disadvantage of offering a licence to Susan Li?
- d) What suggestion does Barbara make to her colleagues?

***M = Marcia, A = Alain, V = Valerie, B = Barbara***

**M.:** OK, we all agree we want to increase our revenue by licensing our 'Luc Fontaine' product range. As you know, Susan Li, one of our contacts in Hong Kong, is very interested. Alain, how do you feel about this? Is she the right person for us?

**A.:** Definitely. In my opinion she's ideal. She is well known in Asia, she's got an excellent reputation in the industry. She's got a modern factory and a large customer base. I'd say she's just what we're looking for.

**M.:** Right. Valerie, what do you think?

**V.:** I agree because she's very good at marketing. I've met her several times. She'll work twenty four hours a day to get a sale. Just the sort of person we want.

**M.:** Barbara, you are shaking your head. What's your opinion?

**B.:** I'm afraid I can't agree. I don't think she's suitable at all. All her products sell at the lower end of the market. They're in the cheaper price ranges. But our Luc Fontaine range is exclusive. The male and female perfumes are for people who don't mind spending a lot of money to look good. They're not a good match for what she's selling.

**M.:** So what do you suggest then?

**B.:** I think we should find someone else. I do have someone in mind. I met Hiroshi Takahashi recently. He's based in Nagoya. His healthcare company is doing really well. He makes various skin products and sells them under well-known European labels. In my opinion, his company has a lot to offer. Why don't we meet him and see if he's interested?

**12. Reproduce the dialogue in roles as close to the text as possible.**

### **Reading 3**

**13. Five requirements to brands are referred to in the following text. Which are they?**

#### **BRANDING**

Branding is the use of a design, symbol, name, or some mix of these things to identify a product. A brand name is the part of a brand that can be spoken, or a combination of letters and numbers. A **trademark** is a symbol or brand name that is legally protected, such as the name Ford written in script inside an oval. All of these devices serve to distinguish the product from its competitors. Let's look at the benefits of branding first from the point of view of the producer and then from that of the consumer.

Producers find branding useful for a number of reasons.

- a. Branding leads to repeat purchases and customer loyalty, as long as consumers are satisfied with the branded product.
- b. Branding **aids in positioning**
- c. Other firms use branding in almost the opposite way: they use it **to tie** their products together rather than to set them apart.

An established brand name is a major **asset**. **Outright fakes** are one **threat** to brand names – especially if they put low-quality goods on the market under a familiar **label**. Brand names can also be lost if they become so familiar that consumers **confuse** the brand **with** the type of product. Nylon and kerosene were once protected brand names that now name a type of product.

Among the benefits of branding to consumers are the following.

- a. Brands help consumers identify products with which they have had a good experience in the past.
- b. Brands often serve as an index of quality. Levi's jeans are known to be well-made products.
- c. Brands help consumers **shape** their own **image** in the eyes of friends and **associates**.

In addition to famous manufacturers' brands, there are also wholesalers' and retailers' brands. For example, most large supermarket **chains** now offer their "own-label" brands, many of which are made by one of the better-known manufacturers.

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

As well as a name and a **logo**, many brands also have easily recognizable packaging. Of course packaging should also be functional. In other words, the **container** or **wrapper** should protect the product inside, be informative, convenient to open, inexpensive to produce, and ecological.

**14. Highlight the part of the sentence or the whole sentence which**

- a) states the main function of brands and trademarks
- b) concedes that brands enable consumers to distinguish good quality products among other similar products
- c) mentions the main threat to brands
- d) describes the reason of customers' staying loyal to brands
- e) suggests the examples of products whose brand name now means the type of the product
- f) mentions that branding helps in situating a product in relation to others already on the market

☺ **Speaking 2**

**15. Role play this situation.**

Jonson, a large department store in Chicago, USA, is losing money. Its main product areas are food, clothing and household furniture. Seventy percent of its revenue comes from clothing, twenty-two percent from food and eight percent from furniture. Three directors of the company meet to discuss the company's problems and how to solve them.

**Student A**

*In your opinion, Jonson has a problem with its brand image.*

★ *People consider their clothes to be boring, old-fashioned, over-priced*

*and unexciting. They used to think they were well-made, value for money, durable and reasonably priced.*

- ★ *Nowadays, the store sells clothes aimed at different age groups – young, middle-aged and old.*
- ★ *People don't enjoy visiting the store because it needs redecorating in brighter colours.*
- ★ *Staff uniforms do not help the company's brand image.*

*You think, Jonson should focus on one segment of clothing market. You are not sure what segment would be best, so you want to spend a lot of money on market research.*

### **Student B**

*In your opinion, the brand image of Jonson is excellent. People think that Jonson's products are high quality and durable. But they are aiming at too many segments of the market.*

- *They should focus on the 30-50-year-old segment of the clothing market.*
- *They should not compete in the 15-30-year-old segment and should reduce floor space for these products.*
- *They should use the additional space to sell more food.*
- *They need to spend more money on advertising and promoting their clothes.*

### **Student C**

*In your opinion, Jonson's problem is that it is selling the wrong clothes at the wrong price.*

- *It doesn't have enough top-selling products at low prices.*
- *The products are not stylish or colourful.*



- *The store is dull. It needs to be redecorated in bright colours.*
- *It needs to improve the display of the clothes.*

*You think Jonson should focus on the young segment of the market (the 15-30 age group). It should recruit a fashion expert with an international reputation – someone who knows what to buy and when to buy.*

### Useful language

| Asking for opinions         | Agreeing                          | Making suggestions        |
|-----------------------------|-----------------------------------|---------------------------|
| What's your view?           | That's true.                      | I think we should...      |
| What do you think?          | I agree.                          | How about...?             |
| What's your opinion?        | Absolutely/Exactly                | Why don't we...?          |
| How do you feel about...?   | I think so too.                   | Maybe/Perhaps we could... |
| Giving opinions             | Disagreeing                       |                           |
| I think.../I don't think... | I see/know what you mean, but ... |                           |
| In my opinion ....          | I'm afraid I can't agree.         |                           |
|                             | Maybe, but ....                   |                           |

### Language focus

**16. Complete the text below with the present simple or the present continuous forms of the verbs in brackets.**

At the moment I (work) for a cosmetics company. We offer a full range of cosmetic products and (sell) cosmetics and toiletries around the world. Our main cosmetics brand (dominate) the French market and it (do) well in the rest of Europe at the moment, too. In fact, the brand (become) more and more popular throughout the world and our market share (grow) every day.

We usually (develop) and (extend) product under our existing brand name. The brand is distinctive and (stand) out from the competition. However, this year we (create) a completely new brand of cosmetics.

### **17. Infinitive (to) or gerund (-ing)**

#### **The verbs often followed by the infinitive:**

*to recommend, can't afford, to decide, I'd like, to refuse, to want, to pretend, to offer, to fail, to promise, to arrange, to hope, to wish, to plan, to forget, to need, to encourage, to allow, to expect. to agree, to intend*

#### **The verbs usually followed by the gerund:**

*to dislike, to give up, to consider, to enjoy, to mind, don't mind, to delay, to avoid, to remember, to recommend, to deny, to appreciate, can't stand, to look forward to, to suggest, to put off, to practice, to finish, to keep (on), to discuss, to mention*

#### **Verbs followed by the gerund or the infinitive with no difference in meaning:**

*to propose, to love, to prefer, to begin, to hate, to continue, to intend, to like*

#### **Verbs followed by the gerund or the infinitive with a difference in meaning:**

*to stop, to remember, to try, to forget, to regret*

| <b>COMPARE:</b>   |   |
|---|---|
| <i>Infinitive</i>   | <i>Gerund</i>   |
| He <b>stopped to smoke</b> .<br>Он остановился покурить.                                    | He <b>stopped smoking</b> .<br>Он перестал курить.  |
| Judy always <b>remembers to lock</b> the door.<br>Джуди никогда не забывает запирать дверь. | I <b>remember seeing</b> the Alps for the first time. The sight was impressive.<br>Я помню, как увидел Альпы в первый раз. Зрелище было впечатляющее. |

|   |   |
|---|---|
| Sam often <b>forgets to lock</b> the door.<br>Сэм часто забывает запереть дверь.                                  | I'll never <b>forget seeing</b> the Alps for the first time.<br>Я никогда не забуду, как увидел Альпы в первый раз.   |
| I <b>regret to tell</b> you that you failed the test.<br>К сожалению должен сказать тебе, что ты не сдал экзамен. | I <b>regret lending</b> him some money.<br>Я сожалею, что одолжил ему деньги.   |
| I always <b>try to pay</b> my bills on time.<br>Я всегда стараюсь оплачивать свои счета вовремя.                  | The room was hot. I <b>tried opening</b> the window, but that didn't help. So I <b>tried turning on</b> the fan, but I was still hot.<br>В комнате было жарко. Я попробовал открыть окно, но это не помогло. Затем я попробовал включить вентилятор, но мне все равно было жарко. |

**Note: "Forget" followed by the Gerund is used in interrogative and negative sentences.**

**18. In these sentences two of the verbs are possible and one is incorrect.**

**Tick the two correct verbs.**

1. He ... to review our quality procedures.  
a) promised   b) delayed   c) wanted
2. I ... improving reliability.  
a) undertook   b) suggested   c) recommended
3. I ... to meet the Quality Director.  
a) decided   b) didn't mind   c) arranged
4. She ... to check the large order.  
a) refused   b) put off   c) failed
5. We ... to invest in new machinery.  
a) consider   b) hope   c) plan

**19. Match these sentence halves:**

- |  |   |
|--|---|
| 1. The board recommends                                    | <b>a)</b> to make mistakes with this big order.                       |
| 2. The factory can't afford                                | <b>b)</b> producing the faulty product.                               |
| 3. The research and development department should consider | <b>c)</b> to turn around the company's reputation in the coming year. |
| 4. The new Chief Executive promised                        | <b>d)</b> outsourcing some of the company's functions.                |
| 5. The factory stopped                                     | <b>e)</b> to accept our apology for the fault.                        |
| 6. The customer refused                                    | <b>f)</b> changing its policy on product testing.                     |

**20. Choose the most appropriate form of the verb from the brackets to complete these sentences.**

1. He stopped (*working/to work*) on the project after three months because of ill-health.
2. She was driving in a hurry but she stopped (*answering/to answer*) her mobile phone.
3. Did you remember (*calling/to call*) the customer yesterday?
4. I can't remember (*offering/to offer*) you a replacement.
5. The sales assistant forgot (*giving/to give*) the customer a discount.
6. The customer forgot (*completing/to complete*) the five-year guarantee form.
7. I always remember (*turning/to turn*) off all lights before I leave my house.
8. I can remember (*being/to be*) very proud and happy when I graduated.
9. Did you remember (*giving/to give*) Jake my message.
10. I remember (*visiting/to visit*) this company when I was on business in this town.

11. What did you forget (doing/to do) before you left for meeting this morning?
12. I'll never forget (meeting/to meet) my boss for the first time.
13. I regret (infirming/to inform) you that your loan application has not been approved.
14. I regret not (listening/to listen) to your advice. You were right.
15. The teacher always tries (explaining/to explain) the problem as clearly as possible.
16. I haven't been able to get in touch with Susan I tried (calling/to call) her. Then I tried (writing/to write) her a letter. I tried (leaving/to leave) a message with her brother. Nothing worked.

#### **Reading 4**

***21. Before you read the text, answer this question:***

*In your opinion what is meant by a product life cycle?*

***Then read the text and complete the table following it.***

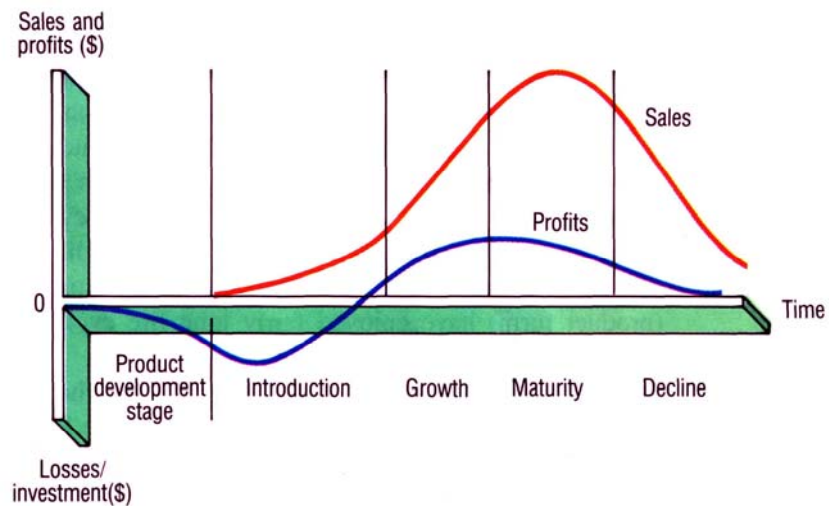
### ***PRODUCT LIFE CYCLES***

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

The introduction stage, following a product's launch, generally involves slow growth. Only a few innovative people will buy it. There are probably no profits at this stage because of the heavy advertising, distribution and sales promotions expenses involved in introducing a product onto the market. Consumers must be aware of the product's existence and persuaded to buy it. Some producers will apply a **market-skimming strategy**, setting a

high price in order **to recover** development costs. Others will employ a **market-penetration strategy**, selling the product at as low a price as possible in order **to attain** a large market share. There is always a **trade-off** between high current profit and high market share.

During the growth period, 'early adopters' join the 'innovators' who were responsible for the first sales, so that sales rise quickly, producing profits.



This generally enables the producer to benefit from economies of scale. Competitors will probably enter the market, usually making it necessary to reduce prices, but the competition will increase the market's awareness and speed up the adoption process.

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

Most products available at any given time are in the maturity stage of the life cycle. This stage may last many years, and contain many ups and downs due to the use of a **succession** of marketing strategies and tactics. Product managers can attempt **to convert** non-users, **search for** new markets and market segments to enter, or try to stimulate increased usage by ex-

isting assets. Alternatively they can attempt to improve product quality and to add new features, sizes or models, or simply to introduce periodic stylistic modifications. They can also modify the other elements of the marketing mix, and cut prices, increase advertising, undertake aggressive sales promotions, seek new distribution channels, and so on, although here additional sales generally come **at the cost** of **reduced** profits.

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

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

|   |   |
|---|---|
| <p><b><i>I. Reasons for no profits at the introduction stage</i></b></p> <p>1.unawareness of people about the product</p> <p>2. ....</p> <p>3. ....</p> | <p><b><i>III. Events at the growth stage</i></b></p> <p>1. increasing market</p> <p>2. ....</p> <p>3. ....</p> <p>4. ....</p> |
|---|---|

|  |  |
|--|--|
| <p><b>II. Strategies used at the introduction stage</b></p> <p>1. ....</p> <p>2. ....</p>                                      | <p><b>IV. Strategies and tactics used for staying in the maturity stage</b></p> <p>1. converting non-users</p> <p>2. ....</p> <p>3. ....</p> <p>4. ....</p> <p>5. ....</p> <p>6. ....</p> <p>7. ....</p> |
| <p><b>V. Results entailed by the decline stage</b></p> <p>1. replacing a product by new ones</p> <p>2. ....</p> <p>3. ....</p> |  |

**22. Summarize the text on the basis of the completed table.**

**23. Which of these statements are true? Correct the false ones.**

- |   |                   |
|---|-------------------|
| 1. The introduction stage of a new product is not usually profitable.   | <b>TRUE/FALSE</b> |
| 2. During the introduction stage, marketers are trying to create brand preference.                                      | <b>TRUE/FALSE</b> |
| 3. A producer seeking maximum profits will apply a market-penetration strategy.   | <b>TRUE/FALSE</b> |
| 4. The entry of competitors onto the market will make more consumers aware of the product and stimulate them to try it. | <b>TRUE/FALSE</b> |
| 5. At the maturity stage, producers begin to benefit from economics of scale.   | <b>TRUE/FALSE</b> |
| 6. The maturity stage is generally the longest.   | <b>TRUE/FALSE</b> |
| 7. Once the maturity stage is reached, marketers concentrate on finding new customers.                                  | <b>TRUE/FALSE</b> |



- |   |                   |
|---|-------------------|
| 8. A product enters the decline stage when it begins to become obsolete.        | <i>TRUE/FALSE</i> |
| 9. A product can experience temporary sales increases during its decline stage. | <i>TRUE/FALSE</i> |
| 10. Gimmicks and fads have a particularly long life cycle.                      | <i>TRUE/FALSE</i> |

**24. Choose the expressions from the list below to begin the following sentences.**

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

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

11. ... the company will choose to abandon the product.
12. ... the market will become saturated.

### **Writing**

#### ***25. Translate the following extracts from English into Russian.***

**A.** The word ‘quality’ seems to have different meanings depending on who uses it. Until the 1960s, quality meant the same as excellence: a quality product was simply the best of its kind, and this is what most people still understand by quality. A Longines is the best watch in the world, like a Rolls Royce is the best car ever. The fact that very few people need or can afford to buy a Longines or a Rolls is considered irrelevant. In the business world, however, the word has acquired a new meaning. Quality means consistency, a lack of defects; it is relative to what you set out to achieve. By these standards, Korean and Japanese cars are very good quality because they rarely break down. And McDonald’s hamburgers, who are roughly the same all over the world, are examples of high quality food.

**B.** According to the old saying, ‘necessity is the mother of invention’. Indeed, if we think of the steam engine, the light bulb, or the World Wide Web, it seems that these inventions came at the best time.

On the other hand, some of the products on the market which are presented as ‘new’ can be quite useless, and can even be an insult to human intelligence and creativity. What are we to think, for example, of inventions such as the ‘telescopic golf ball retriever’, or the ‘battery-operated pet vacuum cleaner’?

Perhaps the majority of consumers will always remain passive and depend on what the market has to offer. However, many people still rely on their common sense and imagination to find alternative uses for ordinary objects or already existing products. Try this little experiment: sit back and relax; visualize a drawing pen; then think of five different things you could use it for. Most probably, you will soon come up with a lot more than five uses.

☹ Speaking 3

**26. Explain in English what is meant by the following word combinations:**

to have no brand preference or loyalty;

to be a “brand switcher”;

products are always at different stages of their life cycle;

to have long product lines;

product lines have a tendency to lengthen over time;

markets are in constant evolution

**27. a) Here are ten global brands. Match them with products.**

**Can you name 10 well-known brands which are their competitors? Name another 5 famous global brands. What products are they connected with?**



b) Here are five famous luxury brands. What are they famous for? Why do people pay so much money for these brands?

# PRADA



# Cartier

28. Cut out two of your favourite advertisements from a magazine or newspaper. Prepare a short presentation of each advertisement. Present each one to the members of your group, covering these points:

- Target customers
- The USP of the product
- How the ad works in terms of the four stages of 'AIDA' (ATTENTION, INTEREST, DESIRE, ACTION)
- How the style would have to be changed for other markets

*I'd like to show you an ad that really impressed me.*

*What do you think of this ad? It shows ....*

*This ad seems to be aimed at ....*

*According to this ad, the USP of this product is ...*

*What I don't like about this ad is ...*

 *Essential words and expressions*

|                     |   |                                     |
|---------------------|---|-------------------------------------|
| To accept           | ➤ | принимать                           |
| To account for      | ➤ | насчитывать, составлять             |
| To abandon          | ➤ | отказываться                        |
| (To) aid            | ➤ | помощь, помогать                    |
| To add              | ➤ | добавлять                           |
| Addition            | ➤ | добавление                          |
| Appliances          | ➤ | электробытовые приборы              |
| An assembly line    | ➤ | сборочная линия                     |
| Asset               | ➤ | капитал, достояние                  |
| An associate        | ➤ | партнёр, коллега                    |
| To attain           | ➤ | достигать                           |
| To bring out        | ➤ | выпускать товар на рынок            |
| Broad               | ➤ | широкий                             |
| Capital goods       | ➤ | товары производственного назначения |
| To carry inventory  | ➤ | хранить запасы                      |
| To cannibalize      | ➤ | вытеснить, поглотить                |
| A chain             | ➤ | сеть                                |
| Comparison shopping | ➤ | покупка для сравнения               |
| Complete            | ➤ | полный                              |
| To confuse with     | ➤ | путать                              |
| To contain          | ➤ | содержать                           |
| A container         | ➤ | упаковка                            |
| Convenience goods   | ➤ | товары повседневного спроса         |
| Costs               | ➤ | издержки, расходы                   |
| At the cost of      | ➤ | за счёт ч-л.                        |

|                       |   |   |
|-----------------------|---|---|
| To count for          | ➤ | рассчитывать на   |
| To convert            | ➤ | превратить тех, кто не покупал товары, в своих клиентов |
| A decline             | ➤ | упадок, уменьшение                                      |
| To drop an item       | ➤ | убрать товар с рынка                                    |
| An early adopter      | ➤ | ранний последователь                                    |
| Embarrassing          | ➤ | приводящий в затруднение, замешательство                |
| Expense items (goods) | ➤ | расходные товары  |
| A fake                | ➤ | подделка  |
| A full-line company   | ➤ | компания, имеющая насыщенную товарную серию             |
| Growth                | ➤ | бурный рост, развитие                                   |
| To gain               | ➤ | получать, добиваться                                    |
| A high-end market     | ➤ | рынок более дорогой продукции                           |
| Immediate             | ➤ | прямой, безотлагательный                                |
| An innovator          | ➤ | новатор, пионер   |
| Introduction          | ➤ | выведение на рынок                                      |
| An item               | ➤ | изделие, ходовой товар                                  |
| A label               | ➤ | ярлык   |
| To lack               | ➤ | отсутствовать, недоставать                              |
| Legally               | ➤ | по закону   |
| A logo                | ➤ | логотип, графический знак фирмы                         |
| A low-end item        | ➤ | дешёвый товар   |
| Loyalty               | ➤ | приверженность  |
| Maintenance supplies  | ➤ | эксплуатационные средства снабжения                     |

|                            |   |  |
|----------------------------|---|--|
| Manufacturing changeover   | ➤ | переналадка производства   |
| Market penetration         | ➤ | внедрение товара на рынок  |
| A market-skimming strategy | ➤ | «снятие сливок» (установление высокой исходной цены на новый товар с целью быстро окупить расходы) |
| Maturity                   | ➤ | зрелость   |
| To mesh with               | ➤ | быть связанным   |
| A middle-range market      | ➤ | рынок потребительских товаров средней стоимости  |
| Non-for-profit firm        | ➤ | некоммерческая организация   |
| Outright                   | ➤ | открытый, прямой   |
| Positioning                | ➤ | позиционирование (закрепление за товаром места на рынке)   |
| Product line-filling       | ➤ | насыщение товарной серии (ассортимента)  |
| Product line length        | ➤ | длина товарной серии   |
| Product line stretching    | ➤ | расширение ассортимента товаров  |
| A product mix              | ➤ | структура ассортимента товаров, поставляемых на рынок фирмой                                       |
| To provoke                 | ➤ | вызвать, провоцировать   |
| Rather than                | ➤ | а не   |
| Raw material               | ➤ | сырьё  |
| To recognize               | ➤ | узнавать   |
| To recover                 | ➤ | вернуть обратно, покрывать   |
| To reduce                  | ➤ | уменьшать  |
| Replacement purchase rate  | ➤ | коэффициент замены (обновления) покупки  |

|                          |   |   |
|--------------------------|---|---|
| To retire                | ➤ | изъять из продажи                         |
| To saturate              | ➤ | насыщать                                  |
| To search for            | ➤ | искать                                    |
| To seek (sought, sought) | ➤ | искать, добиваться ч-л.                   |
| To shape image           | ➤ | создавать имидж                           |
| Shopping goods           | ➤ | товары предварительного выбора            |
| Specialty goods          | ➤ | товары особого спроса                     |
| Steadily                 | ➤ | неуклонно                                 |
| To strike back           | ➤ | нанести ответный удар                     |
| Succession               | ➤ | последовательность                        |
| A substitute             | ➤ | заменитель                                |
| To switch to             | ➤ | переходить, переключаться на другой товар |
| Threat                   | ➤ | угроза                                    |
| A trademark              | ➤ | товарный знак                             |
| Trade-off                | ➤ | выбор, альтернатива                       |
| Warranty                 | ➤ | гарантия                                  |
| Withdraw                 | ➤ | окончание работы, прекращение, изъятие    |
| A wrapper                | ➤ | обёртка                                   |



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