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Focus on Marketing

Учебное пособие

Рекомендовано Учебно-методическим объединением по образованию в области лингвистики Министерства образования и науки Российской Федерации в качестве учебного пособия для студентов, обучающихся по специальностям 080111 «Маркетинг», 080300 «Коммерция» и 080102 «Мировая экономика»

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Данное учебное пособие, составленное на основе аутентичных текстовых материалов английской и американской профессиональной литературы по теории маркетинга, содержат ценную информацию лингвистического и профессионального характера.

Пособие предназначено для аудиторной и самостоятельной работы студентов неязыковых вузов, обучающихся по специальностям маркетинг, коммерция и мировая экономика.

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ПРЕДИСЛОВИЕ

Учебное пособие предназначено для студентов второго курса специальностей 080111 «Маркетинг», 080301 «Коммерция (торговое дело)», студентов третьего курса специальности 080102 «Мировая экономика», продолжающих изучение английского языка.

Пособие разработано в соответствии с требованиями, предусмотренными Государственным образовательным стандартом высшего профессионального образования по дисциплине «Иностранный язык».

Цель пособия – развитие и совершенствование у студентов умений и навыков в таких видах речевой деятельности, как просмотровое, поисковое и аналитическое чтение, говорение и письмо на базе аутентичных текстов, содержащих специальную терминологию.

Практическая направленность пособия заключается в совершенствовании навыков устной речи на базе профессионального языка маркетинга, закреплении и систематизации специальной терминологии и базовой лексики профессионального характера.

Пособие состоит из шести учебно - тематических блоков (Units). Каждый блок имеет следующую структуру: базовый тематический Текст А, текст на русском языке и Текст В.

Текст А предназначен для аналитического чтения и сопровождается рядом упражнений на закрепление ключевой лексики и развитие навыков устной и письменной речи, в которых многократно повторяются основные лексические единицы. Специальный текст, составленный на основе базовой лексики тематического Текста А, предназначен для перевода на английский язык. Текст В предназначен для дополнительного чтения по предложенной тематике раздела. Текст В способствует расширению знаний студентов в области маркетинга, так как предоставляет новую дополнительную информа-

цию к базовому тематическому тексту и может быть использован как для аудиторной работы со студентами, так и для внеаудиторного чтения.

В заключительной части пособия представлен глоссарий основных понятий и терминов по маркетингу к текстам каждого раздела.

UNIT 1. MODERN MARKETING CONCEPT

Exercise 1. Study the active vocabulary list. Memorize the words and expressions.

marketing concept	- концепция маркетинга
market share	- доля рынка
consumer n	- потребитель
purchasing decision	- решение о покупке
competitor n	- конкурент
market research	- исследование рынка
recession n	- спад, падение, рецессия
to pursue v	- преследовать, гнаться
qualitative research	- качественное исследование
quantitative research	- количественное исследование
exploratory a	- исследовательский
relevant a	- уместный, относящийся к делу
primary data	- первичные данные
secondary data	- вторичные данные
advertising campaign	- рекламная кампания
merchandising n	- содействие продвижению товара на рынке, торговля
survey n	- исследование, обзор
to extract the information	- получить(выудить) сведения
target n	- цель, задание

Exercise 2. Read and try to guess the meaning of the following phrases.

to begin with a consumer need, to influence one's purchasing decisions, to plan an advertising campaign, to gather and analyze relevant data, product category, to promote a specific brand, the purpose of the market research, personal interview, to compete effectively, areas of situation analysis.

Exercise 3. Read and translate text A.

Text A MARKET RESEARCH

Part 1. Marketing

Marketing is all activities that move goods from producers to consumers: production, promotion, distribution, packaging, pricing.

Marketing begins with a consumer need. Something is produced in response to that need. In a marketing society, the consumer rules. Marketing societies have produced a great abundance and variety of consumer goods. They have done this by means of competition. Each producer competes with every other producer for a share of the market.

The market is people who have money and are ready to spend it. But consumers have a finite amount of money to spend. They will buy only what they want and need. As a nation becomes more developed, consumers become more demanding. Their needs become more specific, and they want products that satisfy their changing needs. Only those producers who compete effectively will sell their products and survive. Successful producers are always guided by the marketing concept: response to consumers' needs.

Marketing is a matter of communication between consumers and producers. Advertising is not the producer's only means of communication. The product itself, its packaging, brand name, and price carry a message to the potential user. So does the place where the product is sold.

Marketing communications, then, can be defined as all marketing activities visible to consumers that may influence their purchasing decisions. These activities include both advertising and merchandising. Everyone involved in those activities

is a marketing communicator. The basis of all marketing communication is one essential question: "How can we best inform consumers that our product meets their needs?" The answer to that question is what an advertising campaign is all about.

Part 2. Two sources of data

All market research begins with an analysis of the market situation. Situation analysis moves from the general to the specific. It begins with the broad economic picture. Is this a time of growth, recession, inflation? Is it a time for optimism or pessimism? Next, the company's general marketing objectives must be considered. Does the company aim to increase or maintain its market share? Is it aggressively pursuing growth? Is it introducing a new product or promoting an established one? Is it pioneering, or is it responding to a change in the competition? Situation analysis ends with observations about problems with and opportunities for promoting a specific brand.

The purpose of market research is to solve a problem or exploit an opportunity. Research is the gathering and analyzing of relevant data. Facts and figures are generally abundant and not difficult to secure. Much more difficult is selecting useful data, those that relate to the success of a particular brand. Such research can be time-consuming and expensive, but it is usually worth the cost.

Two sources of data are available: **primary** and **secondary**.

Primary data are collected for the first time for a specific market research study. There are two kinds of primary research: qualitative (exploratory, or subjective) and quantitative (conclusive, or objective). The purpose of qualitative research is to obtain a general feeling about the market, the consumer, or the product. It is not to reach specific conclusions. An ex-

ample of qualitative research is the depth interview, in which one consumer is questioned extensively. A disadvantage of qualitative research is that the sampling is necessarily very small. Quantitative primary data are gathered by three methods: experiment, observation, and survey. The consumer survey is by far the most common method used in planning an advertising campaign. A wide sampling of the population is surveyed, by mail, telephone, or personal interview. The survey will generally help to determine which advertising message to use, and which is the likely audience for it. Quantitative research aims for definite conclusions.

Secondary data are information that has already been gathered for some other purpose. It may be internal (within the company) or external (outside the company). A company's own sales records and accounts are excellent sources of internal secondary data. They are usually easy to obtain, and they can be extremely useful. Government census figures provide external secondary data. In some countries, there are commercial sources of information, too. A disadvantage of secondary data is that they may not be relevant. They tell only what happened in the past, and they may be out of date. Secondary research can indicate sales trends in a product category. It can tell how many people have bought a product. But it cannot explain why they bought it. And consumer motivation is an increasingly important consideration in advertising.

Once the data (primary or secondary, internal or external, qualitative or quantitative) are gathered, they are analyzed. Useful, relevant information is extracted and can be used to solve the problem or exploit the opportunity that began the study. With today's sophisticated computers, typical marketing research methods are becoming obsolete. More and more companies are using a computer-based marketing information system (MIS) for help in making marketing decisions. The MIS can overcome the disadvantages of traditional research. Proper-

ly used, it will produce only relevant data, analyze information about recurrent problems, and encourage coordination of all research activities. market research.

Part 3. Market research

Market research (situation analysis) must be done in the following areas: market potential or industry sales, company sales, market share, distribution, and advertising costs.

To analyze market potential is to analyze the demand for a specific type of product at a certain time, under certain marketing conditions. Under conditions of high unemployment and rising prices, for example, the demand for luxury items such as fine furniture will be low. Under opposite conditions, the demand for the same items will increase. The market for these items is volatile; it changes dramatically as general economic conditions change. The market for goods in daily use, such as bread and milk, is stable; it changes little with economic conditions. The analysis of market potential reveals sales figures for an industry as a whole.

In analyzing the market potential, the advertiser considers broad questions such as these: Should we be pessimistic or optimistic? Should we concentrate on existing markets or look for new ones? Should we increase or decrease our advertising? Should we raise or lower our prices? The study of industry sales provides tentative answers to these questions. That's just a start.

The next step is to study sales for individual companies. The goal is still to isolate problems and opportunities. Current company sales should be compared to earlier ones, to determine trends. They should also be compared to competitors' sales, past and present.

Analysis of industry sales and company sales together provides information about market share or brand share. Mar-

ket share indicates the performance of a specific brand in relation to a competitor's brand, and to the industry as a whole. A major difficulty with brand share analysis is that it shows only relative market position and changes in that position. It does not show why those changes are taking place. Further analysis of the figures is necessary.

Distribution is the next area of research. Four kinds of index are used in analysis of distribution. The first two are often based on distribution by geographical area. In both, the index is based on an arbitrary scale of 100. The brand-development index (**BDI**) compares sales of a specific brand and total sales in the product category. The category-development index (**CDI**) compares sales in the product category and sales in the region.. **Store-count distribution** refers to the number of stores that carry a brand. All-commodity volume (**ACV**) refers to the total amount of sales in a category, for example, sales of all cereals in all grocery stores. A few stores have a high volume of sales. Most stores have a low sales volume. Therefore, it is possible to achieve high distribution by selling a product in only a few stores – those with high sales volume.

The next area for research and analysis is costs of advertising and merchandising, both for the company and for the competition. Ideally, market share reflects advertising share. Suppose that five companies are selling a similar product. Together, they make up 100% of the market for that product. They account for 100% of the advertising expenditure for it. If one company spends 50% of the total advertising expenditure but has only 10% of the market, something is wrong. That company needs to study its advertising costs and effectiveness.

Exercise 4. Comprehension. Answer the following questions.

1. What is marketing?
2. What does marketing begin with?
3. What is marketing communication?
4. What is a market?
5. How does situation analysis begin? How does it end?
6. What is the purpose of market research?
7. How does competition bring about an abundance and variety of consumer goods?
8. What are the sources of data?
9. What are the areas of market research?
10. What is the difference between primary data and secondary data?
11. What are some disadvantages of secondary data? Why are primary data usually more useful?
12. What is the difference between qualitative research and quantitative research ?

Exercise 5. Multiple choice questions. Choose the correct variant.

1. Marketing begins with
 - a) sellers' needs
 - b) consumers' needs
 - c) revenues and costs
2. The market for goods in daily use, such as bread and milk is
 - a) changeable
 - b) hesitant
 - c) stable
3. Marketing is a matter of communication between ... and
 - a) produces ... sellers
 - b) sellers ... buyers
 - c) consumers ... producers

4. The purpose of ... research is to obtain a general feeling about the market, the consumer, or the product.

- a) quantitative
- b) conclusive
- c) qualitative

5. To analyze market potential is to analyze ... a specific type of product at a certain time, under certain marketing conditions.

- a) the demand for
- b) the supply of
- c) the production of

Exercise 6. Match the words to make word combinations from the text.

- | | |
|----------------|--------------|
| 1. consumer | a. interview |
| 2. successful | b. answers |
| 3. potential | c. research |
| 4. advertising | d. data |
| 5. purchasing | e. brand |
| 6. specific | f. campaign |
| 7. relevant | g. decisions |
| 8. exploratory | h. user |
| 9. personal | i. producers |
| 10. tentative | j. need |

Exercise 7. Match the terms and their definitions.

- | | |
|----------------|--|
| 1. advertising | a. all activities that move goods from producers to consumers: production, promotion, distribution, packaging, pricing |
| 2. product | b. one member of the market; the user of a product |
| 3. market | c. people who can and will make purchases to satisfy their needs |

- | | |
|-----------------------------|---|
| 4. merchandising | d. in marketing, a consumer good, an industrial good, a service, or an idea |
| 5. market share | e. the number of stores that carry a given brand |
| 6. distribution | f. the idea, basic to modern marketing, that goods are produced in response to consumers' needs |
| 7. store-count distribution | g. promotion; any means of promoting the sale and use of a product; in marketing, paid promotion through the major media |
| 8. primary data | h. sales promotion; paid promotion through minor media. |
| 9. marketing concept | i. information used in a specific research project but gathered originally for a different purpose |
| 10. consumer | j. information gathered for the first time for a specific research project |
| 11. quantitative research | k. exploratory or subjective research to obtain general feelings and impressions |
| 12. qualitative research | l. conclusive or objective research to reach definite conclusions |
| 13. marketing | m. one producer's percentage of the market for a product category; brand share |
| 14. secondary data | n. moving goods from one place to another before their sale to consumers, e.g. from producer to wholesaler; from wholesaler to retailer |

Exercise 8. Fill in the blanks with the appropriate words from the text.

1. Marketing is all activities that move ... from producers to

consumers: production, promotion, distribution, packaging, pricing.

2. Marketing communications can be defined as all marketing activities visible to ... that may influence their purchasing decisions and these activities include both advertising and merchandising.

3. ... supplements advertising and takes the forms of sales promotion and promotion in minor media.

4. Market ... (situation analysis) must be done in the following areas: market potential or industry sales, company sales, market share, distribution, and advertising costs.

5. Marketing societies have produced a great abundance and variety of consumer goods, by means of

6. Successful producers are guided by the marketing ... : response to consumers' needs.

7. All market research begins with an analysis of the market ... that moves from the general to the specific and begins with the broad economic picture.

8. Research is the gathering and analyzing of ... data, they can be ... or secondary.

9. Analysis of industry sales and company sales together provides information about market ... or ... share and market share indicates the performance of a specific brand in relation to a competitor's brand and to the industry as a whole.

10. To analyze market potential is to analyze the ... for a specific type of product at a certain time, under certain marketing conditions.

11. A major difficulty with brand share analysis is that it shows only relative market position and ... in that position, it does not show why those ... are taking place.

Exercise 9. Define if the following statements are true or false. Correct the false statements.

1. There are two kinds of primary research: quantitative (ex-

ploratory, or subjective) and qualitative (conclusive, or objective).

2. Secondary data can be internal or external and can indicate sales trends in a product category.

3. Qualitative primary data are gathered by experiment, observation, and survey.

4. Quantitative research doesn't aim for definite conclusions.

5. The market for luxury goods is stable and the market for goods in daily use is volatile.

6. Analysis of industry sales and company sales together provides information about market share.

7. Current company sales should be compared to earlier ones to determine trends, they should also be compared to competitors' sales, past and present.

8. The brand-development index compares sales of a specific brand and total sales in the product category but the category-development index compares sales in the product category and sales in the region.

9. Store-count distribution refers to the number of stores that carry a brand.

10. It is impossible to achieve high distribution by selling a product in only a few stores – those with high sales volume.

Exercise 10. Practise your vocabulary.

1. What is the definition of a consumer?
2. Give the definition of a product.
3. Give a general definition of advertising and a specific definition of advertising, as used in marketing.
4. Name two forms of merchandising.
5. What are five aspects of marketing?
6. What is the marketing concept?
7. What is the difference between secondary data and pri-

mary data?

8. What is the difference between qualitative research and quantitative research ?

9. Define market share. Give a synonym for it.

10. Give an example of distribution.

Exercise 11. Discuss some points of the text.

1. Do you agree the market is “people who have money and are ready to spend it”?

2. The concept that marketing is a response to consumers' needs is relatively new. What do you think marketing used to be like?

3. What should an advertiser know about its competition's advertising?

4. Give some examples of problems and opportunities that situation analysis might reveal for a company. How can both problems and opportunities give a company positive direction?

5. A company's sales records and accounts are sources of internal secondary data. What other sources can you think of?

6. What kinds of external secondary data are available in your region? From what sources?

7. What are some disadvantages of secondary data? Why are primary data usually more useful?

8. Explain market potential.

9. Name several products whose market in your region is volatile. Name others whose market is stable.

10. How would you define marketing? What is the relation between advertising, merchandising and marketing?

11. Find a printed advertisement and tell how it informs, communicates and persuades.

12. Show that you understand BDI, CDI, store-count distribution, and ACV by giving an example of each for another product.

13. How is it possible to achieve high distribution while selling in a small number of stores? Give examples of such stores in your region.

14. What should market share reflect?

15. Do you agree that "marketing begins with consumers' needs" ? Give some arguments for or against the idea.

Exercise 12. Render the following text in English.

Современная концепция маркетинга

Термин «маркетинг» происходит от английского «market» (рынок) и означает деятельность в сфере рынка сбыта. Рынок рассматривается прежде всего как механизм, позволяющий определить соотношение спроса и предложения на различные виды товаров и услуг. Однако маркетинг как система экономической деятельности имеет более широкое понятие.

Термин «маркетинг» возник в экономической литературе США в начале XX столетия. В основу концепции маркетинга положены идеи удовлетворения нужд потребителей.

Используя в управлении теорию маркетинга, предприятия и фирмы должны строить свою деятельность в соответствии с ее ключевым принципом: производить то, что продается, а не продавать то, что производится.

В настоящее время маркетинг - это система организации всей деятельности фирмы или крупной корпорации по разработке, производству и сбыту товаров и предоставлению услуг на основе комплексного изучения рынка и реальных запросов покупателей с целью получения высокой прибыли. Современная система маркетинга ставит производство товаров в зависимость от запросов потребителей.

Среди специалистов нет общепринятого определе-

ния маркетинга. Маркетинг определяется как система взглядов, функция координации различных аспектов коммерческой деятельности, комплекс взаимосвязанных элементов деловой компетентности, философия бизнеса, цель которой - смягчение кризисов перепроизводства, и наконец, процесс сбалансирования спроса и предложения.

Маркетинг - это система организации всей деятельности фирмы или корпорации по разработке, производству и сбыту товаров и предоставлению услуг на основе комплексного изучения рынка и реальных запросов покупателей с целью получения высокой прибыли.

Современная система маркетинга ставит производство товаров в зависимость от запросов потребителей.

Система маркетинга предполагает решение следующих задач:

- комплексное изучение рынка;
- выявление потенциального спроса и неудовлетворенных потребностей;
- планирование товарного ассортимента и цен;
- разработка мер для наиболее полного удовлетворения существующего спроса;
- планирование и осуществление сбыта;
- разработка мер по совершенствованию управления и организации производства.

Их решение должно достигаться путем организации систематических маркетинговых исследований, дополняемых в случае необходимости специальными исследованиями по конкретным вопросам. В результате чего, создается информационная база для составления прогнозов, которые являются основой разработки программ и стратегий предприятий.

Главное в маркетинге - двуединый и взаимодополняющий подход. С одной стороны, это тщательное и всестороннее изучение рынка, спроса, вкусов и потребно-

стей, ориентация на них производства, адресность выпускаемой продукции. С другой - активное воздействие на рынок и существующий спрос, на формирование потребностей и покупательских предпочтений. Маркетинг позволяет предприятиям эффективно увязывать ресурсы с целями, а цели - с запросами покупателей.

Exercise 13. Give a brief retelling of the translated text.

Exercise 14. Read and translate text B making use of the dictionary.

Text B

USING MARKET RESEARCH AS AN ACTION TOOL

Part 1. Function of research

The real function of research is to lead to better decisions. Research is used to provide the facts that are necessary to validate hypotheses, so that, before these hypotheses are acted upon, they have the solidity of a factual base. There are a few things needed to be aware of and to beware of whenever research is used:

- Always appreciate the difference between research into matters of historical fact and projections into the future. Most consumers are able to tell you, with reasonable accuracy what they did. What they bought, how often, how much, what they used it for, where they bought it, how much they paid for it. The answers you get to these sorts of questions are fairly solid and reliable. They do of course have the problem that by the time the information is gathered and processed it can be a good six months out of date. But its accuracy is not really in doubt.

However, it is much harder for people to tell what they are going to buy and much harder still for them to express sen-

sible preferences in purely theoretical questions. “Would you buy a product that performed such and such?” is a question the answers to which must be treated with considerable reserve.

- Understand the differences between statistically reliable quantitative research and exploratory qualitative research. The group discussion, the focus group, the random telephone interview with twenty people – these things simply do not tell the facts. They may give some interesting clues, new ways of looking at a problem, some new hypotheses that are worth proper testing but they are not in any way projectable. Not only are the numbers simply too small and generally selected from fundamentally untypical people, the methodology is in itself highly suspect as it is open to the distortion that one or two vocal and untypical interviewees can so easily bring to it.

- All research only starts to be really useful when a lot of it has been collected.

- Research cannot substitute for your own judgements.

- Be sure that you are actually doing the right kind of research and investigating the relevant data.

Part 2.1 Kinds of market studies

- **Retail audits.** These are invaluable for giving information about what is happening in the market. They do this by measuring what is happening in retail store. By carefully auditing the whole category, they give impersonal, factual information about the size of the market, shares enjoyed by the various products, divided by regions, by size and type of store and by package size, weighted distribution, stock cover and out-of-stock levels and special features. There is also the fact that audits only cover certain (important) types of store, so they can give a distorted impression if your category goes through a lot of differing outlets or if certain store groups who refuse to ad-

mit the audit companies have a disproportionately high share of the market in question.

- **Consumer Panels.** These approach the matter from a different standpoint and attempt to tell you things from the consumers' angle. They are dependent on panels of consumers giving details of their purchases on a regular basis. This is inherently less accurate since, while a store is a business whose accounts can be audited in detail, consumers generally buy in a scrappy, disorganized way and however well policed cannot give such precise information as to purchases. But, of course, they do not omit whole sections of the trade as the retail audits do. A clear statistical view of the market probably requires both and that is a sizeable expense.

- **Usage and Attitude Studies.** These are fairly complex, statistically reliable studies of particular markets carried out perhaps every five years or so. They will typically provide: a complete demographic picture of users and potential users and the products they prefer, attitudes towards products, frequency of purchase and intensity of use and the benefits sought including points of satisfaction and dissatisfaction.

- **Focus Groups.** A round-table discussion on a generalized subject is held with 6-12 typical consumers. The idea is to get broad insights into attitudes, needs, wishes. They can be stimulating and very valuable and they have the advantages of being low in cost and speedy to set up. It is also comparatively easy to put groups together that reflect the particular market you are interested in.

But groups can only suggest points that then usually need verifying in larger-scale research - it is fatal to assume that because three people out of a group of six say something that 50% of your target market is of that opinion.

- **Product Tests.** These are designed to test the acceptability of new and upgraded products. They can also be carried out on a competitive product if it is judged to present a threat to your

business. The product is placed in a sample of homes either on its own or in company with a major competitor (if both products are packaged anonymously this is a so-called blind test.) After an appropriate period users are asked their opinions, asked to rate various characteristics and state their buying intentions, expected price and so on.

In blind tests products must be equally fresh and of equal quality otherwise the test product can enjoy a deceptive advantage, coming straight from the factory whereas the competitor comes through the trade channel.

Part 2.2 Kinds of market studies

- **Segmentation Studies.** These are similar to usage and attitude studies and can indeed often be combined. They aim to give a thorough statistically reliable insight into a particular market covering: the demographic characteristics of consumers; their attitudes, particularly the pattern of attitudes towards particular types of product and the leading brands; their usage behavior - how they use the product, when, how often, on what occasions; what benefits they seek and which brands provide which benefits.

- **Advertisement Pre-Tests.** Usually carried out in personal interviews or in small groups, rough advertisements are shown to consumers and their opinions on key elements - picture, headline etc. - are sought.

Quite quick and cheap, their small scale makes them unreliable as a guide to the relative importance of different appeals, but of value if they are only asked to evaluate how well various executions transmit a particular appeal. Since the ads are usually in rough form, it is always difficult to assess what influence the unfinished nature of the ads has had.

- **Commercial Tracking Studies.** These are comparatively large-scale studies conducted often by telephone with the aim

of measuring the awareness of the (predominantly TV) advertising of a number of brands all in the same market. Information is usually limited to simple measures such as the brand name, the key visual and the claim, and is sometimes tied to a statement of buying intention.

- **Test Markets.** These are very costly and complex operations in which a product is marketed in a limited area of the country (usually a TV) and this whole area is carefully measured in terms of sales result. Detailed attitudinal research may also be carried out in the area. There can matched test markets round the country allowing certain variables (product, advertising, pricing, promotions) to be tested against each other. Because test markets are such public affairs they inevitably attract the attention of the competitors who can very easily render a test market virtually unreadable by massive price cutting or by buying up your product. Also, if the product is already marketed nationally and you are testing an improved version, how do you allow for national advertising falling into the test Finally, test markets can take a good year to read reliably – by which time your competitors, may well have pre-empted your product nationally.

Exercise 15. Discuss the text in pairs. Reveal all possible advantages and disadvantages of every kind of market studies.

Exercise 16. Write a summary of text B making use of the phrases “The text begins with (gives) the information on ...”, “ It covers such problems as ...”, “Mention is made of...” and so on.

UNIT 2. CONSUMER BEHAVIOR IN MARKETING

Exercise 1. Study the active vocabulary list. Memorize the

words and expressions.

consumer behavior

consumption n

purchasing motive

(un)conscious a

expensive a

hierarchy n

esteem n

to determine v

contiguity n

reward principle

appeal n

favorable a

attitude n

frequently adv

reference n

celebrity n

testimonial a

testimonial n

way of perceiving

trait n

population density

marital status

per capita income

solitary survivor

to be consistent with each other

- поведение потребителя

- потребление

- мотив покупки

- (бес)сознательный

- дорогой

- иерархия

- уважение

- определять

- ассоциация, близость

- принцип вознаграждения

- обращение, призыв, привлекательность

- благоприятный, выгодный

- отношение

- часто, постоянно

- ссылка, отношение

- знаменитый человек

- приветственный, благодарственный

- рекомендация, свидетельство

- способ восприятия

- характерная черта, особенность

- плотность населения

- семейное положение

- доход на душу населения

- одинокий пожилой человек

- быть совместимым друг с другом, согласовываться

Exercise 2. Read and try to guess the meaning of the following phrases.

consumer motivation, competitive marketing economy, expensive brand, effective advertising, to determine the motive, rational and emotional motives, needs for safety and esteem, to provide motivation, target population, internal variables, external variables, subjective perception, product image, potential consumer, changing attitudes, favorable results, film and sports celebrities, cultural traits, market segment.

Exercise 3. Read and translate text A.

Text A **THE CONCEPT OF CONSUMER**

Part 1. Consumer motivation

Motivation is a moving force or a desire that induces a consumer to act upon a need. Modern marketing begins with the consumer. A consumer's decision to buy a product is an attempt to solve a problem or satisfy a need. In a competitive marketing economy, each manufacturer wants to inform consumers about its product and motivate them to buy it. Therefore, marketing communicators need to understand some basic theories of consumer motivation.

One is that purchasing motives may be **conscious** or **unconscious**. Brands in the same category are often very similar. Sometimes there is a considerable difference in price. Many consumers will buy the more expensive brand, because it tastes better. That is conscious motivation for the choice. But there is often an unconscious motivation, too. It might be that they want to impress their friends, or that it is the product their parents used. They may not want people to think they can't afford the more expensive brand. It is likely that unconscious motives are even more important and powerful than conscious ones. For effective advertising, it is desirable to try to deter-

mine both kinds of motive.

Another distinction is often made between **rational** and **emotional** motives. The advertiser might appeal to either or both. A.H. Maslow first wrote about his theory of human needs. He said that they form a hierarchy, or pyramid. At the bottom of the pyramid are physical needs. Above them are social needs; then the needs for safety and esteem; and, at the top, the need for self-actualization. The urge to meet needs provides motivation. According to Maslow, the basic physical needs, such as food and drink, must be met before needs at the next level can emerge. Furthermore, when one set of needs is satisfied, another must emerge; man's needs can never be fully satisfied.

Maslow's theory applies to the marketing concept. A population whose needs are physical will not require luxury automobiles, for example. Those may satisfy the higher need for esteem. In less developed economies, the greatest proportion of needs are at the bottom of the hierarchy. In more developed economies, those basic needs are generally satisfied. A greater proportion of products fulfills needs toward the top of the pyramid. Knowing the level of need of a target population helps the advertiser in planning a motivational appeal.

Part 2. Variables of consumer behavior

There are internal and external variables of consumer behavior according to psychological theory. Consumer behavior is influenced by both variables. Knowledge of these variables can help marketing communicators to create successful advertising.

Internal variables include perception, attitude, and learning. **Perception** is an individual's way of interpreting what he sees, hears, touches, smells, or tastes. His way will be very different from another person's. Perception is subjective, entirely within one person's mind. Two people may look at the

same car. One sees its color and style. The other sees its capacity and construction. One buys and the other doesn't, although both may have similar transportation requirements and ability to pay. Perception is also selective. At any moment, we are surrounded by hundreds of stimuli, by sights, sounds, and other sensations. But the human mind can perceive only one stimulus at a time. The mind selects those that are most important, or that it is most ready for. One task of advertising is to communicate product image, that is, to have consumers perceive the product, subjectively, in a certain way. Another is to get their attention, to have them select the desired stimuli.

Attitudes have three components: feelings toward an object (such as a product), knowledge about the object, and readiness to behave toward the object in a certain way. The three components are generally consistent with each other. Someone who has favorable feelings toward a product is more likely to learn about it and to buy it. This is an extremely important principle in advertising. If a person has unfavorable feelings toward a product, and those can be changed to positive feelings, his entire attitude is likely to change. The potential consumer will be much more inclined to study and buy the product. Similarly, increasing someone's knowledge of the product, or inducing one to try it for the first time, will also influence the other components of one's attitude. Advertising that affects all three components increases the probability of changing attitudes. Therefore, most advertisers combine all three approaches in their appeals. They try to create favorable feelings, give information, and promote purchasing at the same time.

A knowledge of **learning** theory can also be applied effectively in advertising and merchandising. Four principles are of particular importance: meaning, contiguity, reward, and repetition. The principle of **meaning** is used to relate something in an advertisement to the consumer in a personal way.

The principle of contiguity is used when, in an advertisement, the product is pictured in a particular situation. The situation illustrates a mood or quality which the producer wants the consumer to associate with the product..

The **reward** principle is employed in an advertisement promising favorable results from using the product. Of the four learning principles, **repetition** is perhaps the most used. The brand name might be repeated frequently in the advertisement; the same advertisement might appear on television several times in one evening.

External variables that influence consumer behavior are social and cultural in nature. Man is a social being. Our need to be accepted as a member of a group is very strong, although often unconscious. Our values, opinions, and behavior are heavily influenced by groups to which we belong. Because we refer to these groups for guidance, they are called reference groups. We are also influenced by groups to which we would like to belong. Advertising often appeals to this characteristic. Many food products, for example, are displayed in the setting of a neighborhood picnic, a group of friends at the beach, or a family reunion. Sports and film celebrities frequently act as reference individuals in testimonial advertising; fans may buy a particular product because they identify with the celebrity promoting it.

Besides belonging, or wanting to belong to groups, everyone is a member of both a social class and a culture. Social class is generally determined by family background, occupation, source (not amount) of income, location and type of house, and education. Members of the same social class will share similar values and spend their money in similar ways. Advertising appeals, particularly in specialized magazines catering to wrestlers or gourmet diners, for example, are often directed toward a specific social class.

Culture is the set of attitudes, customs, values, ways of

perceiving, and behavior handed down from one generation to another. Cultural traits include how people dress; how men and women, children and adults, behave toward each other; what foods are eaten and how they are prepared; which forms of entertainment and recreation are favored; how a home ought to be furnished and decorated. Many countries have a dominant culture with significant subculture populations. These sub-cultures require specialized marketing communications. Where the values of these consumers differ from those of the dominant culture, communication with them must be in their own terms.

Part 3. Market segmentation

Market segmentation is dividing the market into homogeneous subgroups, for the purpose of making marketing more efficient by focusing on appropriate target markets.

Market segmentation is the major instrument for reaching the right audience. The advertising campaign is directed toward a particular market segment. “Know your prospects” is the first cardinal rule of advertising. The “prospects” are the target group of consumers. They are the people most likely to buy and to be satisfied with the product.

For market segmentation, consumers are analyzed and defined in three ways: demographically, psychographically, and geographically. **Demographic data** are measurable facts; they are generally available from census reports. Useful demographic data include information about number of total population, rate of population growth, population density, per capita income, marital status, spending patterns, employment, ethnic origin, age, and education. Demographic information might, for example, suggest an advertising campaign aimed at married people of thirty to forty-five years of age, with a high school education and an income of under \$15,000 a year. A campaign would be very different for single people under thirty, with a

college education and an income over \$25,000 a year. Demographic facts usually receive the most emphasis in market segmentation, because they are the easiest to obtain and measure.

However, especially as people become able to spend more on luxuries, **psychographics** become more important. They deal with both the quantity and quality of prospects. The potential market is segmented according to such factors as way of life and personality traits. Some people like to stay at home and watch television; others prefer more active outside entertainment. Some are careful shoppers who look for bargains; others buy on impulse, or because of a brand's prestige as they perceive it. Psychographic data cut across demographic lines. For instance, according to income, a grocery store clerk and a classical musician might be in the same demographic category. Psychographically, they are likely to be very different in their values, attitudes, and purchasing patterns. Demographics show what people do. Psychographics are concerned with why they do it. Thus psychographics more clearly show the relation between consumer and product.

The **family life cycle** combines demographic and psychographic approaches to market segmentation. It identifies potential consumers by age, marital status, and number and ages of children. It also implies differences in their attitudes and habits.

Family Life Cycle:

- bachelor stage: young single individuals
- full nest: young married couples with children
 - a. youngest child under six
 - b. youngest child six or over
 - c. older married couples with dependent children
- empty nest: older married couples with no children at home
- solitary survivors: older single or widowed people

Geographic analysis can reveal striking dissimilarities in consumer attitudes and patterns of consumption. In the

United States, surveys show that certain products sell much better in some areas than in others: dinnerware in the Northeast, fishing poles in the Midwest, home freezers in the Southeast, and sleeping bags in the Northwest. Favorite colors vary: blue and white in the Northeast; yellow and orange in the Southeast; yellow, orange, and pink in the West; blue, green, and brown in the Northwest.

Some marketing communicators subscribe to the **"heavy-user" theory**, which cuts across all three lines of market segmentation. According to this theory, a relatively small proportion of consumers use a relatively large proportion of certain products. Advertising aimed toward the heavy users is considered unusually efficient. A recent refinement of the heavy-user theory is the 80/20% rule. In the United States, researchers have discovered that in several product categories—including dog food, instant coffee, and beer – 20% of the buyers purchase 80% of the goods. And 20% of telephone customers make 80% of the calls. The figures are remarkably consistent.

Essential to all of these theories and practices is the marketing concept: marketing, advertising, and merchandising begin and end with the consumer.

Exercise 4. Comprehension. Answer the following questions.

1. What is a conscious motivation to buy a product?
2. What are the unconscious motives of consumers?
3. What is consumer behavior influenced by, according to psychological theory?
4. What do internal variables include?
5. What are three main components of attitudes?
6. Can a good knowledge of learning theory be applied effectively in advertising and merchandising?
7. What are four important principles of learning theory?

8. What are external variables in nature?
9. By what is social class generally determined?
10. What is culture? What do cultural traits include?
11. In what ways are consumers defined and analyzed for market segmentation?
12. What information do useful demographic data include?
13. What approaches to market segmentation does the family life cycle combine?
14. What is the essence of the “heavy-user” theory?

Exercise 5. Multiple choice questions. Choose the correct variant.

1. External variables that influence consumer behavior are ... and ... in nature.
 - a) social ... political
 - b) political ... cultural
 - c) social ... cultural
2. ... is the set of attitudes, customs, values, ways of perceiving, and behavior handed down from one generation to another.
 - a) Motivation
 - b) Culture
 - c) Science
3. Market segmentation is the ... instrument for reaching the right audience.
 - a) insignificant
 - b) unnecessary
 - c) major
4. Advertising aimed toward the heavy users is considered unusually
 - a) efficient
 - b) enjoyable
 - c) emotional

5. ... analysis can reveal striking dissimilarities in consumer attitudes and patterns of consumption.

- a) Demographic
- b) Psychographic
- c) Geographic

Exercise 6. Match the words to make word combinations from the text.

- | | |
|------------------|-----------------|
| 1. reference | a. variables |
| 2. market | b. feelings |
| 3. potential | c. consumer |
| 4. purchasing | d. group |
| 5. unconscious | e. advertising |
| 6. expensive | f. behavior |
| 7. consumer | g. image |
| 8. internal | h. appeal |
| 9. product | i. motives |
| 10. favorable | j. brand |
| 11. testimonial | k. segmentation |
| 12. motivational | l. motivation |

Exercise 7. Match the terms and their definitions.

- | | |
|---------------|---|
| 1. meaning | a. a desire that moves a consumer to act upon a need; the motive for a purchasing decision may be conscious or unconscious, rational or emotional |
| 2. motive | b. based on feeling |
| 3. emotional | c. based on intellect and reason |
| 4. attitude | d. how a person perceives sense stimuli; perception is subjective and selective |
| 5. perception | e. person's opinion or feeling about someone or something |

- | | |
|-------------------------|---|
| 6. rational | f. a learning theory principle, used to relate advertising content to consumers in a personal way |
| 7. reference group | g. a learning theory principle, used in advertising to associate the product with an agreeable situation |
| 8. reward | h. a principle of learning theory, used in advertising that promises favorable results from product use |
| 9. contiguity | i. a principle of learning theory, in advertising it is the reiteration of a brand name or an advertisement |
| 10. repetition | j. a group to which someone may or may not belong, but to which one refers for guidance to form his values, opinions, and behavior |
| 11. demographics | k. a stratum of society; one's membership in a social class is based on such factors as family background, occupation, and education |
| 12. psychographics | l. the pattern of behavior, values, and attitudes transmitted from one generation to another |
| 13. culture | m. dividing the market into homogeneous subgroups, for the purpose of making marketing more efficient by focusing on appropriate target markets |
| 14. social class | n. classification of consumers according to facts about the population, such as population density, per capita income, and ethnic background |
| 15. market segmentation | o. classification of consumers according to such factors as way of life and personality traits |

- | | |
|------------------------|---|
| 16. heavy- user theory | p. a concept that identifies consumers by age, marital status, and number and age of children |
| 17. family life cycle | q. a theory that a relatively small proportion of consumers use a relatively large proportion of certain products |

Exercise 8. Fill in the blanks with appropriate word from the text.

1. Motivation is a moving force or a desire that ... a consumer to act upon a need.
2. Modern marketing begins with the
3. Unconscious purchasing ... are probably more important and powerful than conscious ones.
4. Perception, attitude, and learning are ... variables of consumer behavior.
5. Perception is ... and selective.
6. A person can perceive only ... stimulus at a time.
7. The three ... of attitudes are generally consistent with one another.
8. Most ... combine appeals to all three components in their advertising.
9. According to Maslow theory , the basic human needs are
10. The potential market is segmented according to such factors as way of ... and personality
11. The family life ... combines demographic and psychographic approaches to market segmentation it identifies potential ... by age, marital status, and number and ages of children.

Exercise 9. Define if the following statements are true or false. Correct the false statements.

1. Associating the product with an agreeable situation is using the learning principle of meaning.

2. Consumers are always aware of their reasons for buying a product..

3. An advertisement that promises favorable results from using the product employs the principle of reward.

4. The principle of contiguity is probably used more than the other three principles of learning.

5. Our values, opinions, and behavior are heavily influenced by groups to which we belong but we may not belong to a reference group to be influenced by it.

6. Social class is generally determined by family background, occupation, source of income, location and type of house, and education and that's why members of the same social class will not share similar values and spend their money in similar ways.

7. There is no point in advertising to subcultures of a population.

8. Demographic data are measurable facts about a population they become more important as more people are able to buy luxuries.

9. Geographic analysis can hardly reveal striking dissimilarities in consumer attitudes and patterns of consumption.

10. Some marketing communicators subscribe to the "heavy-user" theory, which cuts across all three lines of market segmentation and according to this theory, a relatively large proportion of consumers use a relatively small proportion of certain products.

Exercise 10. Practise your vocabulary.

1. What is the difference between a motive and a need? Give four words that describe consumers' purchasing motives.

2. Which is based on intellect, a rational motive or an emotional motive?

3. What kind of stimuli are subject to perception? Give two words that describe perception.
4. What is the definition of attitude?.
5. How are four principles of learning theory (meaning, contiguity, reward and repetition) used in advertising ?
6. What is a reference group? What do reference groups help to form?
7. Give at least two bases for determining social class.
8. What is the definition of culture?
9. What is the difference between demographics and psychographics?
10. How does the family life cycle identify consumers?

Exercise 11. Discuss some points of the text.

1. What does a consumer's purchasing decision try to do?
2. Why should marketing communicators understand motivation theory?
3. What are your own examples of conscious and unconscious motives for buying a more expensive brand?
4. Name two other types of motives. Which do you think is more important in advertising?
5. Find a printed advertisement that you think appeals to both conscious and unconscious motives. Identify them.
6. Find advertisements that appeal to reason, to emotion, and to both reason and emotion.
7. Why is the pyramidal form of Maslow's hierarchy of needs significant?
8. Do you agree with the order of Maslow's hierarchy? Do you agree that "man's needs can never be fully satisfied"?
9. How is perception important in advertising?
10. "The three components of attitudes are generally consistent with each other." Explain.
11. Find advertisements that use the principles of meaning,

contiguity, reward and repetition.

12. Talk about groups you (don't) belong that influence your values, opinions, and behavior. How does their influence differ in nature and in strength?

13. Are there distinctions of social class in your country? If so, on what are they based? Name some characteristics of the different classes. Consider such factors as preferences in entertainment, food, style of clothing, way of speech, educational institutions and type of housing.

14. Discuss the dominant culture of your country. Find advertising that reflects the dominant culture. Explain in what ways it does so.

15. What are sources of demographic data ?

16. Give examples of directing an advertising campaign toward different demographic groups. Tell how the campaigns might be different, using your own example of the product advertised.

17. Give examples of psychographic data. Why are psychographics more important as people can spend more on luxuries?

18. Study the family life cycle. Talk about the kinds of consumer goods that would most interest people at the various stages.

19. Discuss geographical differences in consumption patterns in your country.

20. Does the heavy-user theory apply to your region?

Exercise 12. Render the text in English.

Поведение потребителей

Существуют четыре основных принципа формирования правильного представления о поведении потребителей:

- потребитель независим;
- мотивация и поведение потребителя постигаются с помощью исследований;
- поведение потребителей поддается воздействию;
- потребительское поведение социально законо.

Независимость потребителя проявляется в том, что его поведение ориентируется на определенную цель. Товары и услуги могут им приниматься или отвергаться в той мере, в какой они соответствуют его запросам. Предприятия достигают успеха, если предоставляют потребителю выбор и реальную выгоду. Понимание этого и постоянное приспособление к поведению потребителя является одним из важных требований для выживания предприятия в условиях конкуренции.

Поведение различных потребителей на рынке различно по потребностям и целям закупок, характеру спроса и покупок, действий на рынке, мотивации и т.п. Вместе с тем поведение потребителей имеет и некоторое сходство. На рынке их поведение может быть выражено через систему экономических, социальных и психологических факторов, характеризующих их потребности и способы удовлетворения.

Независимость потребителей представляет собой сложную задачу, но маркетинг может оказывать влияние на мотивацию и поведение потребителей, если предполагаемый товар или услуга действительно являются средством для удовлетворения потребностей покупателя.

На поведение потребителей влияют различные факторы, прежде всего факторы внешней среды. Важное значение приобретают факторы индивидуальных различий потребителей: доходы, мотивация, уровень знаний, пристрастия и увлечения, личный стиль жизни, демографические характеристики. Особое место при формировании поведения потребителя на рынке имеет так называе-

мый психологический процесс, характеризующий ответные реакции потребителя.

Предприятие не может добиться рыночного успеха, если игнорирует запросы потребителей, неслучайно в рамках маркетинга проводятся исследования, посвященные поведению потребителей.

Exercise 13. Give a brief retelling of the translated text.

Exercise 14. Read and translate text B making use of the dictionary.

Text B

THE CONCEPT OF POSITIONING

Part 1. Positioning

Positioning is a concept which has led to a far deeper understanding of the way consumer markets work.

Like so many other fruitful ideas in marketing, it comes from looking at things from the consumer's point of view. The fact that we are able to look at a market like a consumer allows us to devise brands and products that are better because they satisfy the consumer's real needs and desires. Understanding positioning is a key step in this process.

So what, then, is a product's position in its market?

First, what it is not. It is not the product's share of market. It is not the way the product is priced. It is not the product's quality (a very vague term that - the only quality worth having in a product is a quality the consumer will pay for).

A product's position could be defined as that aggregate of product qualities and attributes that the consumer perceives the product to be. Ideally such a position should lead to the

consumer preferring the product to its competitors.

Positions are the way the consumer perceives individual products and the sum of these positions is the way the consumer perceives the market.

A product's position is essentially a subjective measurement and while it is usually based on facts, those facts are often out of date, oversimplified and incomplete.

Consider, for a moment, that there is a big difference between the way you perceive the market in which you earn your living and the way consumers perceive it. You know the names of all the products and the companies that make them. You know how they are made and how they stack up technically. You know how they do in sales, share and trade support. You know how they advertise. You know what prices they sell for - both in the price list and actually on the shelf.

Part 2. Consumers' behavior

The consumer does not have this kind of information. The consumer knows the names of one or two leading, well-established products - and, if the brand name does not happen to be the same as the company name, can very well not know the name of a single company.

The consumer has tried some of the products and has reached the conclusion that one seems to be the best - it seems to satisfy his needs more completely and with fewer attendant disadvantages than the others that have been tried. This trial is haphazard and often stretches back a long way - the consumer may still be rejecting a particular product out of hand because of a technical problem that was solved three years ago. Or holding true to another product in the fond belief that it is the only one that offers a particular benefit - a benefit that may have become generic in the entire market.

The consumer has little idea of brand shares - the consumer only knows that in certain markets one brand somehow

seems to be more in evidence than others and presumably is the one most people use. The consumer has little or no knowledge of which brands are growing or declining.

The consumer does not know the various advertising stories of the brands in the market. The consumer has perhaps absorbed the advertising of the leading brand and perhaps the advertising of 'his' brand. (Of course, by definition, the brand leader is also the preferred product of the largest number of consumers, so this distinction tends to become blurred or even superfluous.) The consumer tends to ascribe all advertising to the preferred brand.

The consumer does not even have your detailed knowledge of prices. The consumer is very aware of what the preferred brand should cost and is very quick to avoid buying if this price is not available, just as the consumer will be quick to react to a price that seems unusually low and will stock up on the preferred brand if such a price is offered. The consumer is also generally aware of other prices in relation to the preferred brand - other products are lower or higher, but by how much is not usually known.

It will be obvious from the above that, whereas you get to know products from conscious study and detailed statistical analysis, the consumer gets to know them in the way we all get to know people. We know what they look like, whether they are young or old, friendly or snooty, well-off or humble, modern or old-fashioned. But only among our true friends, as opposed to passing trivial acquaintances, do we have much detailed information: where they live, their phone number, their employer, their children's names and so on.

Just as we put passing acquaintances into certain simple categories based on very insufficient knowledge, the consumer does this with products. But why is the consumer so lax, you say. Why is the consumer so unconcerned with studying the market and thus getting the best value for money?

The consumer has better things to do. There is not time enough to make a thorough study of all the fields in which simple branded goods compete for our attention. Even if one did set out to do it, it would be hard enough to do and return very little in the way of benefit. Most of the products we are talking about are frequently bought items of low absolute cost - so not getting the best deal does not usually mean that much money is wasted. Also, the iron laws of the marketplace more or less guarantee the consumer that choosing a well-established brand means getting quite reasonably good value for money - in a competitive world a brand cannot survive and flourish if it offers poor value or poor performance.

Part 3. Positions in the marketplace

The consumers' simple classifications of products result in the positions in the marketplace. The positions occur along the parameters that are in fact important for the particular category. Cars, for instance, tend to be seen in terms of engineering skill, manufacturing workmanship and their social dimensions - and an awareness of cost is high. This is why, for instance, Mercedes can charge top prices for its middle class entry and sell a remarkably large number of cars, because all these three dimensions are very strongly identified with Mercedes Benz. However, the social one forms a minor Achilles heel - the Mercedes is seen as a little stodgy. And that is what has made it possible for BMW to mount a very effective challenge by positioning its car as the German-built car for the younger, sportier driver.

Functional products are seen in functional terms. They may be seen as being "harsh" or "mild", and a "harsh" product is often a very thorough and efficient one whereas a "mild" one can easily tail off into the "wishy washy". Food products carry the aura of the companies that make them. Heinz has an excellent name for wholesomeness and good taste - but less of a

reputation for light, modern, low-calorie products.

Services, in which the person who supplies the service in many ways is the service, get most of their positioning dimensions through the way their people are perceived. This is why every airline tries to convince you that they have the prettiest, most obliging stewardesses. A company, through its people, can be seen as helpful and approachable, expert and reliable (the world's most experienced airline), on your side (the Equitable Insurance salesman).

These positions are the result of facts but of facts simplified and structured by the consumer's mind. So structured, they help the consumer categorize and understand a market. The facts are also carefully cultivated and formed into positions by the manufacturers. In addition to giving a household cleaner a chemical formula that is powerful and tough, a company will also use name, package design and advertising to stress these attributes. So, whereas positions originally "grew", they have for many decades now been the conscious work of companies seeking a particular type of position and designing products and services to fit that position.

But positions cannot be constructed out of intangibles alone. The facts must be fundamentally correct if a particular position is to be established. This is particularly true if the product or service is one with which people come into frequent contact or where a contrary position has the benefit of being very well established.

The position the product has in its market is a key fact about it and shows how the customers really see the product. Understanding positioning is key to either reinforcing it and building on it or to developing it and modifying it. All progress in the market ultimately flows from the position the product can occupy.

Exercise 15. Define if the following statements are true or

false. Correct the false statements.

1. Positioning is a concept which has led to a far deeper understanding of the way consumer markets work.

2. Positions are the way the producer perceives individual products and the sum of these positions is the way the producer perceives the market.

3. A product's position is essentially a subjective measurement and while it is usually based on facts, those facts are often out of date, oversimplified and incomplete.

4. The facts are also carefully cultivated and formed into positions by the manufacturers.

5. The consumer is rarely aware of other prices in relation to the preferred brand.

6. The position the product has in its market is a key fact about it and shows how the customers really see the product.

Exercise 16. Write a summary of text B using the phrases "The text begins with (gives) the information on ...", "It covers such problems as ...", "Mention is made of ...", "Details are given of ...", "The text concludes with ..."

UNIT 3. PRODUCT IN THE SYSTEM OF MARKETING

Exercise 1. Study the active vocabulary list. Memorize the words and expressions.

retail store

- магазин розничной торговли

loyal a	- преданный, лояльный
loyalty n	- приверженность
availability n	- наличие, доступность
warranty n	- гарантия качества изделия
effort n	- усилие, попытка
claim n	- требование, заявление
tangible f	- осязаемый, материальный
expenditures n	- затраты
to increase v	- увеличивать
maturity stage	- стадия зрелости (товара)
to eliminate demand	- ликвидировать спрос
to abandon v	- отказываться, оставлять
retentive a	- сохраняющийся в памяти
emphasis n	- особое внимание(значение)
brand n	- сорт, качество, марка
awareness n	- осознание (ч-л), осведомленность
to override v	- не принимать во внимание
consideration n	- рассмотрение, обсуждение
approach n	- подход
current a	- текущий

Exercise 2. Read and try to guess the meaning of the following phrases.

subject of communication, consumer goods, particular product, complex of consumer interests, market segmentation, product differentiation, strategy of concentration, marketing effort, tangible product, advertising expenditures, manufactures abandon the industry, profitable products, pioneering stage, brand loyalty, current position, knowledge of the product.

Exercise 3. Read and translate text A.

Text A

THE CONCEPT OF PRODUCT

Part 1. The definition of a product

Market segmentation and product differentiation

Product in marketing is a consumer good, an industrial good, a service, or an idea. Products serve consumers and they are advertised. They are subjects of communication between consumers and producers. Insurance companies, banks, organizations, and interest groups have images. A retail store is a product too. Like goods, services, and ideas, a retail store has an image in consumers' minds. It serves consumers, it is advertised, it communicates, it has an identity. Studies show that consumers are at least as loyal to a store as they are to a particular product or brand. They choose a store for such reasons as location, convenience, appearance, cleanliness, quality and variety of goods, politeness of employees, availability of desired goods, price, and even atmosphere.

Another way of defining a product is to say that someone who buys a product actually buys three: the identifiable product, the service and warranty that go with it, and the purchaser's expectations of product performance. Marketing communicators need to be aware that they are addressing a whole complex of consumer interests.

There are two methods of matching a product to consumers' expectations. The first is **market segmentation**. Its significance for the product can be seen in the two approaches to market segments. In a **strategy of concentration**, the marketing effort is directed toward a sizable subgroup of the population, such as working mothers of young children. Products are manufactured and marketed to meet their particular needs. In a **strategy of differentiation**, two or more subgroups are identified and selected. A marketing program is designed for

each. Car manufacturers differentiate according to income level. They produce cars in several different price ranges. Cereal boxes come in various sizes, to suit families at different stages of the family life cycle. Shampoo is made for people with “normal”, “dry”, and “oily” hair.

The second method of reaching target consumers is **product differentiation**. Here, the marketing effort is directed toward the total market, not just a segment of it. The difference is in the product, not in the market. The success of this method depends upon an appeal to consumers’ perceptions. Today’s large supermarkets will have 25,000 different brands and products. A typical drugstore might have 40,000. Where competition is that intense, a number of products will be very similar, except for brand. The consumer has no strong reason to prefer one to another. Therefore, to compete, a product must be seen as different in some way.

One method is to change the product visibly, so that it is perceived as unique. The change may make no difference in product performance. A simple change in color might be enough. **Another method** is to make unique advertising claims. These might support the physical change. When Joy dishwashing liquid added the scent of lemons, it advertised “new lemon-fresh Joy”.

However, a product difference means noting to consumers unless they perceive it. They care about how it will affect them, that it will make them look better, feel better, or live longer. Advertisers must be sure that consumers not only understand a product difference but see it as a benefit. The difference need not be in the tangible product alone. Consumers’ perceptions of the company, the store, the brand, the price, the package, and the advertising itself all influence their attitudes toward a product. Changes to any of these also signal product differentiation in their minds.

Part 2. The product life cycle

An important use of product differentiation is to extend the product life cycle. According to the life cycle theory, a product goes through four stages: introduction, growth, maturity, and decline. Each stage has implications for marketing communicators. Not only completely new products have an **introductory phase**. A new process, such as freeze-dried coffee, will also go through the four stages. So will an addition to a line, such as an economy model of a major appliance, a new flavor of ice cream, or a new form of dog biscuit. In the introductory stage, growth is slow, prices are high, and advertising expenditures are high relative to sales - consumers must first be made aware of the product before they can even consider trying it for the first time.

During **the growth period**, sales rise quickly as some customers buy the product for the first time, and others buy it again. As potential competitors see the increase in profits, more begin to enter the field. Market segmentation and product differentiation come into use. Major improvements are made in the product, and new forms of it appear. Merchandising activities increase. Advertising expense is still high in total volume, but lower in relation to sales.

The maturity stage begins when most potential customers have already tried the product. Weaker competitors disappear; stronger ones survive. Growth slows, and prices and profits decrease. Any growth in sales will come through general population growth or at the expense of competitors. This stage continues much longer than the earlier ones. Most products on the market at any one time are in the maturity stage.

A product enters **the decline period** when new products replace old ones, or changes in consumption patterns eliminate demand. Industry sales drop, and manufacturers abandon the industry to look for more profitable products.

If action is taken early enough in the maturity phase, it is possible to extend the life of a product. One way of doing this is product differentiation. Another method is line extension. New products are added to an existing line to increase variety and therefore sales. Line extension may involve market segmentation, as when a bedding manufacturer adds bed linens for children to its line. It may not involve segmentation, as when adding a new flavor. Other ways of extending the life of a product are to find new uses for old products and to add servicing to the product. Product difference depends upon consumers' perceptions. The same is true of "new" products. Consumers will perceive a product as new if changes are made in the brand name, the package, or the price. The change must be perceived by the senses; a change in advertising claim is empty without a response in consumer perception.

The emphasis of advertising changes as a product goes through its life cycle. Advertising has pioneering, competitive, and retentive stages. In **the pioneering stage**, the product is introduced as a solution to old problems. The purpose of pioneering advertising is to tell consumers that the product exists and to make them eager to try it. In other words, it informs and creates **brand awareness**. In its **competitive phase**, advertising emphasizes superiority to competitors' products. The goal is **brand preference** and the establishment of **brand loyalty**. It is used during the growth and early maturity periods of the product life cycle. As the maturity stage continues, retentive advertising is most effective. By that time, consumers have accepted and preferred the product. Advertising in this period is designed chiefly to keep the brand in the public mind, to maintain brand loyalty.

Part 3. Product analysis

Product analysis is like market analysis and consumer analysis. It means finding out everything possible about the

product. It is a matter of collecting and analyzing relevant data. It involves studying the competition. To "know your product" (and your competitor's) is to know why people use it; how it is different; where it fits in the product life cycle. Knowing the product is knowing its uses and functions, quality, construction or composition, distribution patterns, packaging, brand image, and price. In product analysis, the overriding considerations are how the product compares to its competition and how it is positioned in consumers' minds.

A product has specific physical characteristics. Those are its features. The advertiser's job is to look for unique product features.

But the uniqueness of a product feature is not enough, however. Consumers must perceive it as unique. And they must see it as a benefit. A major purpose of product analysis is to discover and exploit product benefit. Directing the benefit claim to consumers is the attempt to "position" the product.

Position has traditionally been defined as the product's benefit claim. Its more modern definition centers on the consumer: A product's "position" is its place in consumers' minds. It is their perception of the product. This position is usually achieved by advertising.

For a new product, correct positioning is a vital aspect of product analysis and is basic to an advertising campaign. It is no less vital and basic for an established product, but the approach is different. For an existing product, its current position must first be analyzed. Then the campaign planner may decide that the product has to be repositioned, for better sales. Advertising campaign planners use the results of market analysis, consumer analysis, and product analysis to develop a **product concept**. It is their idea of the principal value of the product for consumers. This is what they try to communicate. The product concept is at the heart of all advertising and merchandising. It is based on knowledge of the market, including the competition;

understanding of the consumer; and knowledge of the product.

Exercise 4. Comprehension. Answer the following questions.

1. What is the definition of a product?
2. How can a product best be matched to consumers' expectations? What is market segmentation?
3. What is product differentiation?
4. What influences the consumers' attitudes toward a product?
5. What are the stages of a product life cycle?
6. Have only new products an introductory phase?
7. Are prices and advertising expenditures high or low in the introductory stage?
8. What are the main features of the growth period?
9. When does the maturity stage begin?
10. When does the product enter the decline period?
11. What are the ways of extension of the life of a product?
12. When does a consumer perceive a product as new?
13. How does the emphasis of advertising change as a product goes through its life cycle?
14. What is the essence of product analysis?
15. What is a product concept based on?

Exercise 5. Multiple choice questions. Choose the correct variant.

1. In a strategy of concentration, the marketing effort is directed toward a subgroup of the population.
 - a) sizable
 - b) definite
 - c) small
2. In the pioneering stage, the product is introduced as a

solution to old problems.

- a) competitive
- b) pioneering
- c) retentive

3. The purpose of pioneering advertising is to tell ... that the product exists and to make them eager to try it.

- a) produces
- b) consumers
- c) retailers

4. As the ... stage continues, retentive advertising is most effective.

- a) decline
- b) maturity
- c) introductory

5. If actions are taken early enough in the maturity phase, it is possible to ... the life of a product.

- a) reduce
- b) eliminate
- c) extend

Exercise 6. Match the words to make word combinations from the text.

- | | |
|-----------------|--------------------|
| 1. retail | a competitors. |
| 2. product | b. awareness |
| 3. line | c. considerations |
| 4. introductory | d. claim |
| 5. potential | e. products |
| 6. profitable | f. value |
| 7. brand | g. store |
| 8. overriding | h. differentiation |
| 9. benefit | i. stage |
| 10. principal | j. extension |

Exercise 7. Match the terms and their definitions.

- | | |
|--------------------------------|--|
| 1. product differentiation | a. how consumers perceive a company, product, or brand; the mental picture its name evoke |
| 2. product life cycle | b. an approach to market segmentation in which the marketing effort is directed toward one large population subgroup |
| 3. line extension | c. an approach to market segmentation in which two or more subgroups are identified and selected, and a marketing program is designed for each |
| 4. image | d. a marketing strategy in which a product is made to appear different from competitive products, by a change in the product or by advertising claim |
| 5. strategy of concentration | e. the four stages that a product typically goes through: introductory growth, maturity, and decline |
| 6. strategy of differentiation | f. the addition of a new product to an existing set |
| 7. retentive advertising | g. advertising that introduces a product to consumers |
| 8. brand loyalty | h. advertising that stresses the superiority of one product over others in the category |
| 9. pioneering advertising | i. advertising designed to keep the brand in the public mind |
| 10. product concept | j. consumers' knowledge that the brand exists |
| 11. position | k. consumers' choice of the brand over other, similar ones |
| 12. competitive advertising | l. consumers' well-established preference for the brand, they continue to buy it despite possible advantages of compe- |

- | | |
|----------------------|---|
| | ting brands |
| 13. benefit claim | m. a physical characteristic of a product. |
| 14. product feature | n. how an advertiser says that a product helps a consumer |
| 15. brand preference | o. the place of a product in consumers' minds |
| 16. brand awareness | p. the producer's idea of the product's consumers; the principal value for essential message of an advertising campaign |

Exercise 8. Fill in the blanks with appropriate words from the text.

1. ... in marketing is a consumer good, an industrial good, a service, or an idea.
2. Marketing communicators need to be aware that they are addressing a whole complex of ... interests.
3. The first method of matching a product to consumers' expectations is
4. The second method of reaching target consumers is
5. Advertisers must be sure that consumers not only understand a product difference but see it as a
6. Consumers' perceptions of the company, the store, the brand, the price, the package, and the advertising itself all influence their ... toward a product.
7. An important use of product differentiation is ... the product life cycle.
8. According to the life cycle theory, a product goes through four stages: introduction, ... , maturity and
9. During the ... , sales rise quickly as some customers buy the product for the first time, and others buy it again.
10. A product enters the ... when new products replace old ones, or changes in consumption patterns eliminate

demand.

Exercise 9. Define if the following statements are true or false. Correct the false statements.

1. Products serve consumers and they are advertised, they are subjects of communication between consumers and producers.

2. The way in which consumers perceive a product is its image.

3. Someone who buys a product buys the identifiable product, the service and warranty that go with it, and the purchase's expectations of product performance.

4. Two strategies of market segmentation are concentration and differentiation.

5. A product difference means noting to consumers unless they perceive it, they care about how it will affect them, that it will make them look better, feel better, or live longer.

6. Two ways of reaching target consumers are market segmentation and consumer differentiation.

7. Consumers must understand a product difference and perceive it as a benefit.

8. In the introductory stage, growth is fast and prices are low.

9. Most products on the market are in the decline stage.

10. One way to extend the life of a product is product differentiation. Another way is line extension.

11. Advertising has pioneering, maturity and retentive stages.

12. Pioneering advertising informs and creates brand loyalty, retentive advertising is designed to maintain brand awareness.

13. Product analysis includes studying the company's product and the product of the competitors.

14. Consumers' perception of a product is usually achieved by the advertiser's idea of the principal value of the product for consumers.

15. The product concept is at the heart of all advertising and merchandising, it is based on knowledge of the market, including the competition, understanding of the consumer and knowledge of the product.

Exercise 10. Practise your vocabulary.

1. What is the definition of image?
2. What is a strategy of concentration?
3. What is a strategy of differentiation?
4. What is product differentiation? Describe two ways of making a product appear different.
5. What are the four stages in the product life cycle?
6. Define line extension.
7. What is the function of pioneering advertising?
8. What does competitive advertising emphasize?
9. What is the purpose of retentive advertising?
10. Define brand awareness, brand preference and brand loyalty. What are the differences among them?
11. What is a product feature?
12. What is a benefit claim?
13. What is the product concept?

Exercise 11. Discuss some points of the text.

1. Can a service and an idea be a product? Find examples of advertising for both.
2. Can a retail store be a product? Do you use certain stores regularly? Why?
3. What does a person buy along with an identifiable product?
4. Why has product differentiation become important?

What are some ways to accomplish it? Give examples of product differentiation in your region.

5. Why isn't it enough for consumers to know about a product difference? What are some ways of signaling product difference to them?

6. How can product differentiation extend the product life cycle?

7. What goes through an introductory stage besides a completely new product? Talk about growth, prices, and advertising expense in the introductory phase.

8. Tell about sales, profits, competition, market segmentation, product differentiation, merchandising, and advertising expense during the growth period.

9. Discuss competition, growth, price, profit, and sales changes during the maturity stage.

10. How can the decline period be recognized? How does it affect an industry?

11. How can line extension increase the life of a product?

12. How can the product life cycle be extended besides product differentiation and line extension?

13. Put these in the correct order and match each one with the corresponding stage of the product life cycle: competitive advertising, retentive advertising, and pioneering advertising.

14. Match brand loyalty, brand preference and brand awareness with the three kinds of advertising. Name the things an advertiser should know about a product.

15. What are the two major considerations in product analysis?

16. Name five familiar products. Discuss their features and their benefits as claimed in advertising.

17. Name five familiar brands. Read them to your group-mates. Find out how each of them is positioned in your group-mates' minds.

Exercise 12. Render the text in English.

Общая характеристика товара

Товар - это сложное понятие, включающее совокупность многих свойств, главными среди которых являются потребительские свойства, т.е. способность товара удовлетворять потребности того, кто им владеет.

Общепринятое определение товара в маркетинге - это продукт труда, произведенный для продажи с помощью которого можно удовлетворить определенную потребность.

Потребительская ценность товара выступает как совокупность свойств, связанных непосредственно как с самим товаром, так и сопутствующими услугами. Эти свойства и определяют намерение покупателя купить товар и стать постоянным клиентом данного производителя. Поэтому, особое внимание на конкурентном рынке придается таким качествам, как: цвет, упаковка, дизайн, удобство пользования, обслуживания, ремонта, сопровождающая документация (описание, инструкции по эксплуатации).

Обычно принято делить товар на потребительские (личного пользования) и производственного назначения. Характер потребления товаров каждой из этих групп различен, покупка определяется разными потребностями и мотивами. Среди товаров личного пользования можно выделить три группы:

товары длительного пользования, товары краткосрочного пользования и услуги.

Покупка товаров краткосрочного пользования и услуг сопровождается частыми контактами покупателя и продавца. Покупатель, удовлетворенный качеством товара, в дальнейшем предпочитает покупать товар той же торго-

вой марки («приверженность к марке») и становится постоянным клиентом его изготовителя. Приверженности к марке возникает быстро и требует сравнительно незначительных усилий для его поддержания.

Изделие длительного пользования требует больших усилий как в организации продажи, так и в формировании у клиента приверженности к марке. По отношению к товарам производственного назначения покупатель особенно ценит надежность поставщика, под которой понимается уверенность в том, что товар надлежащего качества будет поставлен точно в срок со всей необходимой документацией, и что рекламе и устным заявлениям представителей поставщика можно безусловно доверять. Товары надежного поставщика покупают нередко по более высоким ценам, чем товары его конкурентов, и клиенты не отказываются от покупки даже при повышении цен.

Жизненный цикл товара

В экономике явление периодического колебания объемов и продолжительности производства и сбыта продукта называют экономическим циклом жизни продукта.

Маркетинг в первую очередь интересуется циклом жизни товара на рынке. Жизненный цикл товара - это время существования товара на рынке. Фазы жизненного цикла товара делят обычно на внедрение, рост, зрелость и спад.

Цель фазы внедрения - создать рынок для нового товара. Темп роста продаж обычно относительно невелик, их объем незначителен, торговля чаще убыточна, маркетинговые расходы невелики, конкуренция как правило ограничена. Однако, если спрос на данную группу товара устойчив, то фаза введения может практически отсутствовать. Товар либо вообще не реализуется, либо он с первых

продаж сразу замещает товар с высоким спросом.

Фаза роста - признание товара покупателями и быстрое увеличение спроса на него. Объем продаж растет, а за ним и прибыльность.

Фаза зрелости – повышение степени насыщенности рынка, снижение темпов роста продаж. Новый товар переходит в разряд традиционных, достигает максимума продаж, существенно снижаются темпы роста прибыли. Товар приобретает массовым потребителем со средним уровнем доходов. Продвижение товара затрудняется, приобретает остроконкурентный характер, что приводит к прекращению роста продаж при некотором росте прибыли.

Фаза спада - устойчивое снижение спроса, объема продаж и прибыли. Потребитель теряет интерес к товару. У изготовителя (продавца) есть три варианта альтернативных направлений деятельности на этой фазе: сократить маркетинговые программы; оживить продукт, изменив его положение на рынке, упаковку; прекратить выпуск продукции.

Переход от одной фазы цикла к другой происходит обычно плавно и если внимательно следить за динамикой продаж и прибыли, то можно продлить или сократить ту или иную фазу жизненного цикла товара.

Exercise 13. Retell the translated text.

Exercise 14. Read and translate text B making use of the dictionary.

Text B

PRODUCT'S TIME OF LIFE

Part 1. The concept of the product life-cycle

The concept of the product life-cycle is one that has

become firmly set in marketing theory. Basically the concept endows a product with an existence that is phased and described in consciously anthropomorphic terms. The first phase is “launch” or “introduction”, then “growth”, “maturity” and finally “decline”.

It is clear that the life-cycle applies ultimately to all products. However the speed with which the cycle happens varies considerably. For a new style of high fashion dress, for instance, launch may occur in the autumn, growth in the following winter and maturity in the spring. Decline has already set in by the time the summer sales are happening. With other products the life-cycle is certainly a lot slower. Brands of basic supplies like tea, for instance, expect to enjoy a long maturity of perhaps some thirty years or more.

It is also accepted that skilful re-launches and upgrades can keep a product going much longer, each re-launch leading to a life-cycle of its own. Constant upgrading is the secret behind the contemporary success of such major brands as Persil, Ariel, Heinz soups, Maxwell House coffee, Lux toilet soap and so on. These are examples of the fundamental strengths of the brand being maintained and rejuvenated while the physical product is changed, in many cases totally. Even so, there seems to be something about a brand that ultimately makes senescence unavoidable. Some brands simply cannot be updated and relaunched any longer. Their time has passed.

If this theory simply made the observation that products that start out new finally become old-hat, then it would be fairly banal. The importance of the theory for marketers comes from the observation that different points on the life-cycle curve have different characteristics, demand different actions from management and finally have very different financial implications.

Part 2. The launch and the growth phases

Let us dissect the product life-cycle more closely.

The Launch Phase. A product in the launch phase inevitably has low sales and high costs brought about by the high pre-launch investments. It is usually producing negative profits. The cash flow it demands is usually high and the overall risk is high. The brand will have a high promotional cost per unit due to the low volume and heavy launch advertising. In this phase, the skill demanded of the producer is skill in market analysis and product development before the actual launch, and, during the launch period, an understanding of positioning and the development of advertising since the basic thrust of a new product is set at this stage and cannot easily be altered once its course is set. The marketing tasks in this phase are:

- defining the positioning;
- achieving wholesale distribution;
- achieving retail distribution;
- arousing consumer awareness;
- attracting consumer trial;
- converting consumers to the product;
- achieving buying continuity.

The Growth Phase. Sales start to expand but profits are still low, although the brand may happily have paid out its initial investment. The trick now is to get promotional costs per unit down to an acceptable normal level and to improve cash flow. Savings on packaging, keeping trade rebates under control, developing volume promotions, making small savings in manufacturing costs - these are all activities that pay off significantly in this phase. It is worth noting that overall risk is usually minimal at this phase if the product is bounding ahead in volume. It is much harder to go really wrong if the next sales period almost automatically provides with a considerably larger amount of money than the current one. The marketing tasks in this period are:

- increasing the user base;

- expanding distribution;
- expanding shelf facings;
- increasing purchase frequency;
- exploring line extensions.

Part 3. The maturity, decline and rejuvenation phases

The Maturity Phase. Volume is high and profits are consequently good, though there is a clear tendency for profits per unit to slip. This is due to the inevitable incursion of generic brands, private labels and me-too products into what is now a significant market. All these later arrivals build on the pioneer work done by others and justify their existence by a lower price which inevitably lowers profitability throughout the market. Promotional costs per unit should be at a level where the contribution to company profitability is good. In this phase the marketing tasks are:

- retaining current users;
- attracting new users;
- retaining distribution;
- optimizing product line and packaging;
- optimizing product costs.

Decline and Rejuvenation. It is at the point of maturity rather than once decline has started that rejuvenation efforts should begin. So, if everything is running right, the product may come into a **rejuvenation phase** which hopefully starts the brand off on a new growth and maturity curve. The key to this is generally a major product improvement that either leads to a new product replacing the old product or a vigorous new line extension or flanker beside it. Such a rejuvenation phase is a re-ran of the introductory phase but with the considerable advantage that there is either a brand with stable, profitable sales and volume in the background, or a new product that can expect to take over much of the volume of the product

it replaces. Either way the problems of achieving distribution and consumer awareness are often considerably eased by the brand's familiar background. The rejuvenation attempts will usually eat up profit and lead to high promotional costs per unit. The new product may well find it hard to achieve the profitability that the product it replaces enjoyed and the need to introduce new ideas to a wide consumer base will inevitably be expensive. The marketing tasks in rejuvenation are:

- develop and qualify major product improvement;
- reposition product via advertising;
- achieve new distribution outlets;
- achieve consumer trial and conviction;
- attract new users and new uses.

However many rejuvenations the product goes through, ultimately a **decline phase** will occur. For a product that has been neglected it may well occur early simply because the time for relevant rejuvenation has been missed. Once the decline becomes evident - through falling total sales, distribution slipping, price premium slipping, consumer awareness falling - it is generally too late to start reviving the product. The only possibility is to give the product a nostalgic appeal or to seek a totally new use.

During the decline phase however, good management can generally produce good profits overall and per unit despite falling volume. This is achieved since manufacturing costs are now generally well under control, the product usually has a loyal consumer base that can be relied on to purchase with a minimum of advertising or promotional encouragement, and the trade accepts that the product will sell a certain volume and is prepared to stock it at this level. There is little risk at this period and a low promotional cost per case.

The marketing tasks in this phase are:

- retarding attrition in user base;
- attracting "bargain" buyers;

- restricting product line;
- reducing product costs;
- retarding distribution losses;
- maximizing immediate profits.

It will be clear from the above that knowing the product's position in its vital part of understanding the product. Whole product categories are also subject to a life-cycle that runs in essentially the same form.

The first phase is the introduction of a sensationally new product, often backed by patent protection. This is usually high priced and has obvious strengths against the traditional products it replaces. There is a period of frenzied activity in which competitors struggle to emulate the new product and bring their own version on to the market. In this period of rapid growth, the leadership may well be held by the original pioneer; alternatively it may be yielded to one of the later competitors who, taking longer to develop their product actually do it better and come to market with a product that then unseats the first in the market. In the maturity phase, the technical insulation provided perhaps by patents or scarce ingredients or new manufacturing techniques becomes generally available and there is a flood of private label products and low-priced competitors challenging the branded competition for market share. The decline period happens when the market goes increasingly to the generic products and the brands either disappear or lose their price premium so much that they in effect become submerged in the generic market.

At any time in the market life-cycle a new and unusual product, intelligently positioned and strongly promoted, can start a new growth period. Naturally, developing such a product should always be the first priority of a producer whose product is in such a market.

Exercise 15. Dwell upon the concept of the product life-

cycle.

Exercise 16. Dwell upon the marketing tasks in every phase of the product life-cycle. You may support your own ideas with the problem.

Exercise 17. Discuss in pairs the main features of launch phase, the growth phase, the maturity phase, the decline and rejuvenation phase of the product life cycle.

Exercise 18. Write a summary of text B making use of the phrases “The text begins with (gives) the information on ...”, “It covers such problems as ...”, “Mention is made of ...”, “Details are given of ...”, “The text concludes with ...” and so on.

UNIT 4. MARKETING PRICE, PACKAGE, BRAND.

Exercise 1. Study the active vocabulary list. Memorize the words and expressions.

supply n	- предложение; поставка; запас
demand n	- спрос; потребность
to abandon v	- отказываться; оставлять
valid a	- действительный; веский
affluent a	- богатый; благополучный
surplus n	- излишек, избыток

to persuade v	- убеждать
to convey an idea	- выражать идею
to embed in mind	- врезаться в память
inferior a	- низший, худший (по качеству)
correlation n	- соответствие
life span	- продолжительность жизни
to discard the package	- выбрасывать упаковку
to stack v	- пакетировать
to connote v	- означать
to redeem v	- выкупать; погашать долг
display rack	- стенд для выставки товаров
to underplay v	- слабо выражать

Exercise 2. Read and try to guess the meaning of the following phrases.

to abandon the product, no longer profitable, the increase of price, valid classic view, affluent industrial society, consumer-oriented production, monopolistic competition, to persuade consumers, to convey an idea to consumers, slow demand, correlation between quality and price, significant aspect of an advertising campaign, a very short life span, to stack the package, to connote quality and elegance.

Exercise 3. Read and translate text A.

Text A
PRICE, PACKAGE AND BRAND NAME

Part 1. Price

The importance of price is in its relation to supply and

demand as classic economic theory says. Price decreases, and demand increases, as more people can buy the product. Supply increases to meet the demand. But then, because of competition, profits also decrease. Some producers abandon the product because it is no longer profitable. This reduces the supply again; as a result, price increases. With the increase in price comes an increase in profitability and therefore in production. The cycle begins again.

But the classic view is no longer completely valid. This is especially true in good economic times and in a more affluent industrial society. In such a society, demand increases for goods that were formerly luxuries. Levels of productivity are high, so there is always a surplus of many products. Manufacturers have to generate demand in order to sell their goods. In this situation, marketing must be oriented toward the consumer, not the producer. Consumer-oriented production leads to market segmentation and product differentiation. It has also led to the development of the newer concepts of monopolistic competition and symbolic pricing.

Monopolistic competition is a combination of “monopoly” and “competition.” In a monopoly, a single supplier governs the total supply of a necessary product. In competition, there are many suppliers, and all of their products are the same. Probably neither condition exists in pure form. In monopolistic competition, every producer has a monopoly. This is because no two manufacturers’ products are exactly alike. Today’s marketing communicators try to persuade consumers that their own brands are unique. Each company tries to make it appear that it has a monopoly. The appearance of monopoly or uniqueness thus becomes a feature of that company’s product.

The function of **symbolic pricing** is to convey an idea to consumers. The price becomes a symbol, rather than just a reflection of supply and demand or of production costs. The saying “You get what you pay for” is firmly embedded in con-

sumers' minds. A price that seems too low can actually slow demand, because it may indicate an inferior product to the mind of the consumer. A price that seems high can increase demand because it suggests quality and desirability. Many people buy expensive brands to make themselves feel important and to impress others. In reality, studies show that there is little if any correlation between quality and price. Yet consumers believe that there is; and in a marketing society, they rule. Symbolic pricing is also effective for products whose quality cannot easily be judged by consumers. Potential buyers are heavily influenced by price and brand name reputation.

Part 2. Package

The styling or design of the product receives a great deal of attention, from both producer and consumer. Equal attention should be paid to the design, as well as the function, of packages that contain goods. The original purpose of packaging was simply to store and protect the contents. For some products, such as washers and dryers, furniture, clothing, and cars, the product itself is the package. But for many consumer goods, the package has now become as important as the product. The package may be the primary available advertising tool. It will probably have a very short life span. In time most packages will be discarded. Meanwhile they are perhaps the cheapest, most visible, most efficient, and most effective form of marketing communication.

In creating a package, **three groups of requirements** are to be considered: those of the product, the distributor, and the consumer. The product requires protection from handling and spoilage. Distributors prefer packages that are easy to stack and equally attractive from more than one side. For consumers, the major requirement is convenience. The basic demand is for a package that is easy to open. In recent years, convenience has taken a wide variety of expanded forms. As more people de-

mand food convenience, they also demand packaging convenience.

Functional considerations are very important for good packaging. A package must inform. It should describe the contents and give any necessary instructions or warnings about their use. The package is an advertising and merchandising tool as well. Some supermarket shelves display many different brands of one and the same good so in that environment the package may make the sale. The package of a product is a constant reminder of the brand name and product attributes.

The package supports the brand image and the product concept through its design or appearance. The package material, shape, and size also carry messages. Expensive perfumes, electric razors, and jewelry frequently come in special packages that connote quality and elegance. Others, such as soft plastic shampoo bottles, say “safety and convenience” in the shower. “Giant economy” or “family” size boxes of laundry detergent appeal to consumers in the full nest stage of the family life cycle.

Special merchandising offers appear on many packages. Many products have coupons that can be redeemed for merchandise. Some packages give recipes using the product and make cookbook offers. Many products come in decorator packs and decorator colors e.g. facial tissues, liquid soaps in their own dispensers, and toilet articles. “Avon” products are outstanding in this respect as their containers are so unusual and desirable that many people buy the products because of their packaging.

So all these increase the benefit of the product in consumers’ minds. The package serves its basic function of protecting and storing the contents. It meets the requirements of distributors. The packaging itself helps consumers to remember the product. The package should communicate the product concept simply, clearly and in a completely original way.

Part 3. Brand name

Marketing communicator's most important decisions are the choice of a brand name. An appropriate, attention-getting memorable brand name effectively communicates the product concept and remains in consumers' minds. Standard Oil Company of New Jersey spent one hundred million dollars to find a corporate name. They wanted one with no meaning, so that they could build into the name their own meaning and image. The winner was Exxon, one of the most successful brand names.

So a **brand** can be defined as a name, sign, symbol, design, term, or combination of those. It identifies one company's products and distinguishes them from a competitor's. A **brand name** is the part of the brand that can be spoken. A **brand mark** is the part of the brand that can be recognized but not spoken. The style of lettering on a Coca-Cola bottle is familiar throughout the world. That is the brand mark. The words "Coca-Cola" are the brand name. A **trade name** is the name under which a company operates: Procter and Gamble, Xerox. In the United States a **trademark** is protected by law. It gives the seller sole rights to use a brand name or a brand mark. Both "Coca-Cola" and "Coke" are trademarks.

Some companies use the company name with identification of the product. This strategy is used by well-established companies. The company name gives prestige and value to the individual products, which are of a similar type. Other manufacturers use the company name with a brand name e.g. Polaroid One-Step. The brand names indicate product differentiation; the company name ties them together. A third strategy is commonly employed by large corporations with several diverse product lines. They use a brand name with product identification. Thus Procter and Gamble (trade name) has its Duncan Hines (brand name) cake mixes in various flavors, such as German chocolate (product identification). These three are

brand-extension strategies. An existing name extends to cover new products. Brand extension works best if the company has established an excellent reputation, and if the old and new product concepts are similar. A fourth strategy is to use brand name only. Procter and Gamble, for instance, is a highly respected company that underplays its size and diversity. It markets each laundry detergent as a separate entity e.g. Tide.

In general a brand name should:

- be original and distinctive
- not imitate an existing name
- be easy to understand, spell, recognize, pronounce, and write
- support product features and benefits
- be adaptable to advertisements of different sizes, to packaging and to other products in a line
- avoid unpleasant or offensive connotations.

Selecting a name for its pleasing connotations is a common technique. Dove soap conveys the idea of something pure, white, soft, and gentle - attributes consumers look for in soap. A name may convey prestige. Some names state the actual product benefit. Another strategy is to choose a word that sounds forceful, then apply that meaning to the product. Choosing an appropriate brand name is not easy, but the results for the right name are worth the effort. The name carries a message everywhere it goes. The stronger the message, the clearer the communication.

Thus marketing price, package, and brand name are all subjects of research and all help to communicate the product concept.

Exercise 4. Comprehension. Answer the following questions.

1. What does classic economic theory say about the importance of price?

2. Why do some producers abandon the product?
3. What must producers do in order to sell their products?
4. What is a monopolistic competition?
5. What is the function of a symbolic pricing?
6. Why can a low price slow demand? Why can a high price increase demand?
7. What was the original purpose of a package? What are some of its other purposes today?
8. How can a package be a promotional tool? How can it be a form of marketing communication?
9. What are the three groups of requirements in creating a package? What are the major requirements of each group?
10. What can a package do besides satisfaction of functional requirements?
11. Why is the choice of a brand name so important for a marketing communicator?
12. What is a brand?
13. What does a brand identify?
14. What does a brand name indicate?
15. What are the three brand – extension strategies?

Exercise 5. Multiple choice questions. Choose the correct variant.

1. Manufacturers have to ... demand in order to sell their goods.
 - a) decrease
 - b) eliminate
 - c) generate
2. ... production leads to market segmentation and product differentiation.
 - a) Seller-oriented
 - b) Consumer-oriented
 - c) Manufacturer-oriented
3. The ... becomes a symbol, rather than just a reflection

of supply and demand or of production costs.

- a) price
- b) package
- c) brand name

4. Distributors prefer packages that are ... to stack and equally attractive from more than one side.

- a) difficult
- b) impossible
- c) easy

5. The package is a constant reminder of the brand name and of product attributes.

- a) price
- b) attributes
- c) disadvantages

Exercise 6. Match the words to make word combinations from the text.

- | | |
|----------------------|----------------|
| 1. consumer-oriented | a. protection |
| 2. monopolistic | b name. |
| 3. symbolic | c. convenience |
| 4. single | d. product |
| 5. inferior | e. span |
| 6. life | f. supplier |
| 7. to require | g. production |
| 8. packaging | h. pricing |
| 9. product | i. attitudes |
| 10. brand | j. competition |

Exercise 7. Match the terms and their definitions.

- | | |
|---------------------|--|
| 1. monopoly. | a. the quantity of a product available to consumers at a particular time |
| 2. symbolic pricing | b. the quantity of a product desired by consumers at a particular time |

- | | |
|------------------------------|---|
| 3. monopolistic competition | c. the quantity available above that desired by consumers |
| 4. supply | d. an economic situation in which one supplier controls the total supply of a necessary product |
| 5. package | e. an economic situation in which there are many suppliers, of the same product |
| 6. surplus | f. a situation in which each competing producer has a "monopoly" because no two products are identical |
| 7. demand | g. a price fixed to convey a particular idea about a product to consumers and not according to supply and demand or production costs |
| 8. competition | h. the product itself, as in the case of major appliances and automobiles or container of most consumer goods |
| 9. brand | i. the use of typography, color, photographs or illustrations on a package |
| 10. brand-extension strategy | j. characteristics of the product strategy both features and benefits |
| 11. design | k. a name, sign, symbol, design, term or combination of these that differentiates one company's products from another's; one manufacturer's product distinguished from others in the category |
| 12. product attributes | l. a technique by which the names of new products include the names of established ones |

Exercise 8. Fill in the blanks with appropriate words from the text.

1. The importance of ... is in its relation to supply and demand as classic economic theory says.

2. Some producers ... the product because it is no longer profitable, this reduces the supply again and as a result, the price

3. With the increase in price comes an ... in profitability and therefore in production.

4. The price becomes a ... rather than just a reflection of supply and demand or of production costs.

5. A price that seems too low can actually ... demand, because it may indicate an inferior product to the mind of the consumer.

6. A price that seems ... can increase demand because it suggests quality and desirability.

7. The styling or design of the product ... a great deal of attention, from both producer and consumer.

8. Equal attention should be paid to the design as well as the function of ... that contain goods.

9. The original purpose of packaging was simply to ... and protect the contents.

10. In creating a package, three groups of requirements are to be considered: those of the product, the ... and the consumer.

11. Distributors prefer packages that are ... to stack and equally attractive from more than one side.

12. Marketing communicator's most important decisions are the choice of a ... name.

13. An appropriate, attention-getting memorable brand name effectively communicates the ... concept and remains in consumers' minds.

14. The company name gives prestige and value to the individual products, which are of a ... type.

15. Brand extension works best if the company has established an excellent ... and if the old and new product concepts

are similar.

Exercise 9. Define if the following statements are true or false. Correct the false statements.

1. Today's marketing communicators don't try to persuade consumers that their own brands are unique.

2. Price decreases, and demand increases, as more people can not buy the products thus supply increases to meet the demand.

3. In unfavorable economic times and in poor industrial societies, there is always a surplus of many products.

4. In monopolistic competition, every producer has a monopoly.

5. Studies show a definite correlation between price and quality.

6. The only purpose of a package is to store and protect its contents.

7. The major packaging requirement for consumers is convenience.

8. Convenience is a functional consideration for good packaging.

9. Package material, shape and size help to communicate the product concept.

10. Packaging can be a means of advertising and merchandising.

11. Using a company name with a brand name is a brand-extension strategy.

12. Choosing an appropriate brand name is very easy and the results for the right name are worth the effort.

Exercise 10. Practise your vocabulary.

1. What is the definition of supply?

2. What is the definition of demand?
3. What is a surplus?
4. Define a term monopoly.
5. Define a term competition.
6. How does monopolistic competition receive its name?
7. What is the purpose of symbolic pricing?
8. Give two definitions of a package.
9. Name three elements of package design.
10. Name two categories of product attributes.
11. What is the definition of a brand and what is its function?
12. Define a term brand name. Distinguish between a brand name and a brand mark.
13. What is a trade name?
14. What is the definition of a trademark and how is it protected?
15. What is a brand-extension strategy?

Exercise 11. Discuss some points of the text.

1. Dwell upon the theory of supply and demand.
2. In what situations are the principles of supply and demand less valid? Why?
3. Manufacturers may have to generate demand. What causes this situation? What has it led to?
4. Explain the term "monopolistic competition." What effect does it have on prices?
5. Find advertising that emphasizes product uniqueness (monopoly).
6. Give examples of the product itself as the package.
7. Give examples of convenience packaging.
8. Choose a package that you think has an effective design. Explain the reasons for your choice.
9. Choose additional packages and discuss how the mate-

rial, shape, and size carry messages.

10. Find and discuss examples of merchandising on packages.

11. Give examples of both good and bad packaging.

12. Explain brand, brand name, and brand mark. Give examples of each.

13. Give examples of some prominent trade names in Russia. Do you have trademarks? Are they protected by law? How is this demonstrated?

14. Give examples of these naming strategies for your country:

- a. company name plus product identification
- b. company name plus brand name
- c. brand name plus product identification
- d. brand name only

15. What are the characteristics of an effective brand name, according to the text? Are they the same in Russia? If not, how do they differ?

16. Add brand names known to you to these examples:

- a. appropriate connotations: Dove, ...
- b. prestige: Pall Mall, ...
- c. product benefit: Hamburger Helper, ...
- d. forceful word: Shout, ...

Exercise 12. Render the text in English.

Часть 1. Товарный знак и его сущность

Товарный знак (марка) - зарегистрированное в установленном порядке обозначение, присвоенное товару для его отличия от других и указания на производителя (предприятие, фирму) данного товара. Он представляет собой рисунок (символ, знак), определенное сочетание букв, чисел. Понимаемый как средство индивидуализации производителя товарный знак рассматривается как торго-

вая марка или фирменный знак. Товарный знак регистрируется в государственных учреждениях и пользуется правовой защитой. Такой знак защищает исключительные права изготовителя - продавца на пользование маркой или эмблемой. Товарный знак в сочетании с коммерческой рекламой представляет собой важное средство конкуренции.

Основные **функции** товарного знака – свидетельствовать о высоком качестве продаваемого товара, вызывать доверие покупателя благодаря хорошей репутации владельца товарного знака, осуществляющего контроль за качеством товара. Товарный знак является той основой, на которую опирается реклама, но одновременно, для распознавания и хорошего запоминания он сам нуждается в рекламе.

Стремление зарегистрировать товарный знак обусловлено и чисто экономическими доводами: марочные (фирменные) товары обычно ценятся на 15 % выше, чем не марочные. Регистрация товарных знаков необходима не только для борьбы с конкурентами, рекламы товаров и ознакомления с ними покупателей, но и для возможности продажи лицензий на товарные знаки. В силу указанного, товарный знак имеет большое экономическое значение и становится ценным объектом собственности.

Что касается покупателя, то товарный знак для него - это и движущий мотив покупки и своеобразная гарантия качества.

Существуют четыре типа обозначения знака (марки): фирменное имя - слово, буква или группа слов, букв, которые могут быть произнесены; фирменный знак - символ, рисунок или отличительный цвет или обозначение; торговый образ – персонифицированная торговая марка; торговый знак - фирменное имя, фирменный знак, торговый образ или сочетания их, защищенные юридически. При использовании зарегистрированный товарный знак

сопровождается буквой R в круге - ®.

Товарный знак является составной частью фирменного стиля. **Фирменный стиль** – это совокупность приемов (графических, цветовых, пластических, языковых и др.), которые, обеспечивая определенное единство всей продукции производителя-продавца, воспринимаемое во внешней среде (не только потенциальными покупателями), одновременно противопоставляют производителя и его продукцию конкурентам и их товарам.

Составными элементами системы фирменного стиля являются: товарный знак; логотип - специально разработанное, оригинальное начертание полного или сокращенного наименования фирмы или группы ее товаров; фирменный блок - объединенные в композицию знак и логотип, а также разного рода поясняющие надписи (страна, почтовый адрес, телефон и телекс); фирменный цвет (сочетание цветов); фирменный комплект шрифтов и фирменные константы (формат, система верстки текста и иллюстраций).

В известной степени фирменный стиль - это отражение своеобразия работы фирмы, ее товарной, технической, торговой политики, порой даже внутренней организации. Изделия фирменного стиля помогают фирме завоевать популярность, а, значит, и стимулировать ее сбыт.

Часть 2. Упаковка и маркировка товара

Появившаяся в далекой древности упаковка ныне превратилась в одно из действенных средств маркетинга, в один из элементов товарной политики. Хорошо спроектированная и качественно изготовленная упаковка создает для потребителей дополнительные удобства, а для изготовителей - дополнительные средства стимулирования

сбыта товара.

На первый взгляд, упаковка товара имеет весьма узкое назначение – предохранить товары от порчи и повреждений. Это ошибочное представление о роли упаковки, опирающееся на практику в условиях дефицитного рынка. В условиях развитого рынка роль упаковки многопланова.

Основное **назначение** упаковки состоит в следующем:

- предохранять товары от порчи и повреждений;
- обеспечить создание рациональных единиц груза для транспортировки товаров;
- обеспечить формирование рациональных единиц для складирования;
- обеспечить создание оптимальных (по весу и объему) единиц для продажи товара;
- быть важным носителем рекламы.

Одна из важнейших функций упаковки - это предохранение товара от повреждений, поскольку изготовитель получит полную продажную цену только тогда, когда в руки покупателя товар поступит в безупречном и неповрежденном виде. На выбор упаковки и упаковочного материала влияют: чувствительность упакованного продукта; виды возможных повреждений во время транспортировки и складирования; действующие законы по транспортировке и складированию конкретного товара.

Товары складировются не только у производителя, оптовиков и в магазинах розничной торговли, но и у экспедиторов в портах и у самих потребителей. Поэтому перед тем как выбрать приемлемое средство упаковки рекомендуется изучить все обстоятельства, имеющие непосредственное отношение к хранению товаров, чтобы сделать упакованные товары оптимально удобными для складирования.

По товарам широкого потребления, особенно по фирменным изделиям, упаковка выполняет также функции рекламы. Упаковка должна: обладать чертами, заметно отличающими данный товар от товаров - конкурентов; помогать покупателям в поиске товара и отождествлять его с производителем; придавать товару определенный имидж; соответствовать уровню цены товара.

Покупатели видят в товаре прежде всего упаковку. Поэтому она является не только «визитной карточкой» производителя или продавца, но и важным инструментом рекламы, средством формирования спроса и его стимулирования.

Exercise 13. Retell the translated text.

Exercise 14. Read and translate text B making use of the dictionary.

Text B

BRANDS AND PRICES

Part 1. Understanding a brand

Making the fullest use of a brand is a matter of understanding the brand. This, in its turn, is largely a matter of looking at things through the consumers' eyes. Consumers make brands. The real strengths of a brand really only exist in the consumer's head. Certainly it is true that companies with long experience of particular markets learn how those markets react. They learn what characteristics the consumers value in particular product categories, they learn how to make the products, how to package them, how to sell them, what strengths they must have, what weaknesses they can afford. However, com-

panies are only just beginning to learn what the brands they own actually mean.

Brands are the names of products used by consumers in their choice of a product. Strong brand names are brands that are well-known, that are associated with particular types of products and with particular characteristics in their field. There are many types of brand names.

Some are company names. Examples are McDonalds, Hoover, British Airways and Ford. The names of the main General Motors car lines - Chevrolet, Buick, Cadillac, Vauxhall, Opel and so on - are much more real to the motorist as manufacturing entities.

The sort of attributes that such a company brand can have are many. Schweppes, originally a company name, means soft drinks, but specifically comparatively upmarket, adult soft drinks also used as mixers. Lotus is a company name that means motor racing and race-bred cars (even though it too now belongs to General Motors that has no such image and deliberately eschews any public identification with a sport that frequently costs lives).

Some very strong company brand names exist in the retail sector (Sainsbury's, Habitat).

Then there are range names. These cover a comparatively large group of to a certain extent disparate products but they have a more limited meaning than the company names. Ghia is a one-time independent coach-builder whose name Ford used to identify the luxuriously fitted out top-of-the-line models of each car in its range. Ghia is clearly less than Ford, but a meaningful grouping within Ford.

Often such range names started out as single products and then slowly added flankers and line extensions till they became a whole group of products. Others were planned as ranges simply because their product categories demanded that a selection be available.

There are brand names that mean single products. These are legion since this has been the royal road of branding for many years - Ariel, Ribena, Head & Shoulders, Dulux. There are a lot of good brands around and the space for new ones in the consumer's head is perhaps reaching its limit. It is significant that the really new brand names are tending to occur in totally new categories - in computers, in specialist retailing areas and so on. Also, companies are realizing that the brands they currently own have a goodwill and a complex of meanings that can very well be applied to a new product and give that new product an identity which is both stronger and clearer.

The cost (in both financial and effort terms) of establishing new brands has increased greatly. There was a flood of new brands during the period when TV advertising was comparatively cheap and readily available, and before the retail chains had developed such purchasing power that they were able to reduce their stocks to the brand leader, one challenger and their own private label product.

The consequence of all this is that successful new products today are often line extensions of one kind or another. Ariel Liquid is the leading liquid detergent in most countries, beating P & G's own dedicated liquid detergent, Vizir.

Finally the strengths and attributes of the brand must be completely congruent. If you have a brand which fits in everything but its price - if it is seen as cheap whereas the new category is seen as expensive - then it will still not function. A very good example of exactly this problem was the introduction of an upmarket, large size version of Woodbines some years ago. The brand had tremendous awareness and masculinity but it was just too downmarket to succeed in the snobby premium cigarette field.

There is another confusing fact: some brands stretch further than others. The brand name Ariel has been universally successful stretching to a liquid detergent. Funnily enough the

equally strong brand name, Persil has been less successful. This is not just a question of one company being smarter than another since Persil is owned by Unilever in some countries and by Henkel in others. Perhaps it is tied to the low-temperature heritage of Ariel, perhaps it is due to Ariel being a brand which housewives experience as less personal than Persil, in which they are less involved, perhaps it is due to the old fashioned, reassuring nature of the Persil brand name which does not commend itself to a new, modern liquid product and whose users are less likely to take such products.

Generally speaking, the more personal involvement there is with a brand name the less it can be stretched to include other products.

A brand name can sometimes make a giant leap and still survive it. Some conspicuous consumption brands - Guinness, Camel, Marlboro - have gone into clothing and other personal items, mainly to give their brands greater currency in a time when various advertising media are closed to them. The name Porsche has been applied to watches with total success. Such extreme product steps are usually better dealt with by licensing than by attempting to run the new business within the company since they will usually require different trade channels, different manufacturing skills and so on but they can be distinctly interesting options for a company that owns strong brands but whose fundamental business is locked in an irreversible decline.

Part 2. How to use pricing as a marketing tool

The importance of pricing in marketing is generally appreciated, but few people understand the subtlety with which it can be employed. The reason for this is very simple. The freedom of movement in pricing is generally fairly limited. The lower level is provided by the manufacturing, distribution

and overhead costs the product incurs.

An upper level is provided by the general price level in the market. Even if a producer (seller) has a distinctively different product, he cannot ignore the market norm and hope to get away with it.

What room for his inventiveness can a creative producer (seller) find with these two obvious limits?

The first step is to realize that even the simplest product has not one price but a range of prices. There is the price he charges to the trade - and that, as is well known, is a negotiated price depending, in most markets, on the volume bought and buying clout of the trade group. There is the price at which he expects the trade to sell to the public, and that too is very variable and largely outside his control.

Between both prices there are intermediate levels in the wholesale trade, though increasingly in the grocery field, the supermarket chains are selling cheaper than many wholesalers.

All these prices exist for a product which is available in only one quality and one size. If the producer has different sizes and differing product versions then further pricing complexities await him.

These can best be kept under control by asking the following questions:

- **Is trade or consumer price more important?**

Generally consumer price will be the more sensitive. In most markets, the producer will strike a price with the trade that they will find attractive and which will lead to them buying large volume and passing the favorable price (or at least part of it) on to their customers. This is a very simple mechanism which tends to maximize volume. However it should be understood that this may not be what producer (seller) wants. Just as there are markets where offering low trade prices is a key to entry, there are markets where a high price is a vital demonstration of high quality. Top quality service establish-

ments of all kinds use price as a very simple method of guaranteeing exclusivity. Top quality cosmetics, for instance, charge high prices and are most anxious that these should not be cut at the consumer level.

Broadly speaking we can say that:

- If a producer (seller) wants to maximize volume at all costs, then low trade prices with consequent reductions in consumer price are his goal;
- If a producer (seller) is a dominant brand with a perceived plus for which consumers are prepared to pay a premium then he will want to maintain that premium at the consumer end. If he wants to increase distribution and trade featuring, then this will require favoring the trade in pricing terms but also devising mechanisms that prevent the reduction spreading through to the consumer. If a producer (seller) has already a strong trade position then he will want to keep his trade prices high too.
- **How many ways are there of expressing the price equation?**

The price the consumer pays is for a certain quantity. Is it in fact better to give the consumer extra quantity rather than a price reduction? Is it better to give the trade more attractive terms of payment? Or larger end of year discounts? The answer is there are many ways of offering both trade and consumer financial benefits without resorting to actual price cuts.

- **How competitive is the industry environment?**

Some categories of products are hypersensitive on price. A minor move downwards by producers (sellers) on one size may provoke mass price cutting from all competitors which almost overnight can take all the profitability out of the market. Such markets kill themselves, since they cut prices to the limit of production costs and allow no reserves for market development.

A pricing strategy, like any other strategy, must be coherent, simple and executable and must have the germs of inev-

itable success in it if effectively executed.

Exercise 15. Dwell upon the problem “How to use pricing as a marketing tool”. You may support your own ideas with the problem.

Exercise 16. Give a summary of text B making use of the phrases “The text gives the information on ...”, “It covers such problems as ...”, “Mention is made of ...”, “Details are given of ...”, “The text concludes with ...” and so on.

UNIT 5. ADVERTISING IN MARKETING

Exercise 1. Study the active vocabulary list. Memorize the words and expressions.

measure n	- мера, размер, масштаб
length of time	- промежуток времени
goal n	- цель, задача
target market	- целевой рынок
shift n	- перемещение; рабочая смена
framework n	- структура, основа, рамки
to set objectives	- ставить цели, задачи
to purchase v	- покупать
evaluation n	- оценка; определение качества
survey n	- осмотр; обзор
questionnaire n	- анкета; опросный лист
redemption n	- возврат, выплата, выкуп
to attain v	- достигать

to delineate the effects	- описывать влияние
to capture the attention	- привлекать внимание
to stir to action	- побуждать к действию
to tie together	- соединить вместе
to persuade	- убеждать
to spring from	- возникать в результате ч-л
indefinable inspiration	- необъяснимое вдохновение

Exercise 2. Read and try to guess the meaning of the following phrases.

an advertising plan, objectives and strategies, to state goals, to increase the sales force, to change the product, advertising strategies, advertising objectives, product category, advertising effectiveness, to provide a theoretical framework, target audience, to attain the goal, hierarchy of effects, to fail to advertise

Exercise 3. Read and translate text A.

Text A

OBJECTIVES AND STRATEGIES OF ADVERTISING

Part 1. Marketing objectives and strategies

An effective advertising campaign begins with a sound advertising plan. The plan includes three groups of objectives and strategies: those for marketing, advertising, and copy. The three groups are interrelated and interdependent.

Marketing objectives can be either short-term (one year) or long-term (three to five years). They should be expressed quantitatively, so as to be measurable. **Marketing strategies** follow, spelling out a plan to reach the stated goals.

Possible strategies include increasing the sales force, changing the product, and increasing advertising. Marketing strategies might mention advertising, but they do not tell how advertising will be increased.

Part 2. Advertising objectives

Advertising is communication, so **advertising objectives** are expressed as communication goals. They are also measurable, and limited to a certain length of time, usually one year. The objectives are not stated in terms of sales. Traditionally, sales have been the only measurement of advertising effectiveness. But in recent years, marketers have realized that sales are a result of many factors, not of advertising alone. The emphasis has therefore shifted to communication goals, quantifiably expressed. This shift is due largely to the work of Russell Colley, who provided a theoretical framework for setting advertising objectives. Colley developed his **DAGMAR** approach (Defining Advertising Goals for Measured Advertising Results). Colley said that the only function of advertising was to communicate to a target audience. It should communicate information about the company and the product. It should create an attitude -readiness to buy the product - that would lead to purchase. Colley used **six principles** in his approach to advertising goals:

- advertising goals state the communication components of the total marketing effort;
- they are stated in writing, in measurable terms;
- planners and creative people (copywriters, designers) agree upon them, they agree on the nature of the message and of the target audience before they agree on exactly how to deliver the message;
- they are based on real problems and opportunities discovered by careful research, not by intuition or guess;
- they establish a basis for later evaluation, e.g. consumer

awareness of the brand is tested before and after the advertising campaign;

- they are stated, the specific means of later evaluation are also stated (survey, questionnaire, redemption of coupons, etc.).

The final goal of all advertising is to encourage consumers to use the goods or the service. Russell Colley's model for attaining that goal names three stages that precede action. First is **awareness** that the product exists. Second is **understanding** of what the product is and what benefits it offers. Third is the **decision** to use the product. Then comes the actual purchase of the product or use the service.

This is a model of the "**hierarchy of effects.**" These are steps that a consumer takes toward purchase. They also delineate the effects of advertising at the various stages.

Robert J. Lavidge and Gary A. Steiner in their theoretical model named five steps in the movement toward purchase. They also outlined how the emphasis of advertising changes to expedite the process. They said that a consumer moves from awareness to knowledge, then liking. During this time, advertising gives factual information. Next the consumer reaches the level of preference, then conviction. At this point, consumers prefer the brand over all others, they want to buy it, and they are convinced that the purchase would be a wise one. Advertising in this period aims to change feelings and attitudes. It appeals to the emotions. As the consumer draws closer to purchase, advertising is directed at motives. It seeks to stimulate action.

A third model of the hierarchy of effects is **AIDA**. It stands for **A**ttention, **I**nterest, **D**esire, and **A**ction. This familiar formula suggests that one good advertisement can move consumers through all four steps. First, it captures the attention; something it catches the eye or the ear. Then there must be something that holds the interest of the reader, watcher or lis-

tener. The advertisement should stimulate the consumer's desire to have the product. Finally, it should stir him to action.

The buyer behavior model uses the language of computers to summarize the decision process. It begins with recognition by the consumer of an unsatisfied need. The need motivates action, the search for ways to satisfy that need. The search narrows to a specific product. The consumer is aware of its existence, but lacks - and looks for - information about it. Next, he evaluates the information and considers the risks of purchase. Then the consumer decides whether to buy the product. If the consumer buys it, he decides whether he is satisfied or dissatisfied with it. If dissatisfied, the consumer begins the search again. If satisfied, he may decide to use it regularly.

All four models illustrate a process, that happens in the minds of consumers as they move toward purchase. The models provide a theoretical foundation for establishing advertising objectives. In the advertising plan, these lead to **advertising strategy**. Objectives always tell what will be done, and strategy tells how. The advertising strategy is the main idea of the message that goes to consumers.

Part 3. Advertising strategies

Probably the most prominent advertising strategy is the **Unique Selling Proposition (USP)**. The USP may be the unique product feature or benefit. Today's market is highly competitive. Products in the same category are likely to be very similar. In order to sell the product, it may be necessary to create a difference. To create a difference, or a benefit, simply means to capitalize on a feature that will sell the product. Discovering the USP is a matter of discovering the product's consumer strength. Research should reveal why people like a particular brand, or what they look for in that product category.

Then advertising can be built around that idea. Advertising built around the USP must show benefit to the consumer. It should also be a benefit that competitors cannot offer, or that they have failed to advertise. And it must be a very strong, persuasive idea.

The USP is not the only possible advertising strategy. Some advertisers use **motivation** as a strategy. They look for the real reasons, conscious or unconscious, that consumers buy certain products. Others stress **image**. Still others believe it is the form of the advertisement itself, its **execution**, that provides the best strategy.

Martin Mayer proposed his **value-added theory**. It is consistent with all of these strategies. Mayer said that advertising doesn't just inform and persuade. Advertising itself adds value to the product. Mayer saw that a new package or a new brand name changed the product in consumers' view. Advertising did the same. Whether the advertising strategy is based on USP, motivation, image, or execution, it translates the product concept into a consumer benefit. It supports the advertising objective of turning potential consumers into actual purchasers.

Advertising objectives and strategies define what will be done by advertising and how. Their foundation is in research. Market research tells what competitors are doing. Along with product research, it leads to the discovery of product features and benefits. Consumer research underlies the models of the hierarchy of effects and the value-added theory. Effective advertising depends on thorough research. It also depends on the creative aspect of advertising.

Part 4. Copy objective and strategy

The advertising plan contains the copy objective, also known as the creative objective. It focuses upon a copy problem where the “big idea” is needed.

The big idea gives the product concept in capsule form. It ties together all of the elements in an advertising campaign. It is often summarized in a **slogan**. Slogans need to say something about product uniqueness or value. They should command attention, be memorable, and be brief. Slogans frequently use a play on words. These slogans are memorable and sales-producing, e.g. Maxwell House coffee: “Good to the last drop.”

Creative professional and the public seem to recognize the big idea when they see or hear it. The big idea is generally the result of working through hundreds of lesser ideas, the result of brainstorming and testing. Information supports analysis and analysis supports ideas. Still all of the available methods of scientific research cannot replace creative observation. Marketing communicators need to use their own experience too. They need to handle the product, talk to consumers, and study competitors’ advertisements themselves.

Creative people describe the creative process in various ways. They say that big ideas spring from an indefinable inspiration. However inspiration must be checked. To be successful, an idea has to be practical for execution. Copy strategy should clearly tell what the product is and how it is used. It should describe what the product does, and how that benefits consumers. An excellent copy strategy positions the product clearly in consumers’ minds.

Exercise 4. Comprehension. Answer the following questions.

1. What does an effective advertising campaign begin with?
2. The plan includes three groups of objectives and strategies: those for marketing, advertising, and copy, doesn’t it?
3. What do possible marketing strategies include?
4. How are advertising objectives expressed?

5. Why are sales no longer the only measurement of advertising effectiveness?

6. What are six principles Colley used in his approach to advertising goals?

7. What are three stages that precede the action of actual purchase of the product, named in Russell Colley's model?

8. What are five steps in the movement toward purchase named by Robert J. Lavidge and Gary A. Steiner in their theoretical model?

9. What does a third model of the hierarchy of effects AIDA stand for?

10. What is the most prominent advertising strategy now?

11. What must advertising built around the USP show to the consumer?

12. What is the essence of value-added theory proposed by Martin Mayer?

13. What does the creative objective focus upon?

14. What is the big idea?

15. Should the copy strategy clearly tell and describe what the product is, how it is used and how it benefits consumers?

Exercise 5. Multiple choice questions. Choose the correct variant.

1. An effective advertising campaign begins with a sound advertising

- a) plan
- b) claim
- c) announcement

2. The plan includes ... groups of objectives and strategies.

- a) six
- b) three
- c) five

3. Advertising goals state the communication components

of the total marketing

- a) behavior
- b) effort
- c) strength

4. The final goal of all advertising is to encourage consumers ... the goods or the services.

- a) to use
- b) to produce
- c) to sell

5. Advertising objectives and strategies ... what will be done by advertising and how.

- a) indicate
- b) show
- c) define

Exercise 6. Match the words to make word combinations from the text.

- | | |
|------------------|----------------|
| 1. interrelated | a. goals |
| 2. advertising | b. inspiration |
| 3. communication | c. theory |
| 4. theoretical | d. slogans |
| 5. indefinable | e. group |
| 6. copy strategy | f. framework |
| 7. creative | g. strategies |
| 8. value-added | h. positions |
| 9. marketing | i. objectives |
| 10. memorable | j. observation |

Exercise 7. Match the terms and their definitions.

- | | |
|---------------|--|
| 1. unit sales | a. aim or goal; what one wishes to accomplish |
| 2. survey | b. plan; the means of reaching a goal |
| 3. slogan | c. the words written for a print advertisement |

- | | |
|-------------------------|--|
| | tisement or broadcast commercial |
| 4. objective | d. product sales, expressed in whole numbers |
| 5. questionnaire | e. the consumers toward whom advertising is directed; the segment of the population most likely to use the product |
| 6. hierarchy of effects | f. the people toward whom the advertising message is directed; those expected to see or hear it |
| 7. strategy | g. means of questioning consumers about their attitudes and opinions |
| 8. target market | h. a survey in writing |
| 9. target audience | i. steps in a consumer's mental process before purchase based on the effects of advertising |
| 10. copy | k. a unique phrase identified with a company or brand |

Exercise 8. Fill in the gaps with the appropriate words from the text.

1. Marketing objectives can be either short-term (one year) or long-term (three to five years) and should be expressed ... so as to be measurable.

2. Possible strategies include ... the sales force, changing the product, and increasing advertising.

3. Colley said that the only function of advertising was to communicate to a ... audience.

4. As the consumer draws closer to purchase, advertising is directed at ... and seeks to stimulate action.

5. To create a difference, or a benefit, simply means to capitalize on a ... that will sell the product.

6. Discovering the USP is a matter of discovering the

product's consumer

7. Mayer said that advertising doesn't just inform and persuade, advertising itself adds ... to the product.

8. Consumer research underlies the models of the ... of effects and the value-added theory.

9. Effective advertising depends on thorough ... and also depends on the creative aspect of advertising.

10. The advertising plan contains the ... objective, also known as the creative objective.

Exercise 9. Define if the following statements are true or false. Correct the false statements.

1. An effective advertising campaign begins with a sound advertising plan which includes three groups of objectives and strategies: those for marketing, advertising, and copy.

2. None of advertisers use motivation as a strategy. They look for the real reasons, conscious or unconscious, that consumers buy certain products.

3. Mayer saw that a new package or a new brand name didn't change the product in consumers' view.

4. Whether the advertising strategy is based on USP, motivation, image, or execution, it translates the product concept into a consumer benefit.

5. Market research can hardly tell what competitors are doing.

6. Slogans needn't say anything about product uniqueness or value, they should only command attention, be memorable and be brief.

7. Creative professional and the public seem to recognize the big idea when they see or hear it.

8. The big idea is generally the result of working through hundreds of lesser ideas, the result of brainstorming and testing.

9. Marketing communicators need to use only their own experience, they needn't handle the product, talk to consumers, or study competitors' advertisements.

10. An excellent copy strategy positions the product clearly in consumers' minds.

Exercise 10. Practise your vocabulary.

1. What is the definition of an objective?
2. What is the definition of a strategy?
3. What is the relationship between an objective and a strategy?
4. What is a copy?
5. How are unit sales expressed?
6. How does a target market get its name?
7. What does DAGMAR stand for? Who originated the theory? What is its purpose?
8. How does a target audience differ from a target market?
9. What is a consumer survey?
10. What is the difference between a questionnaire and a survey?
11. What do you know about the hierarchy of effects?
12. What does the USP mean?
13. Who originated the value-added theory? Explain the essence of this theory.
14. What is a slogan?

Exercise 11. Discuss some points of the text.

1. An advertising plan includes three groups of objectives and strategies. What are they? What is the relationship among the three groups? What is the difference between an objective and a strategy?

2. The advertising plan usually contains two kinds of marketing objectives. What are they? How should they be expressed?

3. Are there any additional examples of marketing strategies?

4. Whose work was instrumental in the shift to communication goals? What was his contribution?

5. What did he say advertising should do? Enumerate the six principles underlying advertising goals.

6. Name the steps in Colley's hierarchy of effects model.

7. Name the five steps in Lavidge and Steiner's model.

Describe how the emphasis of advertising changes during the process.

8. What is the difference between two models. How are they similar?

9. Name and describe the four steps in AIDA.

10. Why is the language of computers used for the buyer behavior model?

11. Does that model differ from Colley's and Lavidge and Steiner's models?

12. How can purchase be a risk? What may result from the consumer's satisfaction with the product? His dissatisfaction?

13. Explain advertising strategy. Find examples of USP's in advertising.

14. What can a marketing communicator do if there is no USP?

15. Name three other advertising strategies.

16. Elaborate on the value-added theory. How is it consistent with the theories behind USP, motivation, image, and execution as advertising strategies?

17. Why does an advertising plan contain a copy objective?

18. Explain the big idea. What is it? Where does it come from? How do people recognize it? What restrictions are there

on its use?

19. Give the examples of slogans that are successful in Russia. Why do you think they work?

Exercise 12. Render the text in English.

Товарная реклама

Для успешного выхода на рынок предприятие, ориентируясь на выбранный целевой рынок, а точнее, предпочтительный для него сегмент целевого рынка (в рекламной практике - целевая аудитория), должно предложить своим потенциальным покупателям (потребителям) привлекательный для них товар рыночной новизны. В соответствии с этим, планируется проведение мероприятий с целью формирования спроса на товар, главным из которых является торговая реклама.

Существует множество определений понятия товарной рекламы.

Товарная реклама - любая форма неличного обращения к потенциальным покупателям (потребителям) с целью их убеждения приобрести товары, услуги и т.п.

Товарная реклама - коммерческая, т.е. обслуживающая сферу рыночных отношений реклама потребительских свойств товаров и услуг.

Главное отличие коммерческой рекламы от других ее видов заключается в том, что она стремится так изменить поведение своего адресата, чтобы он из пассивного и равнодушного к данному товару или услуге превратился в активного, действующего покупателя (потребителя) и в итоге отдал продавцу свои деньги.

Задача рекламных мероприятий - добиться, чтобы потенциальный покупатель судил о товаре на основе точных знаний о потребительских свойствах предлагаемого

товара, местах продажи, ценах, скидках и условиях оплаты. Покупателю следует сообщать о существовании товара на рынке, о потребностях, которые этот товар удовлетворяет. Необходимо представить потенциальному покупателю доказательства высокого качества товара и его преимуществ перед другими товарами той же группы.

Для привлечения внимания покупателей товаров индивидуального потребления, особенно если это товары массового пользования или длительного пользования, наиболее эффективными являются следующие каналы: пресса, аудио - визуальные средства, рекламные щиты, плакаты, реклама на транспорте и др.

Главным элементом рекламы товаров, которые относятся к товарам индивидуального потребления, должно быть положительное эмоциональное воздействие иллюстрации и текста, создающего привлекательный для потенциального покупателя «образ» товара.

Exercise 13. Retell the translated text.

Exercise 14. Read and translate text B making use of the dictionary.

Text B

GETTING OUTSTANDING ADVERTISING

Part 1. Media Planning

The execution of an advertising idea depends upon the medium, that will be used. The **major media** are magazines and newspapers (print media) and radio and television (broadcast media). The **Minor media** include outdoor advertising, point-of-purchase advertising, and direct mail. The media mix

is a manipulation of these variables: which media will be used, how, and to what extent. The media planner's task is to match the product concept and its market requirements with appropriate media, so that the right message will reach consumers in the most effective and efficient way. There is no formula for the ideal media mix. The mix selected depends on a number of factors.

The first consideration might be how much money is available for advertising and merchandising. While television, for example, might be ideal for the message, TV advertising is very expensive. The cost may be prohibitive.

Another consideration is the product's stage in the life cycle. The aim of advertising in the introductory stage is brand recognition. Wide media coverage, though expensive, may be necessary at that point. Price of the product influences the media mix. New products are often introduced at a premium price, in the hope of quickly recovering" the expenses of introducing them. When the price is high, prestige is part of the product concept. The use of more prestigious media supports the message. Market segmentation is another important factor. Based upon demographic, psychographic, or geographic data, an effective media effort concentrates on the target market. Some media are more appropriate than others for certain products. Quality magazines, for example, are best suited to expressing the concept of a grand piano. Mass circulation magazines are better suited for products of general use. A final consideration is distribution. If the product is not distributed in a certain part of the country, there may be no point in advertising there. On the other hand, the product may be advertised there to encourage new distributors.

Part 2. Television advertising

Television is probably the most potent of all advertising

media. Unlike any other, it combines sight and sound. It shows real action, it is personal, and it is true to life. In many countries, the television audience is larger than that for any other form of mass communication.

In the United States, there are three major commercial television networks. Usually the networks require advertisers to buy time on a minimum number of station affiliates. In effect, this method provides national coverage, since the stations are scattered throughout the country. Network scheduling is one of the advertiser's geographical choices. The other is local scheduling. Rather than having one contract that covers many stations, the advertiser signs a separate contract with each local station. For advertisers who want national coverage, this is a less desirable method. Most national advertisers use network scheduling, perhaps supplementing it with local spots.

Spot announcements are one of the ways that advertisers can buy time. They are available only from local stations. They appear between programs, not within them. Since several spots often run consecutively, advertising clutter results, and spots receive little attention. The other ways to buy time are **sponsorship** and **participation**.

Sponsorship means complete responsibility for production costs and for advertising on the program. Sponsorship is extremely expensive, but it offers advantages to the advertiser, such as control over the type of program to be sponsored. Sponsorship also gives opportunities for extensive merchandising and for commercials longer than sixty seconds.

Participation is joining with other advertisers to buy commercial time on one or more programs. Participating advertisers have no financial responsibility for program production.

Guidelines for writing outstanding TV advertisements are similar to those for writing other types of ads. The television commercial also begins with an idea, which provides the

focus. All elements of the commercial, both audio and visual, reinforce each other and relate to the basic idea. The marketing communicator who writes for television should capitalize on its visual aspects. The video carries the message, with the audio interpreting when necessary. Writers of television advertising should also take advantage of TV's ability to show action. Action holds viewers' attention and keeps the commercial moving forward.

Television lends itself to product demonstration better than any other medium. Demonstration is a popular "story-telling" technique on television commercials. Although the writer must think of commercials as idea-carrying messages, viewers feel that they are watching a story.

But there is a major problem to be sure that you really understand the proposals of the writer in detail. While layouts of ads usually look pretty much like the final ad, storyboards of TV commercials give, at best, a very crude and incomplete impression of the finished film and sometimes they can be absolutely misleading. While lots of people complain at the slickness and skill with which agency presenters put their work across to unsuspecting clients there are at least as many agency people who are such bad presenters that they give a misleading, incomplete, confusing impression.

So the first task is to elicit, by careful questioning, exactly what is intended. It is important to do this without showing sympathies or preferences. Careful questioning helps to find out the important facts the bad presenter has forgotten to mention and will give you the distance to distinguish between the rhetoric of the brilliant showman and what the advertising itself actually says and shows.

When you really understand what the agency wants to do, then attempt to evaluate the proposals against the strategy. The simple question if it fulfils the strategy is the most important of all.

Suppose you decide it does not. In this case you have to ask the agency to relate the advertising to the strategy. Insist that the agency either shows the relevance of the work or withdraws it and resist suggestions that we might change the strategy to fit the execution.

Strategy is a matter of fact and it is usually clear if the advertising fulfils the strategic requirement. Execution is much more a matter of individual aesthetic reactions. But what you are looking for in the initial look at the execution after checking the strategic rightness of the advertising, is a selling idea. A selling idea is an overall concept that informs the whole advertising and not for one ad, but a long-term idea that can give many advertising campaigns.

The strategy is: Lux soap makes you beautiful. The selling idea is: Lux soap is used by film stars.

The strategy is: Marlboro is a man's cigarette. The selling idea is: the cowboy world of Marlboro Country.

Look at the advertising ideas and you will often find they are not the glamorous, award-winning commercials. Mostly they are mundane campaigns that have been going on for years - and they have been going on for years because they have found and exploited powerful, simple selling ideas.

Part 3. The structural logic of the advertising

If your initial reaction is positive and strong, then it is well to check out what can best be called the structural logic of the advertising. This comes under a number of headings.

- **Clarity.** Is it immediately clear what type of product and what brand is being advertised?

- **Consumer empathy.** Does it approach the matter from a company viewpoint or from a consumer viewpoint? Needless to say, advertising should always be written from the point of view of the consumer.

- **Distinctiveness.** Is the advertising distinctive or is it readily confuse with other campaigns in the same field.
- **Logic.** Is the argumentation such that if believed it leads logically to the reader buying the product?
- **Visual - verbal coherence.** Do the words and pictures fit together and form a coherent whole?
- **Interest.** Is the advertising interesting, does it actively grab the attention of the target consumer?

Finally, you should realize that communication is a subtle and difficult thing. The best advertisements have a quality that can best be called wholeness: they are complete and logical in themselves. Only such pieces of advertising can communicate from one brain to another.

Exercise 15. Define if the following statements are true or false. Correct the false statements.

1. The major media are outdoor advertising, point-of-purchase advertising, and direct mail.

2. Minor media include magazines and newspapers (print media) and radio and television (broadcast media).

3. The media planner's task is to match the product concept and its market requirements with appropriate media, so that the right message will reach consumers in the most effective and efficient way.

4. Participating advertisers have financial responsibility for program production.

5. Demonstration is a popular "story-telling" technique on television commercials, although the writer must not think of commercials as idea-carrying messages, viewers feel that they are watching a story.

6. Careful questioning helps to find out the important facts the bad presenter has forgotten to mention and will give you the distance to distinguish between the rhetoric of the brilliant

showman and what the advertising itself actually says and shows.

7. The aim of advertising in the introductory stage is brand recognition.

8. Your first task is to elicit, by careful questioning, exactly what is intended and it is important to do this without showing sympathies or preferences.

9. Careful questioning will enable you to find out the important facts the bad presenter forgot to mention and will give you the distance to distinguish between the rhetoric of the brilliant showman and what the advertising itself actually says and shows.

10. When you do not really understand what the agency wants to do, then attempt to evaluate the proposals against the strategy.

11. Strategy is a matter of fact but it is not clear if the advertising fulfils the strategic requirement.

12. The best advertisements have a quality that can best be called wholeness: they are complete and logical in themselves.

Exercise 16. Dwell upon the problem of structural logic of the advertising.

Exercise 17. Discuss the following statement with your groupmates. Give your arguments for and against.

If you have provided a product with a clear appeal and clear superiority, expressed in a clear positioning, then the fundamental content of the advertising will be right.

Exercise 18. Write a summary of text B making use of the phrases “The text begins with (gives) the information on ...”, “It covers such problems as ...”, “Mention is made of

...”, “Details are given of ...”, “The text concludes with ...” and so on.

UNIT 6. MERCHANDISING IN MARKETING

Exercise 1. Study the active vocabulary list. Memorize the words and expressions.

promotion	n	- стимулирование (сбыта, торговли)
to supplement	v	- дополнение, приложение
resistant	a	- сопротивляющийся
to reverse	v	- полностью изменять
to induce consumers		- побуждать потребителей
to encourage	v	- поощрять, стимулировать
to offset	v	- возмещать, компенсировать
manual	n	- руководство, инструкция
allowance	n	- скидка
loading	n	- надбавка
leasing	n	- аренда, лизинг
to urge	v	- побуждать, убеждать
to push	v	- продвигать, оказывать поддержку (материальную)

restrictions n	- ограничения
sweepstake n	- лотерея, тотализатор
refund n	- возмещение, возврат
sample n	- проба, образец
wrapping n	- упаковка, обертка
special sleeve	- специальный конверт
to create excitement	- пробудить интерес

Exercise 2. Read and try to guess the meaning of the following phrases.

sales promotion, to give added incentive to buy something, an attractive differentiation of a product, beyond the advertised benefits, to bring vitality to the product at any stage of its life cycle, to build brand loyalty, to induce consumers to try a product, to increase consumption, to offset a move by a competitor, to create excitement, a proof of purchase.

Exercise 3. Read and translate text A.

Text A
MERCHANDISING

Part 1. Sales promotion

Merchandising supplements advertising. It takes two broad forms - sales promotion and promotion through minor media.

Advertising and sales promotion differ in several respects. A merchandising effort is usually of very short duration. Advertising generally continues over a much longer period. Advertising creates an attitude that may lead to sales. Merchandising gives added incentive to buy. It calls for immediate action. Merchandising always supplements advertising; it can-

not replace it. Many consumers have become cynical about advertising and resistant to it. They see little difference between brands in a product category. Sales promotion provides a clear, attractive differentiation. It offers something beyond the advertised benefits of a product. Sales promotion has a specific, narrow objective.

Some experts say that merchandising is most effective for new products and for major changes in old ones. Others say that it works best when a product nears the end of its life cycle. Both views have research support and both are logical. Because of its immediacy, sales promotion can bring vitality to a product at any stage. But it can't reverse declining sales figures by itself. It can't influence the acceptance of a product by consumers. Nor can sales promotion build brand loyalty. Brand loyalty comes about after a long period of many trials. Merchandising efforts are brief and seldom repeated.

Merchandising best serves to induce consumers to try a product. For sales over the long term, the product must then deliver the promised benefit. If the product does deliver its promise, merchandising can encourage people to try the product again. In this way, it can aid in establishing patterns of purchase. Sales promotion can often increase consumption of a product, especially if it emphasizes new uses. Finally, merchandising is effective in offsetting a move by a competitor, either by holding current customers or by drawing new ones away from the competition.

As part of an advertising campaign, merchandising is directed at three groups: the sales force, the trade, and the consumer. The first task is to be sure that people on the sales force are informed about the campaign. Like everything else in advertising and merchandising, this is a matter of communication. Salespeople might be informed through sales meetings in which the campaign is presented; sales manuals, which will help the salespeople do a better job of selling; and sales portfo-

liors to be left with prospects. Companies often add inducements for the sales force, to encourage their support and enthusiasm. Special commissions for the duration of the campaign are one way of doing this. Another is a contest for members of the sales force, which often ties in with a contest for consumers.

Part 2. Trade Promotion

The purposes of trade promotion are to obtain retailers' support for advertising and merchandising activities, to achieve new distribution, to increase inventories, and to improve relations. Retail support is crucial for the success of other activities. If a special offer is advertised through the media; retailers must have sufficient quantities of the product available and on display. Merchandising activity also encourages distributors. Advertisers always benefit from full store inventories and good relations with the trade.

A number of merchandising devices are used to achieve these objectives. For gaining distribution and increasing inventories, the most common is the **stocking allowance**. The retailer receives an allowance, on either first orders or all orders, for a given time. When the stocking allowance is used to increase the existing inventory of a brand, it is called **loading**. Another form of stocking allowance is **leasing**, in which a company leases part of a store for a short time. Still another variation is the **free goods offer**. The retailer might receive one free case for every six sold.

To gain cooperation from retail sales personnel, such techniques as special training seminars, contests, and push money (PM) are used. PM is a commission for urging (pushing) consumers to buy the specific brand.

Another group of techniques is employed to encourage retailers' own advertising activity. By mentioning the merchan-

dising effort in their store advertisements, retailers support the larger campaign. An allowance given to the retailer for advertising the product in local media is an advertising allowance. Retailers who arrange their in-store displays of the product receive a display allowance. POP (point-of-purchase) material is another advertising device. These materials, such as posters and shelf-talkers, are sent to the retailer at no charge and with few restrictions. In a typical cooperative advertising agreement, the advertiser and the retailer share local advertising costs equally. Properly used, all of these techniques can benefit both retailer and advertiser.

Consumer promotions have such major **goals** as: to draw new customers, to retain current ones, to load present customers (encourage them to buy a larger supply of the product than usual), to increase use of the product, and to support advertising. The most common **forms** of consumer promotion are contests and sweepstakes, refunds, samples, premiums, price-offs, and coupons.

Both **contests** and **sweepstakes** offer prizes, usually generous ones. The difference between them is that contests depend on skill, and sweepstakes depend on luck. To win a contest requires the ability to solve a puzzle or finish a sentence about the product. To win a sweepstakes requires luck in having one's name drawn. The disadvantage of both for merchandising purposes is that the contest or sweepstakes itself may draw attention away from the product. An advantage is that they can create excitement about it.

A **refund** is the return of all or part of the purchase price. Refund offers usually appear in two different places, for two separate purposes. In newspapers and magazines, their purpose is to gain new users. On or in the package, their purpose is to reward present users and instill loyalty to the brand. A relatively new form of refund offer, available in retail stores, is pads of tear-off sheets. In each case, the consumer has to buy

the product in order to receive the refund. He sends the refund offer to the advertiser with a proof of purchase, such as the box top. For the advertiser, an advantage of refunds is that many people buy the product and fail to send for the refund. A disadvantage is that the refund is really a discount, so that the advertiser loses some profit.

Free **samples** seem to work best for new products. They are certainly a strong inducement to try the product at least once. They generally appear as special miniature forms of the regular package. Samples are distributed in several ways: by direct mail, by hand delivery door to door, at retail stores, in shopping malls. In stores, they may be attached to existing packages. For food products in particular, the in-store demonstration has become popular. The demonstrator prepares the product, often talks about it and offers passersby a taste. All forms of sampling are expensive for the advertiser, but results can be incredible and well worth the cost.

Premiums are gifts. Those found inside a package are in-pack premiums. Their primary advantage for the advertiser is that consumers have to buy the product in order to get the premium. Offering a series of premiums over a longer period of time is a continuity campaign. Near-pack premiums are found in stores near the product. Self-liquidating premiums receive their name because they pay for themselves. Free premiums are generally attached to the product and are related in some way to its use. Premiums of this kind often bear the name of the company or the brand.

The two most common types of **price-offs** are cents-off labels and two-for-one offers. Their appearance is usually confined to a certain production period. For that time, the offer may be printed directly on the label or on a special sleeve wrapped around the package. There are advantages to price-offs for both consumer and manufacturer. For the consumer, the difference in price is appreciable. Savings are direct and

immediate. For the manufacturer, the package becomes an even more effective promotional tool than usual.

A final form of consumer promotion is the **coupon**. Coupons are distributed by the manufacturer or by the retail store. Manufacturer - distributed coupons can be redeemed at most stores that carry the product; store coupons, only at the store offering them. Like the other forms of consumer promotion, coupons are most effective in inducing trial of a new or improved product. They are also a reward to repeat users.

Part 3. Promotion through minor media

The second broad form of merchandising is promotion through minor media. Any audible or visible means of persuasion paid for by advertisers and directed toward consumers, is considered a medium. Scores of minor media exist. The following is an outline of some of the more prominent and effective ones:

- in-store: interior display, on-shelf display, public address, checkout counter display, shopping carts;
- outside-of-store: window display, exterior display, handbills and fliers, wrappings and shopping bags;
- outdoor: billboards, sound trucks, aerial advertising, park benches posters;
- public-gathering: theater programs and ticket envelopes, trade shows and exhibits, sports stadiums, fairs, hotel lobbies;
- transportation: car cards in buses and subways, posters in or outside of transit stations and terminals, exterior displays on buses;
- direct: direct mail, mail order, hand delivery to the door, telephone;
- film: for the trade, commercial;
- specialty: calendars, pens, and matches;
- newspaper supplements and inserts.

Exercise 4. Comprehension. Answer the following questions.

1. Does merchandising supplement advertising?
2. What are the two main forms of merchandising?
3. What is the difference between merchandising and advertising?
4. How can merchandising be effective for a product at both the beginning and the end of its life cycle?
5. Are merchandising efforts brief and seldom repeated?
6. Does merchandising best serve to induce consumers to try a product?
7. What are the main purposes of trade promotion?
8. What are the major merchandising devices used to achieve the objectives of trade promotion?
9. What techniques are used to gain cooperation from retail sales personnel?
10. What are the major goals of consumer promotions?
11. What are the most common forms of consumer promotion?
12. What do both contests and sweepstakes offer? What is the difference between them?
13. What is a refund? What does it offer?
14. How are free samples distributed?
15. How can a promotion through minor media be made?

Exercise 5. Multiple choice questions. Choose the correct variant.

1. Merchandising gives added incentive ... a product and calls for immediate action.
 - a) to sell
 - b) to buy
 - c) to advertise

2. Sales promotion provides a clear, attractive ... and offers something beyond the advertised benefits of a product.

- a) specialization
- b) segmentation
- c) differentiation

3. To gain cooperation from retail sales ... such techniques as special training seminars, contests, and push money are used.

- a) promotion
- b) personnel
- c) production

4. Free samples seem to work best for ... products and they are certainly a strong inducement to try the product at least once.

- a) new
- b) old
- c) delicious

5. Manufacturer - distributed ... can be redeemed at most stores that carry the product but store coupons, only at the store offering them.

- a) coupons
- b) samples
- c) goods

Exercise 6. Match the words to make word combinations from the text.

- | | |
|------------------|---------------|
| 1. sales | a. inducement |
| 2. merchandising | b. coupons |
| 3. promotional | c. price |
| 4. refund | d. allowance |
| 5. primary | e. advantage |
| 6. stocking | f. offer |
| 7. purchase | g. tool |

- | | |
|---------------|--------------|
| 8. strong | h. promotion |
| 9. advertised | i. benefits |
| 10. store | j. effort |

Exercise 7. Match the words and their definitions.

- | | |
|-----------------------|---|
| 1. commission | a. concerted, short - term efforts aimed at encouraging sales, merchandising, directed at three groups: the sales force, the trade and the consumer |
| 2. stocking allowance | b. company's own salespeople |
| 3. sales promotion | c. extra payment to the sales force, usually a percentage of the sales |
| 4. inventory | d. sales promotion directed to retailers |
| 5. sales force | e. method of trade promotion by which retailers are rewarded for buying the product |
| 6. leasing | f. a form of stocking allowance in which retailers receive a commission for increasing their inventories |
| 7. free goods offer | g. the amount of a product that a retailer has in stock, either on shelves or in storage |
| 8. loading | h. a form of stocking allowance in which a company rents a section of a retail store for a short time |
| 9. trade promotion | i. a form of stocking allowance when the retailer might receive one case of free goods for every five bought |
| 10. shelf-talker | j. a commission to retailers for encouraging consumers to buy a product |
| 11. Push Money | k. a strip of paper along the front edge of a store's display shelf, which advertises the product behind it |

- | | |
|---------------|--|
| 12. premium | l. the return of all or part of a purchase price |
| 13. price-off | m. a small amount of the product given to consumers to encourage them to buy the product |
| 14. coupon | n. a gift offered for using the product |
| 15. sample | o. a discount, usually in the form of a cents - off label or a two – for - the price – of – one offer |
| 16. refund | p. a piece of paper distributed by a manufacturer or by a store; upon redemption, it returns part of the purchase price to the buyer |

Exercise 8. Fill in the blanks with appropriate words from the text.

1. Advertising creates an ... that may lead to sales, merchandising gives added ... to buy, it calls for immediate action.

2. The purposes of ... are to obtain retailers' support for advertising and merchandising activities, to achieve new distribution, to increase inventories, and to improve relations.

3. An allowance given to the retailer for advertising the product in local ... is an advertising allowance.

4. The most common ... of consumer promotion are contests and sweepstakes, refunds, samples, premiums, price-offs and coupons.

5. Free ... seem to work best for new products, they are certainly a strong inducement to try the product at least once.

6. Free premiums are generally attached to the product and are related in some way to its ... , premiums of this kind often bear the ... of the company or the brand.

7. The two most common types of ... are cents-off labels and two-for-one offers, their appearance is usually confined to

a certain production period.

8. Manufacturer - distributed coupons can be ... at most stores that carry the product; store coupons, only at the store offering them.

9. Any audible or visible means of ... paid for by advertisers and directed toward consumers is considered a medium.

10. Like the other forms of consumer promotion, coupons are most effective in inducing ... of a new or improved product.

11. Coupons are distributed by the manufacturer or by the ... store.

Exercise 9. Define if the following statements are true or false. Correct the false statements.

1. Sales promotion can hardly provide a clear, attractive differentiation, it offers something beyond the advertised benefits of a product and has a specific, narrow objective.

2. As part of an advertising campaign, merchandising is directed at three groups: the sales force, the trade, and the consumer.

3. Advertisers never benefit from full store inventories and good relations with the trade.

4. When the stocking allowance is used to increase the existing inventory of a brand, it is called loading.

5. To gain cooperation from retail sales personnel, such techniques as special training seminars, contests, and push money (PM) are used.

6. Both contests and sweepstakes offer prizes, usually generous ones. The difference between them is that contests depend on, luck and sweepstakes depend on skill.

7. To win a contest requires the ability to solve a puzzle or finish a sentence about the product. To win a sweepstakes requires luck in having one's name drawn.

8. The advantage of the contests or sweepstakes for merchandising purposes is that they may draw attention away from the product.

9. The disadvantage is that contests or sweepstakes can create excitement about the product.

10. Samples are distributed in several ways: by direct mail, by hand delivery door to door, at retail stores, in shopping malls and in stores, they may be attached to existing packages.

11. For food products the in - store demonstration has become popular, the demonstrator prepares the product, often talks about it but never offers passersby a taste.

Exercise 10. Practise your vocabulary.

1. Give the definition of sales promotion. Name three groups toward which it is directed.

2. Who are the members of a sales force?

3. What is a commission? What is it usually based on?

4. What is a stocking allowance? Name three kinds.

5. What does loading mean?

6. What is a retailer's inventory?

7. Describe leasing.

8. Give an example of a free goods offer. To whom is it made?

9. Who receives push money? For what?

10. What is a shelf-talker?. Where is it found?

11. Define these forms of consumer promotion: contest, sweepstakes, refund, sample, premium, price-off, coupon.

Exercise 11. Discuss some points of the text.

1. Dwell upon sales promotion. What is the meaning of sales promotion? What does it provide?

2. How does sales promotion relate to brands?

3. What does merchandising serve best?
4. What are three groups toward whom merchandising is directed?
5. Who are the sales force? List several means of sales promotion to them.
6. What are three goals of trade promotion?
7. What are some inducements given by companies to the sales force?
8. What merchandising devices are used to achieve the goals of trade promotion?
9. Dwell upon the stocking allowance. How does it work? What are its purposes?
10. Describe such forms of stocking allowance as loading, leasing and free goods offer. Do you think these are legitimate sales techniques?
11. What are some methods for gaining the support of retail salespeople? How else is retailers' advertising activity encouraged?
12. What are the goals of consumer promotion? Name the most common forms of it.
13. How are contests and sweepstakes the same? How are they different? Give an advantage and a disadvantage of both.
14. In what two places do refund offers appear? What is the purpose of each? Name an advantage and a disadvantage of refunds for the advertiser.
15. When do free samples work best? How are they distributed? What is an in-store demonstration?
16. Who distributes coupons? Who redeems them? What are cross-ruff and self-destruct coupons? What is the purpose of each?
17. Dwell upon the promotion through minor media.

Exercise 12. Render the text in English.

Продвижение товаров и управление спросом в маркетинге

В настоящее время запросы потребителей быстро растут и становятся индивидуализированными, а рынки – разнообразными по структуре.

Главная цель маркетинга - ориентация на потребителя. Компании достигают успеха в хозяйственной и коммерческой деятельности только тогда, когда их целью становится удовлетворение нужд потребителя. Вместе с тем задача маркетинга - не только увеличить спрос, но и пытаться воздействовать на него так, чтобы он соответствовал предложению.

Предвидеть, прогнозировать спрос можно лишь при постоянном изучении запросов потребителей.

Управление спросом включает **стимулирование (продвижение), содействие и регулирование**.

Стимулировать - значит вызывать у потребителей стремление к тому, что предлагает фирма, привлекательно оформляя продукт, интенсивно его рекламируя.

Содействие предполагает, что фирма делает свой продукт легкодоступным физически, добивается хорошей информированности продавцов и т.д.

Регулирование необходимо, когда существуют скачки в спросе на протяжении определенного периода или если спрос превышает предложение. В этом случае цель - сделать спрос более равномерным в течении года или осуществить демаркетинг товара или услуги. Удовлетворение спроса подразумевает не только нормальное функционирование товара или услуги, но и их безопасность, доступность различных вариантов, обслуживание после осуществления продаж.

Маркетинговая деятельность может быть направлена как на отдельных потребителей, так и на все население.

ние в целом. Потребительский спрос касается характеристик и нужд конечных потребителей, потребителей товаров производственного назначения, каналов сбыта (оптовая и розничная торговля), государственных учреждений, международного рынка и некоммерческих организаций. Предприятие торговли может ориентировать свое предложение на всех или некоторых из них. Общественный потребительский спрос определяется характеристиками и потребностями служащих, профсоюзов, акционеров, объединений потребителей и другими внешними и внутренними факторами, воздействующими на деятельность предприятия торговли.

Exercise 13. Retell the translated text.

Exercise 14. Read and translate text B making use of the dictionary.

Text B

HOW TO USE PROMOTIONS EFFECTIVELY

Part 1. What is promotion?

Too much top marketing concern with product and advertising tends to push them out into the field of promotions which, ultimately, is much less important for the overall success of their brand. This seems like a recommendation to use promotions only on brands that are stable or growing, since they clearly produce little effect on declining brands where they tend - through the frustration that arises when nothing seems to work - to be used most heavily. However even this is a deceptive conclusion. The pre-promotion, promotional, and post-promotion periods can well add up to something close to a year. This is a long time in the life of a dynamically growing product and it may very well have achieved the same growth in this period without any promotional activity.

The overall conclusion (reached by analyzing a large number of cases mainly in the US but also in many other markets) is that promotions do not usually change long-term trends or long-term volumes and that they are very often disproportionately costly for the very small shifts they do produce.

This is mainly because promotions do not usually achieve the large and important aims they are supposed to achieve. Manufacturers use promotions to help in very important jobs such as:

- attracting new users;
- containing competitive attacks;
- increasing distribution.

However, the evidence is that these major aims are very rarely achieved to any significant degree. What promotions can do and do well is usually much more modest. They are an excellent tool to grab sales force attention, they result in increasing your stock levels at your present dealers, and they often provide a way of carrying an advertising theme into the stores.

Part 2. Sampling promotions

Defining promotions as any activity designed to provide an additional and temporary business-building fillip to a product's marketing, there are many kinds of promotion with different degrees of expected effectiveness and each with their own special wrinkles. These kinds of promotion are:

Sampling promotions. These are promotions that aim to get consumers to try a product in the expectation that, after trying, they can perhaps be persuaded to become regular customers. An important condition that should limit their use is that the product should be either new or have some significant improvement, since otherwise the trial can hardly be expected to produce loyalty. Some people even run sampling promotions on products that are noticeably inferior to their competitors.

That this is a waste of money should be obvious. Examples of sampling promotions are:

- **Door-to-door sampling.** This is a very expensive form of distribution and often involves further high costs for its effective exploitation. However, such sampling is, in combination with a product that is really convincing, an excellent way to get a high level of initial trial and subsequent use. Since it is so effective it should not be used before a high distribution level (typically about 50%) has been achieved, otherwise the demand created will be dissipated because the product is unobtainable;

- **Direct mail sampling.** This is often used as an alternative to house to house distribution and is broadly equally effective, so the decision is mainly one of cost. Obviously direct mail can be sensibly used if the product is only appropriate for a specific and identifiable consumer group where address lists can be bought;

- **Media-delivered sampling.** This is often an effective way to deliver a sample to a selected audience (readers of a particular magazine) and in conjunction with an advertisement, which usually benefits from the high attention value that such media samples inevitably possess. There are of course many products which simply cannot be sampled in this way but the same fundamental mechanism can be employed by offering a sample to people who write in for it. This has the further advantage of limiting costly distribution to those people who are genuinely interested;

- **On-pack sampling.** This is used mainly by multi-brand companies and can be an effective and low-cost method. Obviously the carrier brand has to have a high correlation with the sampled brand for this method to be effective (e.g. a fabric softener sampled on a detergent). This is an important consideration if one is negotiating a deal with another company;

- **In-store sampling.** This can vary from the distribution of

samples by a demonstrator who also demonstrates the product, to the actual sale of small sample sizes at either reduced or normal prices. Since this method usually involves a strong featuring of the product at the point of sale, it is this effect which is often the most significant.

Part 3. Couponing, premiums, price and bonus packs

Couponing is used essentially to reduce the cost of distributing actual samples and can also enable the consumer to choose the flavor, size or style he wants. It provides a significant cost-saving in that an unused coupon costs almost nothing whereas an unused sample costs just as much as one that reaches its target. Couponing generally attracts a higher conversion rate than sampling, which is surprising since sampling is generally considered more effective. The reason lies in the heavy usage of coupons by committed users, whereas samples are usually not passed on in the same way, nor are they generally so indiscriminately available.

Couponing will often be preferred to sampling when the aim is to get product trial, but it is generally less successful for the reasons mentioned above. It is an effective way of loading your current users with product, thus insulating them when a competitor is making a major push. However, to do this, a price-off pack is probably even more effective, so the benefit of couponing probably lies in its more selective cost factor and its cash-flow advantages.

There are a number of wrinkles that manufacturers have learnt to increase their couponing effectiveness. For instance, the group mailing can increase efficiency without greatly increasing costs; the actual price reduction offered can be varied depending on what one wants to achieve - a high reduction being required to lure a user of a competitive product away and a much lower saving sufficing to get a loyal user to buy. Most coupon-users used to give long expiration dates with the

aim of increasing redemption. The latest experience is that short expiration dates actually increase the use of the offer. Additional premium and contest offers can often increase couponing effectiveness if they are added to the basic coupon.

Premiums are used frequently and provide some minor promotional push at low cost. They will rarely achieve major marketing aims but can generate perhaps a little display, a few impulse purchases and coupon redemptions that otherwise might not have happened. Since their actual sales-making impact is small and largely limited to current users, they should do something for the product's image or, in some way, carry its advertising theme into the store. Adults are attracted by the actual or apparent value involved (which makes affording an attractive premium difficult) whereas for children the uniqueness of the item is generally more important. Premium promotions will not usually get trade support without the benefit of deal pricing.

Types of premium promotion are the free in- or on-pack, the near pack (when the pack itself is not large enough to accommodate the premium item - this placement, however, is liable to heavy pilferage rates), the mail in either free or partially or totally self-liquidating. In this variant the customer is asked to pay a small sum for the premium (it really must be less than half the price you might expect to pay in a shop) which covers or at least makes a worthwhile contribution to the cost of the item.

A particular variant is the container pack in which the product is packed, for a limited time, in a container which has a re-use value. These lend themselves to adaptation for collector items. Since they have a display attractiveness, stores often give these deals good display.

Prize Promotions. This covers all those types of promotion in which a prize or prizes are offered for participation. There are a number of variants, with different entry re-

quirements brought about by legal restrictions: lotteries, sweepstakes, contests, games. Today quite a lot of marketers are using the free variants of these promotions - the sweepstake and the game. Since the aim of increasing sales is not served, why should they do this? In most cases the reasoning goes as follows. The promotion as such has a low cost and a limited appeal. Very little extra merchandise is sold by it. Trade support is likely to be better if participation is higher, and participation can be increased by making it free and free of skill elements. A final point on prize promotions is that there is a sizeable group of people who enter a large number of contests on an almost professional basis. They have, obviously, little interest in the products that sponsor the events.

Price and Bonus Packs. This is a very popular category of promotion, not least because it is assured of a good reception by the trade. The appeal is very largely to current users and does little to attract new users. If a product is constantly on offer in one way or other, then it can make it very hard to sell the normal price pack and to maintain an image of quality. The variants include:

- Price-off pack. This is simply a package which is flashed with a cash saving (e.g. 5 p. OFF!). It is simple and quick to mount but indistinctive and fairly costly;
- Bonus pack. Instead of offering money off, a certain amount more product is offered (e.g. 25% more FREE). This has the benefit of being cheaper than money savings and requiring the customer to actually use more. However, the amount offered needs to be fairly significant (25% is at the lower limit of impact) and the extra manufacturing costs can be quite high unless a standard size pack can be used.

Refunds. In this promotion type, consumers are offered a refund of all or part of the purchase price to encourage purchase now. This can be a way of offering a comparatively large value sum without having to pay much out. The number

of purchasers who actually claim the refund (particularly if it is staggered on the number of proofs of purchase sent in) is fairly small.

Personality Promotions. These go in and out of favor but can be quite effective ways of giving a product a certain excitement and newsworthiness. The technique is that a personality calls on homes in a particular area and gives a prize to those who can answer a simple question and at the same time demonstrate the product. It requires heavy support on TV and a great expenditure on making the personality visible and noticeable. Trade support is usually good as the personality is usually scheduled to spend time in shopping precincts at peak times. Because of its high cost and the strong, detailed organization required, it can really only be used by a major brand.

Publications. They can be very valuable for companies selling to specific markets where there is a need for information and a willingness to acquire it. The quality of the commercial publication must be high. This means that it must also be readable and impartial. If it is simply a disguised advertisement it will not be useful. The commercial message should be clearly identifiable as such.

Exhibitions. The use of exhibitions is essentially dependent on the nature and numbers of the visitors. If they are mainly people from trade journals and your own competitors, then this activity is a waste of time. If they are genuine customers and if their numbers are large enough to make the cost of approaching them sensible, then the exhibition can be a sensible promotional stage. An exhibition is an ideal place to demonstrate the product in action. It is also a place where orders can be taken both from the trade and from consumers.

Part 4. Rules for using sales promotion effectively

There are five main rules for using sales promotion effectively:

1. Strategy. Getting the strategy of promotion clear is vital. Because it is called sales promotion, most people assume it is to promote sales. This is far too general an aim. You need to know whether you are aiming to build distribution, to gain consumer trial, to get more facings in the store, to get broader awareness...or what? If you have a very clear aim for a promotion, then you can be likely to achieve what you want.

2. Cost effectiveness. Cost your promotion very carefully and make sure that it does not contain any incalculable cost run-ons. The aim is to make sure that the expected results bear a sensible relationship to the expenditure.

3. Test. Most of the variables in promotions can be tested in advance. Premiums, for instance, can be subjected to low-cost mail tests to assess their appeal. Constant testing makes the chance of financial disasters much smaller.

4. Use promotions to strengthen advertising. Since the plus in actual business is usually small, make sure that your promotion does something to increase the currency of the image and positioning formed by your advertising. Ideally a promotion can pull your advertising right into the store.

5. Look for the creative edge. The basic techniques of sales promotion are known. However, a creative difference applied to one of the basic techniques can give it much greater effectiveness, often at no significant expense product is in such a market.

Exercise 15. Dwell upon the types of promotion. Which of them do you like and which do not? Why? Give your reasons for and against.

Exercise 16. Write a summary of text B making use of the phrases “The text begins with (gives) the information on ...”, “It covers such problems as ...”, “Mention is made of ...”, “Details are given of ...”, “The text concludes with ...”

and so on.

GLOSSARY

UNIT 1.

Advertising

Promotion; any means of promoting the sale and use of a product. In marketing, paid promotion through the major media.

Consumer

One member of the market; the user of a product.

Distribution

Moving goods from one place to another before their sale to consumers, for example, from producer to wholesaler; from wholesaler to retailer.

Market

People who can and will make purchases to satisfy their needs.

Market share

One producer's percentage of the market for a product category; brand share.

Marketing

All activities that move goods from producers to consumers: production, promotion, distribution, packaging, pricing.

Marketing concept

The idea, basic to modern marketing, that goods produced are in response to consumers' needs.

Merchandising

Sales promotion; paid promotion through minor media.

Product

In marketing, a consumer good, an industrial good, a service, or an idea. One specific product in a category; a brand.

Qualitative research

Exploratory or subjective research. Its purpose is to obtain general feelings and impressions.

Quantitative research

Conclusive or objective research. Its purpose is to reach definite conclusions.

UNIT 2.

Attitude

A person's opinion or feeling about someone or something.

Contiguity

Another learning theory principle. In advertising, it is used to associate the product with an agreeable situation.

Culture

The pattern of behavior, values, and attitudes transmitted from one generation to another.

Demographics

Classification of consumers according to facts about the population, such as population density, per capita income, and ethnic background.

Family life cycle

A concept that identifies consumers by age, marital status, and number and ages of children.

Heavy-user theory

The theory that a relatively small proportion of consumers use a relatively large proportion of certain products.

Market segmentation

Dividing the market into homogeneous subgroups, for the pur-

pose of making marketing more efficient by focusing on appropriate target markets.

Meaning

A learning theory principle, used to relate advertising content to consumers in a personal way.

Motive

A desire that moves a consumer to act upon a need. The motive for a purchasing decision may be conscious or unconscious, rational or emotional.

Perception

How a person perceives sense stimuli. Perception is subjective and selective.

Psychographics

Classification of consumers according to such factors as way of life and personality traits.

Reference group

A group to which someone may or may not belong, but to which one refers for guidance. It helps to form one's values, opinions, and behavior.

Repetition

A fourth principle of learning theory. In advertising, it is the reiteration of a brand name or an advertisement.

Reward

Another principle of learning theory. It is used in advertising that promises favorable results from product use.

Social class

A stratum of society. One's membership in a social class is based on such factors as family background, occupation, and education.

UNIT 3.

Brand loyalty

Consumers' well-established preference for the brand. They continue to buy it despite possible advantages of competing brands.

Brand preference

Consumers' choice of the brand over other, similar ones.

Competitive advertising

Advertising that stresses the superiority of one product over others in the category.

Image

How consumers perceive a company, product, or brand; the mental picture its name evokes.

Line extension

The addition of a new product to an existing set.

Pioneering advertising

Advertising that introduces a product to consumers.

Product concept

The producer's idea of the product's principal value for consumers; the essential message of an advertising campaign.

Product differentiation

A marketing strategy in which a product is made to appear different from competitive products, by a change in the product or by advertising claim.

Product life cycle

The four stages that a product typically goes through: introductory, growth, maturity, and decline.

Retentive advertising

Advertising designed to keep the brand in the public mind.

Strategy of concentration

An approach to market segmentation in which the marketing effort is directed toward one large population subgroup.

Strategy of differentiation

An approach to market segmentation in which two or more subgroups are identified and selected, and a marketing program is designed for each.

UNIT 4.

Brand

A name, sign, symbol, design, term, or combination of these that differentiates one company's products from another's. One manufacturer's product, so distinguished from others in the category.

Brand-extension strategy

A technique by which the names of new products include the names of established ones.

Brand mark

The part of the brand that can be recognized but not spoken.

Brand name

The part of the brand that can be spoken.

Competition

An economic situation in which there are many suppliers, of the same product.

Demand

The quantity of a product desired by consumers at a particular time.

Design

The use of typography, color, and photographs or illustrations on a package.

Monopoly

An economic situation in which one supplier controls the total supply of a necessary product.

Package

The product itself, as in the case of major appliances and automobiles. In the case of most consumer goods, the container.

Product attributes

Characteristics of the product; both features and benefits.

Supply

The quantity of a product available to consumers at a particular

time.

Surplus

The quantity available above that desired by consumers.

Symbolic pricing

A price fixed to convey a particular idea about a product to consumers, and not according to supply and demand or production costs.

Trademark

Any word or symbol that identifies the maker of a product. It is protected by law.

Trade name

The name under which a company operates.

UNIT 5.

Copy

The words written for a print advertisement or broadcast commercial.

Fiscal year

The financial year of a company. It is usually different from the calendar year. Example: September 1 to August 31.

Hierarchy of effects

Steps in a consumer's mental process before purchase based on the effects of advertising.

Objective

Aim or goal; what one wishes to accomplish.

Strategy

Plan; the means of reaching a goal.

Survey

Means of questioning consumers about their attitudes and opinions, usually in person.

Target audience

The people toward whom the advertising message is directed;

those expected to see or hear it.

Target market

The consumers toward whom advertising is directed; the segment of the population most likely to use the product.

UNIT 6.

Commission

Extra payment to the sales force, for example, as a reward for sales. Usually a percentage of the sales.

Free goods offer

A form of stocking allowance. The retailer might, for example, receive one case of free goods for every five he or she buys.

Inventory

The amount of a product that a retailer has in stock, either on shelves or in storage.

Leasing

A form of stocking allowance, in which a company rents a section of a retail store for a short time.

Loading

A form of stocking allowance in which retailers receive a commission for increasing their inventories.

PM (Push Money)

A commission to retail salespeople for personally encouraging consumers to buy a product.

Sales promotion

Concerted, short - term efforts aimed at encouraging sales.

Merchandising, directed at three groups: the sales force, the trade, and the consumer.

Sample

A small amount of the product given to consumers to encourage them to buy the product.

Shelf - talker

A strip of paper along the front edge of a store's display shelf, which advertises the product behind it.

Stocking allowance

A method of trade promotion by which retailers are rewarded for buying the product.

Trade promotion

Sales promotion directed to retailers.

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