

Worksheet A

A. Vocabulary 1: Key words

Ask students to match as many of the definitions as they can before reading the text.

Key:

1. financial casualties; 2. critical mass; 3. discounted fares; 4. influx; 5. spoilt for choice; 6. cost-effective; 7. saturation point

B. Pre-reading

Get students to skim-read the text and underline or highlight the words and expressions that helped them decide which heading goes with which paragraph.

Key: 1. d; 2. c; 3. a; 4. e; 5. b

C. Vocabulary 2: Adjective and noun transformations

Explain to students that this kind of transformation is very useful when they are writing or giving formal presentations.

When you get to the checking stage, rather than just giving them the answers you could tell them to use a learners' dictionary to check their answers – this will give them an idea of how the dictionary can help with this sort of transformation.

Key: 1. costly; 2. risky; 3. intense; 4. efficiency; 5. comfort; 6. efficient

D. Project

Get students to work either individually or in groups. They should present their strategy either as a class presentation or a written report. You could let students choose a different sort of business if they prefer.

Worksheet B

A. Pre-listening: Vocabulary

All the words and expressions in this activity have general relevance for marketing, so encourage students to note them down in their personal vocabulary notebooks.

Key: 1. price flexibility; 2. premium price; 3. production costs; 4. take costs out; 5. price; 6. pricing; 7. price range

B. Note-taking

This activity helps students to practise listening for gist. When students have finished listening, review their answers as a class.

C. Comprehension

If you have stronger students, ask them to try to fill in the gaps before they listen again. This will be a better test of their prior knowledge of modal verbs, which is the main language focus of this activity.

Key: 1. doesn't need to; 2. can; 3. could; 4. need to; 5. mustn't; 6. should

D. Discussion

When students have completed their group discussions, review their conclusions with the whole class.

Worksheet A: Level 1 (Intermediate)

A Vocabulary 1: Key words

Match the words in the box with their correct definitions.

financial casualties critical mass discounted fares influx
spoil for choice cost-effective saturation point

1. Companies (or people) who go bankrupt or lose money because of a particular situation are _____ of that situation.
2. When a company has become big enough to function effectively, it has gained _____.
3. travel prices that are reduced for a fixed period of time _____
4. when a lot of people or things arrive at the same time _____
5. When you have so many things to choose from that it's hard to decide between them, you are _____.
6. When something is _____, it is giving the best possible revenue or profit in relation to the amount of money originally invested.
7. When no new companies can enter a market because there are too many competitors, the market has reached _____.

B Pre-reading

You are going to read a short text about the marketing strategy followed by the European low-cost airlines market. Match the headings to the correct paragraphs.

- a. Buyer power
- b. Industry competitors
- c. Supplier power
- d. Threat of new entrants
- e. Threat of substitutes

European low-cost airlines

Since the early 1990s, there has been a significant growth in the European low-cost air travel market.

1. _____
With deregulation and the development of new regional airports, there are opportunities for new companies to enter the marketplace. However, there are significant cost implications in setting up and running an airline business. The risks can be high, as illustrated by various financial casualties over the past ten years. Companies that are new to the market have to balance the risk against the opportunity to enter the market. Moreover, it is an intensely competitive market, and companies entering it might not be able to gain the critical mass needed to survive.

2. _____
There are various suppliers to this industry, including aircraft manufacturers (Airbus and Boeing are the two largest), refuelling facilities and airports.

3. _____
With the introduction of low-cost fares, discounted fares (from national carriers) and the influx of numerous airlines, buyers (mainly individuals rather than companies) have increased the power of choice. Of course, how much influence buyers have also depends on the number of airlines flying to the chosen destination. For example, several airlines fly from the London region to Paris, and customers are spoiled for choice, but this is not so for all departure and arrival locations.

4. _____
There are other modes of travel within Europe – car, coach and train. In some countries, the train service is highly efficient, very comfortable and cost-effective; in others, it is the opposite. Therefore, the extent to which people use other options is highly dependent on the availability and efficiency of the alternative forms of transport.



Worksheet A: Level 1 (Intermediate)

5. _____

This has become a highly competitive market. It could be argued that it is at, or near, saturation point. However, that might not discourage companies that are new to the market if they believe they can gain a sustainable competitive advantage. They could do this through some form of differentiation (offering a service that seems in some way

unique in the minds of customers), or focus (concentrating on a single route or small group of routes, and offering a cheaper and/or more frequent service on those routes).

Adapted from *Foundations of Marketing* by Jonathan Groucutt, pp. 111 © Palgrave Macmillan 2005

C Vocabulary 2: Adjective and noun transformations

Look at the extracts from the text and the equivalent expressions below. Choose the correct adjective or noun.

- ... *there are significant cost implications in setting up and running an airline business.* [section 1, lines 3-5]
Setting up and running an airline business is very **costly / dear**.
- The risks can be high, ...* [section 1, line 5]
It can be very **riskful / risky**.
- ... *it is an intensely competitive market ...* [section 1, lines 8-9]
Competition in the market can be very **intense / intensive**.
- ... *the train service is highly efficient, ...* [section 4, lines 2-3]
The train service provides a high level of **efficacy / efficiency**.
- ... *the train service is ... very comfortable ...* [section 4, lines 2-3]
The train service offers a high level of **comfort / comfortableness**.
- ... *[it] is highly dependent on the ... efficiency of the alternative forms of transport.* [section 4, lines 5-6]
It very much depends on how **efficient / efficacious** the alternative forms of transport are.

D Project

You have decided to open a new fast food restaurant (either in your local neighbourhood or near your school). First decide on what kind of fast food you are going to sell, and then work out what your marketing strategy is going to be.

To do this, analyze the market under the categories used in the text:

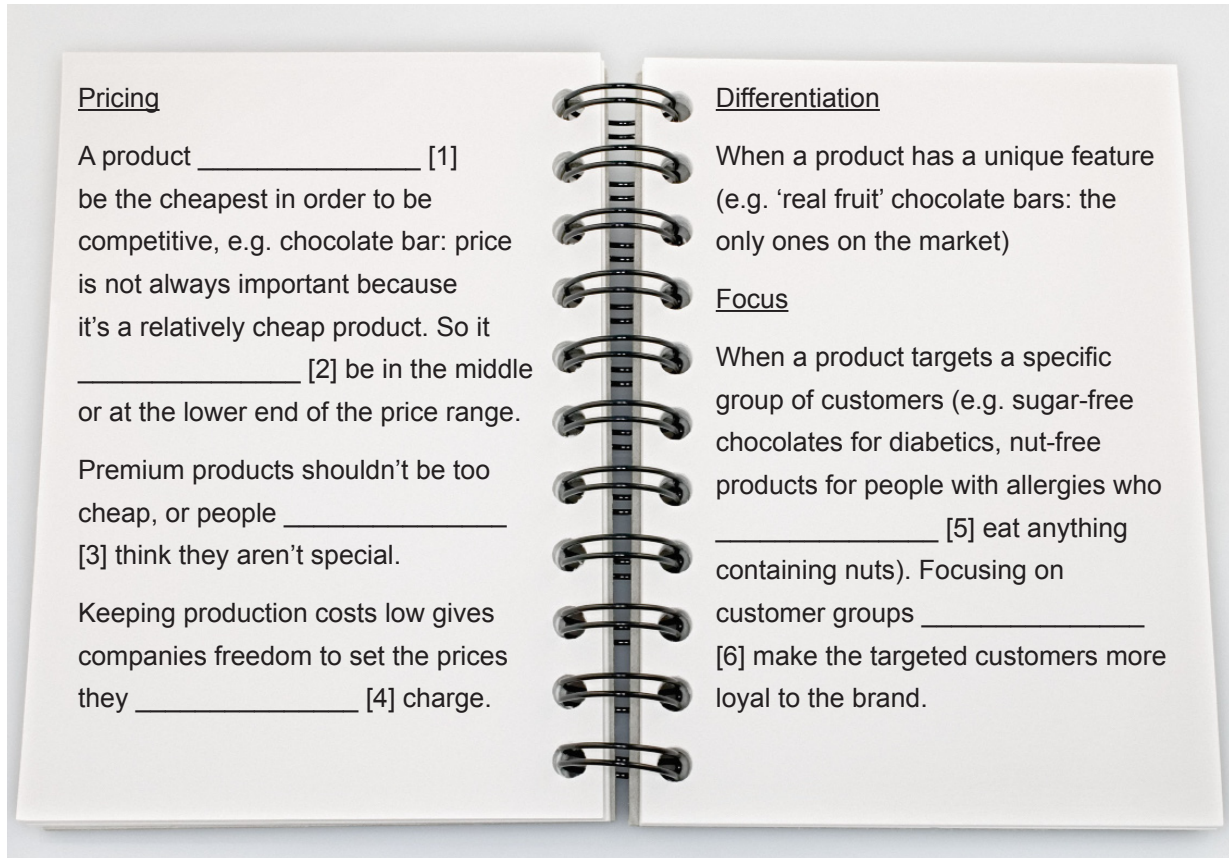
- Threat of new entrants
- Supplier power
- Buyer power
- Threat of substitutes
- Industry competitors

Worksheet B: Level 1 (Intermediate)

C Comprehension

Listen to the dialogue again and complete Tim's notes below using the words in the box.

can could doesn't need to mustn't need to should



D Discussion

Make a list of some of the products you buy. What kind of products do you choose on price? What kind of products are you prepared to pay a premium price for? Then compare your list with other people in the class. Do you agree with each other's decisions?

Listening transcript: Level 1 (Intermediate)

Tim, a business studies student, who is working as an intern in the marketing department of a large chocolate manufacturing company, is talking to Carla, the marketing manager, about marketing strategy.

Tim: I've noticed that you spend lots of time in marketing meetings talking about the competition.

Carla: Yes, that's right.

Tim: And in these conversations, people often use the expression 'competitive advantage'.

Carla: Right?

Tim: But I'm not absolutely sure what 'competitive advantage' means. For instance, when people said in the meeting we must price our new range of chocolate bars competitively, I assumed they were just talking about the price.

Carla: Well, competitive advantage could be to do with pricing, but not necessarily. Pricing is not the whole story. In fact, we can use 'competitive advantage' to talk about any factor that gives us an advantage or edge over our competitors. That doesn't just mean the price.

Tim: But the price is important for chocolate bars, right? If you want to be competitive, you need to have the cheapest price, don't you?

Carla: No, not necessarily. If you think about it, many people don't choose their chocolate bar solely on price, because the total cost of a chocolate bar is not that high compared with other kinds of products. So, we might decide that a particular product needs to be in the middle of the price range for similar products, or at the lower end of the price range, rather than having to be the cheapest.

Tim: I see.

Carla: And for our premium products, like our luxury chocolates range, we don't want the products to be too cheap, or people will think the quality is not as high as we are claiming it is.

Tim: OK, I understand.

Carla: In fact, something that's much more important for us as a business than the price for the customer is the cost of production for us. If we can get our production costs lower and take costs out of the business, this gives us more freedom to charge lower prices when we need to, and yet still make a profit. Now this doesn't mean being the cheapest. Instead, it has more to do with being able to charge what prices you think are appropriate for the product you're selling. We can have this price flexibility because we've kept the cost of production as low as we can, while still maintaining the quality of our products.

Tim: Right, I understand all that. But you said there were other forms of competitive advantage that don't involve price, or even the cost of production. Can you give some examples?

Carla: Yes, well another strategy for gaining competitive advantage is through having a product that has a special feature that seems unique to the people who buy the products. For example, last year we launched our 'Real fruit' chocolate bars range. Now many of our competitors have fruit-flavoured bars, but our products are the only ones on the market that have pieces of real dried fruit in them. None of our competitors make these, so we can charge a premium price for them. We can describe this as gaining 'competitive advantage' through differentiation.

Tim: Right.

Carla: And we can also gain competitive advantage by focusing products on a particular group of customers. An example of this is our sugar-free range of chocolates aimed at diabetics. Also, we make 'guaranteed nut-free' products for people who have a nut allergy, which we manufacture in a separate factory where no nut products are ever made. Again, people who need these products will often be more loyal to our brand, because we are meeting their needs when maybe our competitors aren't.

Listening transcript: Level 1 (Intermediate)

Tim: And which of these forms of competitive advantage is most important for this company?

Carla: Wow, that's really hard to answer. Sometimes we gain an advantage through cost and pricing, sometimes through differentiation and sometimes through focus. It depends on the product range. I suppose what I'm saying is that it's a real mixture. And the same is true for most companies and industries.

Tim: So, would you say that this company has a competitive advantage over its competitors, Carla?

Carla: Hmm. We do in some areas, but not in others. In business, competitive advantage is something you have to fight to maintain every day. Even when you think you have competitive advantage one day, you might end up losing it the next – it's never permanent. So, to go back to your very first question, that's why people here spend so much time talking about it!