

DAVID P. REIN

the language of advertising and merchandising in english



ENGLISH FOR CAREERS



English
for
Careers

***The Language of
Advertising and Merchandising
in English***

David P. Rein



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Suzanne Bennett

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Foreword

This book is one of a series called *English for Careers*. The books in the series introduce students to careers in which English is widely used throughout the world. The books are intended for high intermediate or advanced learners who already know the basic structures of English. Students will benefit from these books in two major ways. They will learn the technical vocabulary of their specific field of interest. They will also improve their overall ability to communicate in English.

The Language of Advertising and Merchandising in English consists of ten units. Each unit begins with definitions of technical terms. These are followed by practice of the new vocabulary in context. All of these words and expressions appear in the reading, which fully investigates and explains a significant aspect of advertising and merchandising. Next, a review exercise tests students' comprehension of what they have read. Discussion questions give students opportunities to talk about their profession in English, and to apply new knowledge directly and immediately.

The first nine units of this book follow the format of an advertising campaign. The plan begins with the results of research of the market, the consumer, and the product. (Units 1-3). Unit 4 tells how the product's price, package and brand name communicate the product concept to consumers. Unit 5 lists the objectives and strategies for selling the product. Units 6-8 tell which media will be used, how, and to what extent. Finally, Unit 9 gives objectives and strategies for merchandising a product. Unit 10 is about careers in the field of advertising and merchandising.

Advertising and merchandising are part of the marketing process, the most visible to consumers. To the average person, "advertising" is any effort that helps to sell the product. In the vocabulary of marketing, that is "promotion." "Advertising" has a more precise meaning: paid promotion in the major media. Both definitions are used here. Merchandising supplements advertising. It takes two forms, sales promotion and promotion in minor media. Advertising prepares potential con-

sumers to buy a product. Merchandising moves them toward actual purchase.

This book concentrates on national advertising of consumer goods. However, the principles discussed generally apply to other forms of advertising and to other kinds of products as well. The purpose of all advertising and merchandising is to communicate, inform and persuade.

David P. Rein
Hartford, Connecticut

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The Market

Special Terms

Marketing

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

Consumer

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

Market

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

Product

In marketing, a consumer good, an industrial good, a service, or an idea.

One specific product in a category; a brand.

Marketing concept

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

Advertising

Promotion; any means of promoting the sale and use of a product.

In marketing, paid promotion through the major media.

Merchandising

Sales promotion; paid promotion through minor media.

Secondary data

Information used in a specific research project but gathered originally for a different purpose.

Primary data

Information gathered for the first time for a specific research project.

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.

MIS

Marketing Information System. A computer-based system for analyzing data for use in making marketing decisions.

Market share

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

Distribution

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

BDI

Brand-development index. It compares sales of a brand to total sales in the product category.

CDI

Category-development index. It compares sales in the product category to sales in the geographical region.

Store-count distribution

The number of stores that carry a given brand.

ACV

All-commodity volume. It represents the total amount of sales in a product category.

Vocabulary Practice

1. What is the difference between a *market* and a *consumer*?
2. Give two definitions of a *product*.
3. Give a general definition of *advertising*.
4. Give a specific definition of advertising, as used in marketing.
5. Name two forms of *merchandising*.
6. Name four aspects of *marketing*.
7. What is the *marketing concept*?
8. What is the difference between *secondary data* and *primary data*?
9. What is the difference between *qualitative research* and *quantitative research*?

10. What does *MIS* stand for? Describe MIS and its use.
11. Define *market share*. Give a synonym for it.
12. Give an example of *distribution*.
13. What does *BDI* stand for? Which sales figures does it compare?
14. What does *CDI* stand for? Which sales figures does it compare?
15. Define *store-count distribution*.
16. What does *ACV* stand for? Define it.

The Market

Communicating the marketing concept

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, simply, 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 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.

Market research

Planning an advertising campaign 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 and opportunities for promoting a specific brand.

The purpose of market research is to solve a problem or exploit an opportunity. For a marketing communicator, a problem might be, "Our sales in the Southeast have dropped. Will increased advertising in local newspapers help?" An opportunity might be, "Our competition's market share decreased in the last year. What promotional activity would help us take advantage of the situation?"

Research is the gathering and analyzing of relevant data. "Relevant" is the key word. Facts and figures are generally abundant and not difficult to secure. Much more difficult is selecting useful data, that which relates to the success of a particular brand. Such research can be time-consuming and expensive, but it is usually worth the cost.

Sources of data

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

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 example 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. Quan-



**We helped nature make
a better peach for Bobby.**



Bobby is very particular about peaches. Like most babies, Bobby likes them best when they're smooth and sweet. So we gave Rutgers University a grant to develop just such a peach. The result was The Baby Gold Peach, Varieties #5, 6, 7, 8 and 9... specifically developed to reach maturity at one-week intervals so they could mature naturally on the tree. Since they grow sweet in the sun, "Baby Gold" peaches are naturally sweet... which makes Bobby's peaches more naturally sweet too. "Baby Gold" is just one of many varieties of peaches we use, and just one example of the Gerber commitment to prepare wholesome food for your baby. We're very particular about our baby food, because we're particularly fond of babies like Bobby.



Gerber

Babies are our business...
and have been for over 50 years.
Gerber Products Company, Fremont, MI 49412

We've learned a lot about food because we care a lot about babies.

titative 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.

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. Properly used, it will produce only relevant data, analyze information about recurrent problems, and encourage coordination of all research activities. An up-to-date MIS can provide information regularly, even daily, about past performance, present conditions, and future trends. It can be invaluable in planning an advertising campaign.

Areas of market research

Market research (situation analysis) must be done in these 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. Market 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 indexes 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. (In the Southeast, the BDI for Cereal Brand X was 117. In the Northeast, it was 73.) The category-development index (CDI) compares sales in the product category and sales in the region. (In the Northeast, the CDI for all cereals was 92. In the Southeast, it was 94.) A comparison of the BDI and CDI shows that Cereal Brand X is doing poorly in the Northeast and well in the Southeast. *Store-count distribution* refers to the number of stores that carry a brand. For example, 89.1% of all grocery stores carry Cereal Brand X. 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 ought to reflect 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. The nature of competitors' advertising should also be studied. What are its form and content? What claims does it make for the product? Are they unique and valid? Which consumers are the target audience for the other companies' promotional efforts?

Discussion

1. How would you define an advertising campaign? What is its purpose? What are its elements?

2. Why is an advertising plan basic to a campaign?
3. In an advertising plan, why do results of research come before objectives and strategies?
4. What is the difference between a consumer good and an industrial good?
5. How would you define marketing? What is the relationship between advertising, merchandising, and marketing?
6. If advertising is paid promotion, what kind of promotion would not be paid?
7. Find a printed advertisement and tell how it communicates, informs, and persuades.
8. Do you agree that “marketing begins with a consumer need”? Give some arguments against the idea.
9. How does competition bring about an abundance and variety of consumer goods?
10. Do you agree that the market is “people who have money and are ready to spend it”?
11. The concept that marketing is a response to consumers’ needs is relatively new. What concept of marketing does it replace? What brought about the change in point of view?
12. Marketing is communication between consumers and producers. What do consumers communicate to producers? What do producers communicate to consumers?
13. What is the broad economic picture in your country at this time?
14. Give additional examples of problems and opportunities that situation analysis might reveal for a company. How can both problems and opportunities give a company positive direction?
15. A company’s sales records and accounts are sources of internal secondary data. What other sources can you think of?
16. What kinds of external secondary data are available in your country? From what sources?
17. What are some disadvantages of secondary data? Why are primary data usually more useful?
18. Explain, with examples, the difference between qualitative and quantitative research. What is a major disadvantage of qualitative research?

19. What are some advantages of an MIS over traditional research methods?
20. Explain market potential
21. Name several products whose market in your country is volatile. Name others whose market is stable.
22. How is market share (brand share) determined? Why is it useful for a company to know its own market share and the market shares of its competitors? When can market share figures be misleading?
23. Show that you understand BDI, CDI, store-count distribution, and ACV by giving an example of each for another product. Why is it useful to compare BDI and CDI? How can figures for one by itself be misleading?
24. How is it possible to achieve high distribution by selling in a small number of stores? Give examples of such stores in your country.
25. Why should market share reflect advertising share? Under what circumstances could a company expect a disparity?

Review

Fill in the blanks with appropriate words from the text.

1. A _____ may be a consumer good, an industrial good, a service, or an idea.
2. To the average person, advertising is any kind of _____.
3. In the vocabulary of marketing, advertising is paid promotion in the four major _____.
4. _____ supplements advertising. It takes the forms of sales promotion and promotion in minor media.
5. Marketing begins with a consumer _____.
6. Marketing societies have produced a great abundance and variety of consumer goods, by means of _____.
7. The _____ is people who have money and are ready to spend it.
8. Successful producers are guided by the marketing _____: response to consumers' needs.

9. The purpose of market research is to solve a _____ or exploit an opportunity.
10. Research is the gathering and analyzing of _____ data.
11. Research data can be _____ or secondary.
12. Secondary data can be internal or _____.
13. Secondary data can indicate sales _____ in a product category.
14. _____ data are gathered by experiment, observation, and survey.
15. _____ research aims for definite conclusions.
16. The market for luxury goods is volatile. The market for goods in daily use is _____.
17. Analysis of industry sales and company sales together provides information about _____ (_____).
18. Four kinds of index are used in analyzing _____.
19. The _____ index compares sales of a specific brand and total sales in the product category.
20. _____ refers to the total amount of sales in a product category.