

A

Customers and clients

Autocomp

Best Travel

Digby
and
Charles

Digitco

Company	Products/services	Customer / client base
Autocomp	products: car components	customer base: car companies
Best Travel	services: package holidays	customer base: general public
Digby and Charles	professional services: architecture	client base or clientele: companies, government organizations and the public
Digitco	products: cheap computers	customer base: general public

People who buy 'everyday' services such as train travel or telephone services are called **customers**. You can also talk about the **users** or **end-users** of a product or service, who may not be the people who actually buy it. For example, when a company buys computers for its staff to use, the staff are the end-users.

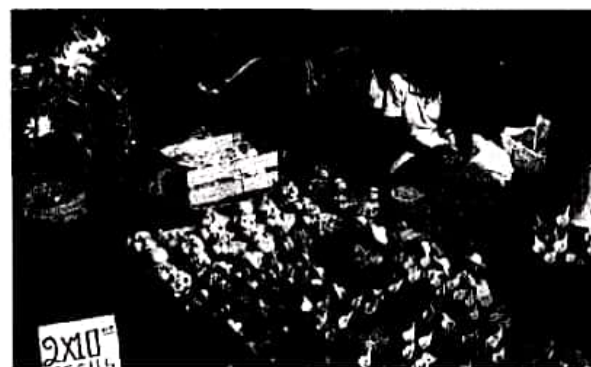
People who buy products or services for their own use are **consumers**, especially when considered as members of large groups of people buying things in advanced economies.

B

Buyers and sellers

A person or organization that buys something is a **buyer** or **purchaser**. These words also describe someone in a company who is responsible for buying goods that the company uses or sells. These people are also **buying managers** or **purchasing managers**.

A person or organization that sells something is a **seller**. In some contexts, for example selling property, they are referred to as the **vendor**. People selling things in the street are **street vendors**.



Street vendors

C

The market

The **market**, the **free market** and **market economy** describe an economic system where prices, jobs, wages, etc. are not controlled by the government, but depend on what people want to buy and how much they are willing to pay.

D

Word combinations with 'market'

market	forces pressures	the way a market economy makes sellers produce what people want, at prices they are willing to pay
	place	producers and buyers in a particular market economy, and the way they behave
	prices	prices that people are willing to pay, rather than ones fixed by a government
	reforms	changes a government makes to an economy, so that it becomes more like a market economy

Note: **Marketplace** is written as a single word.

19.1 Find expressions in A and B opposite with the following meanings.

- 1 Someone who buys food in a supermarket. (3 expressions)
- 2 All the people who buy food from a particular supermarket chain, from the point of view of the chain.
- 3 Someone who buys the services of a private detective agency.
- 4 All the people who buy the services of a private detective agency, seen as a group. (2 expressions)
- 5 Someone who sells goods or services.
- 6 Someone selling a house. (2 expressions)
- 7 Someone buying a house. (2 expressions)
- 8 Someone who sells hamburgers to tourists outside the Tower of London.
- 9 Someone whose job is buying tyres for a car company. (4 expressions)
- 10 Someone who uses a computer, even if they have not bought it themselves, but their company has. (2 expressions)

19.2 Complete the TV reporter's commentary with expressions from C and D opposite.

In China, all economic activity used to be controlled by the state. Prices were fixed by the government, not by buyers and sellers in the market (1) But in the last 20 years there has been a series of market (2) that have allowed people to go into business and start their own companies. Market (3) are determined by what buyers are willing to pay, rather than by the state. There are still state-owned companies that lose a lot of money. Until recently, they have been protected from market (4) , but market (5) will eventually mean that they close down. Of course, the market (6) has its losers: those without work, and victims of crime, which used to be very rare.

Over to you



What goods or services does your company, or one you would like to work for, sell?
Does it sell to the public, or to other companies?

20 Markets and competitors

A Companies and markets

You can talk about the people or organizations who buy particular goods or services as the **market** for them, as in the 'car market', 'the market for financial services', etc. Buyers and sellers of particular goods or services in a place, or those that might buy them, form a **market**.

If a company:

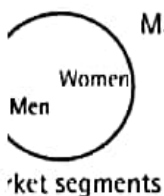
enters penetrates		it starts selling there for the first time.
abandons gets out of leaves		it stops selling there.
dominates	a market	it is the most important company selling there.
corners monopolizes		it is the only company selling there.
drives another company out of		it makes the other company leave the market, perhaps because it can no longer compete.

B

More word combinations with 'market'

'Market' is often used in these combinations:

market	growth	In the late 1990s, Internet use was doubling every 100 days. Market growth was incredible.
	segment	Women are a particularly interesting target for the Volvo V70. They are an important market segment for Volvo.
	segmentation	The Softco software company divides the software market into large companies, small companies, home office users, and leisure users. This is its market segmentation .
	share	Among UK supermarkets, Tesco sells more than any of the other chains. It has the highest market share .
	leader	Tesco is the market leader among UK supermarkets as it sells more than any of the other chains.



C Competitors and competition

Companies or products in the same market are **competitors** or **rivals**. Competitors **compete** with each other to sell more, be more successful, etc.

The most important companies in a particular market are often referred to as **key players**.

Competition describes the activity of trying to sell more and be more successful. When competition is strong, you can say that it is **intense**, **stiff**, **fierce** or **tough**. If not, it may be described as **low-key**.

The **competition** refers to all the products, businesses, etc. competing in a particular situation, seen as a group.

20.1 Use the correct form of the words in brackets to complete the sentences.

- 1 European films do not export well: European movies barely (abandon/corner/penetrate) the US market.
- 2 In the 1970s, Kodak (corner/enter/leave) the instant photography market, until then (abandon/dominate/penetrate) by Polaroid.
- 3 The Hunt brothers tried to fix silver prices and to (corner/enter/leave) the silver market, (enter/drive out/monopolize) all competitors.
- 4 In the 1940s, MGM (abandon/get out of/monopolize) the market on film musicals. But by the late 1950s, Warner Bros had also started buying film rights to musicals.

20.2 Replace the underlined expressions with expressions from B opposite. You may need to add a verb in the correct form.

I'm Kalil and I'm marketing manager for CrazyCola in a country called Newmarket. In this market, we (1) sell more than any other cola. In fact, we (2) have 55 per cent of the market. (3) Sales are increasing at seven to eight per cent per year. There are two main (4) groups of users: those who drink it in cafés, bars and restaurants, and those who buy it to drink at home. Of course, many users belong to both groups, but this is our (5) way of dividing our consumers.

20.3 Read this description of a language training market. Answer the questions.

In Paris, 500 organizations offer language training to companies. However, 90 per cent of sales are made by the top five language training organizations. The market is not growing in size overall. Organization A has 35 per cent of the market, and faces stiff competition from B, which has about 25 per cent of the market, and from C, D and E, who each have 10 per cent, but who are trying to grow by charging less for their courses.

- 1 How many competitors are there in this market?
- 2 Is competition in the market strong?
- 3 Who is the market leader?
- 4 Who are the two key players?
- 5 Who mainly makes up the competition, from the market leader's point of view?
- 6 If one competitor increases its market share, can the others keep their market share at the same level?

Over to you



Answer the questions in 20.3 about a market that you know, for example the market that your company, or a company you would like to work for, is in.

21 Marketing and market orientation

A Marketing

Marketing is the process of planning, designing, pricing, promoting and distributing ideas, goods and services, in order to satisfy **customer needs**, so as to make a profit.

Companies point out how the special characteristics or **features** of their products and services possess particular **benefits** that satisfy the needs of the people who buy them.

Non-profit organizations have other, social, goals, such as persuading people not to smoke, or to give money to people in poor countries, but these organizations also use the techniques of marketing.

In some places, even organizations such as government departments are starting to talk about, or at least think about their activities in terms of the **marketing concept**.

B The four Ps

The four Ps are

product: deciding what to sell

price: deciding what prices to charge

place: deciding how it will be distributed and where people will buy it

promotion: deciding how the product will be supported with advertising, special activities, etc.

A fifth P which is sometimes added is **packaging**: all the materials used to protect and present a product before it is sold.

The four Ps are a useful summary of the **marketing mix**, the activities that you have to combine successfully in order to sell. The next four units look at these activities in detail.



Promotion

To **market** a product is to make a plan based on this combination and put it into action. A **marketer** or **marketeer** is someone who works in this area.

(**Marketer** can also be used to describe an organization that sells particular goods or services.)

C Market orientation

Marketers often talk about **market orientation**: the fact that everything they do is designed to meet the needs of the market. They may describe themselves as **market-driven**, **market-led** or **market-oriented**.

21.1 Look at A and B opposite. Read the article and answer the questions.

Most people and many managers do not understand the role of marketing in modern business.

Marketing is two things. First, it is a strategy and set of techniques to sell an organization's products or services. This involves choosing target customers and designing a persuasive marketing mix to get them to buy. The mix may include a range of brands, tempting prices, convenient sales outlets and a battery of advertising and promotions. This concept of marketing as selling and persuasion is by far the most popular idea among both managers and the public.

The second, and by far more important concept of marketing, focuses on improving the reality of what is on offer. It is based on understanding customers' needs and developing new solutions which are better than those currently available. Doing this is not a marketing department problem, but one which involves the whole organization.

For example, for Rover to beat Mercedes for the consumer's choice involves engineering new models, developing lean manufacturing processes, and restructuring its dealer network.

Creating company-wide focus on the customer requires the continual acquisition of new skills and technology. Marketing is rarely effective as a business function. As the chief executive of Hewlett Packard put it: 'Marketing is too important to leave to the marketing department.' Such companies understand that everybody's task is marketing. This concept of marketing offering real customer value is what business is all about.

- 1 Which of the four Ps are mentioned here?
- 2 Does the author think the four Ps are a complete definition of marketing?
- 3 Does the author think that marketing is only for marketers?

21.2 Match the sentence beginnings (1–5) with the correct endings (a–e). The sentences all contain expressions from C opposite.

- | | |
|---|---|
| 1 Farms are now more market-oriented | a such as Microsoft and Sony, are in several markets at once. |
| 2 Since the 1980s, Britain has had a much more market-led | b and the audience decides the direction it takes. |
| 3 Many market-led growth businesses, | c led to falling sales and profits. |
| 4 Lack of investment and market orientation | d and less dependent on government money. |
| 5 American TV is a market-driven industry, | e approach to economics. |

Over to you



Can a poor product be made successful by clever marketing techniques?
Can you think of any examples?

A

Word combinations with 'product'

product	catalogue (BrE) catalog (AmE) mix portfolio	a company's products, as a group
	line range	a company's products of a particular type
	lifecycle	the stages in the life of a product, and the number of people who buy it at each stage
	positioning	how a company would like a product to be seen in relation to its other products, or to competing products
	placement	when a company pays for its products to be seen in films and TV programmes

See Units 15 and 16 for verbs used to talk about products.

B

Goods

Goods can refer to the materials and components used to make products, or the products that are made.

Here are some examples of these different types of goods:

Consumer goods that last a long time, such as cars and washing machines, are **consumer durables**. Consumer goods such as food products that sell quickly are **fast-moving consumer goods**, or **FMCG**.



Raw materials



Finished goods

C

Brands and branding

A **brand** is a name a company gives to its products so they can be easily recognized. This may be the name of the company itself: the **make** of the product. For products like cars, you refer to the make and **model**, the particular type of car, for example, the Ford (make) Ka (model).

Brand awareness or **brand recognition** is how much people recognize a brand. The ideas people have about a brand is its **brand image**. Many companies have a **brand manager**.

Branding is creating brands and keeping them in customer's minds through advertising, packaging, etc. A brand should have a clear **brand identity** so that people think of it in a particular way in relation to other brands.

A product with the retailer's own name on it is an **own-brand product** (BrE) or **own-label product** (AmE).

Products that are not **branded**, those that do not have a **brand name**, are **generic products** or **generics**.

22.1 Match the sentence beginnings (1–7) with the correct endings (a–g). The sentences all contain expressions from A opposite.

- | | |
|--|--|
| 1 Banks are adding new types of accounts | a product life cycles are so short that product launches are very frequent. |
| 2 Apple is going to simplify its product line | b its product positioning in relation to Psion's existing hardware products. |
| 3 Consumers have mixed feelings about supermarkets | c it changed its product range towards more expensive cars. |
| 4 When BMW bought Rover, | d of cigarettes in movies. |
| 5 The new law will ban product placement | e extending their product portfolio into financial services. |
| 6 Following the launch of the Series 5 laptop, consumers were slow to understand | f and deliver fewer but more competitive models. |
| 7 With this type of equipment in the US, | g to their product mix. |

22.2 Look at the words in B opposite. Which applies to each of these products?

- 1 microwave ovens
- 2 cotton
- 3 cars
- 4 hamburgers
- 5 soap powder

22.3 Complete this marketer's description of his work using expressions from C opposite.

My name's Tomas. I'm Portuguese, and I've been (1) for Woof dog food for the whole of Portugal and Spain since I left business school last summer. The Woof (2) is owned by a big international group. The market for pet food in Portugal and Spain is growing very fast, as more and more people own dogs and cats, and we're trying to increase (3) of Woof through TV advertisements and hoardings in the street. Research shows that people have very positive ideas about it: it has a very positive (4) But the supermarkets have their (5) dog food, usually sold cheaper than our product, which is a problem. There are even (6) sold just under the name 'dog food'. We have to persuade people that it's worth paying a bit more for a (7) product like Woof, which is far better, of course.

Over to you



Have you seen any examples of product placement?

Do you know any products with strong brand images?

What are the advantages and disadvantages of brand name products, own brands and generics? Which do you prefer to buy?

23 Price

A Pricing

Our goods are **low-priced**. Permanently low **pricing** means we charge low prices all the time.

You mean cheap: your goods are poor quality. Our goods are **high-priced**, but we give customer service. And a lot of our goods are **mid-priced**: not cheap and not expensive.

Your goods are **expensive**. Customers don't need service.

Yes. We have **loss leaders** – cheap items to attract customers in. But it's all below the 'official' list price or recommended retail price. We have a policy of **discounting**, selling at a discount to the list price.

You must be selling some goods at **cost** (what you pay for them) or at a **loss** (even less).

If he goes on **undercutting** us, we can't stay in business.

B Word combinations with 'price'

price	boom	a good period for sellers, when prices are rising quickly
	controls	government efforts to limit price increases
	cut	a reduction in price
	hike	an increase in price
	war	when competing companies reduce prices in response to each other
	leader	a company that is first to reduce or increase prices
	tag	label attached to goods, showing the price; also means 'price'

C Upmarket and downmarket

Products, for example skis, exist in different **models**. Some are basic, some more **sophisticated**. The cheapest skis are **low-end** or **bottom-end**. The most expensive ones are **high-end** or **top-end** products, designed for experienced users (or people with a lot of money!). The cheapest **entry-level** skis are for beginners who have never bought skis before. Those in between are **mid-range**. If you buy sophisticated skis to replace basic ones, you **trade up** and move **upmarket**. If you buy cheaper skis after buying more expensive ones, you **trade down** and move **downmarket**.

Downmarket can show disapproval. If a publisher takes a newspaper **downmarket**, they make it more popular, but less cultural, to increase sales.

BrE: **upmarket, downmarket**
AmE: **upscale, downscale**

D Mass markets and niches

Mass market describes goods that sell in large quantities and the people who buy them. For example, family cars are a mass market product. A **niche** or **niche market** is a small group of buyers with special needs, which may be profitable to sell to. For example, sports cars are a niche in the car industry.

23.1 Look at the price list. Are the statements below true or false?

- 1 The pricing policy is to sell below list prices.
- 2 The Adagio is low-priced, and is cheaper than the competition.
- 3 The mid-priced models are the Brio and the Capricioso.
- 4 This retailer charges 16,908 euros for the Delicioso.
- 5 The Delicioso is the highest-priced model.
- 6 The Delicioso is cheaper than the competition.
- 7 All models are sold at a discount.

All prices in euros.

Model	List price	Our price	Competing product
Adagio	11,541	9,999	10,500
Brio	13,349	12,999	12,896
Capricioso	15,742	14,999	13,987
Delicioso	16,908	15,999	14,442

23.2 Complete the sentences with the appropriate form of words from B opposite.

- 1 A price by Mills may indicate the start of price increases by other producers.
- 2 Britain's house price has gone beyond London, with properties in Kent now worth 25 per cent more than a year ago.
- 3 Consumers will get price of eight per cent off phone bills from May.
- 4 When President Perez ended price, electricity, phone and transport costs went up.
- 5 Petron is a price; it's usually the first to offer lower prices.
- 6 The project had many design problems, pushing up the price for each helicopter from \$11 million to \$26 million.
- 7 There is a price between Easyjet and KLM on the London to Amsterdam route.

23.3 Correct the mistakes in italics, using expressions from C and D opposite.



I'm Denise van Beek, from sailing boat company Nordsee Marine. We have something for everyone. If you've never sailed before, try our (1) *mid-range* model, the Classic. It's six metres long and very easy to sail. After a year or two, many customers (2) *trade down* or (3) *take upmarket* to something more (4) *basic*, like the (5) *entry-level* nine-metre Turbosail, with more equipment and a bit more luxury. Our (6) *bottom end* product is the Fantasy. It's 15 metres long and has everything you need for comfort on long voyages. We also produce the Retro, a traditional boat. There's a small but profitable (7) *mass market* for this type of boat.

Over to you

What is the range of products or services offered by your company or one you admire?
How are they priced?

Are there price wars or government price controls in your country?