

COURSE OUTLINE:

Semester 1:

Unit 1 : Company structure

Unit 2 : Retailing

Unit 3: Efficiency and employment

Semester 2:


Unit 4: Product and Corporate Advertising

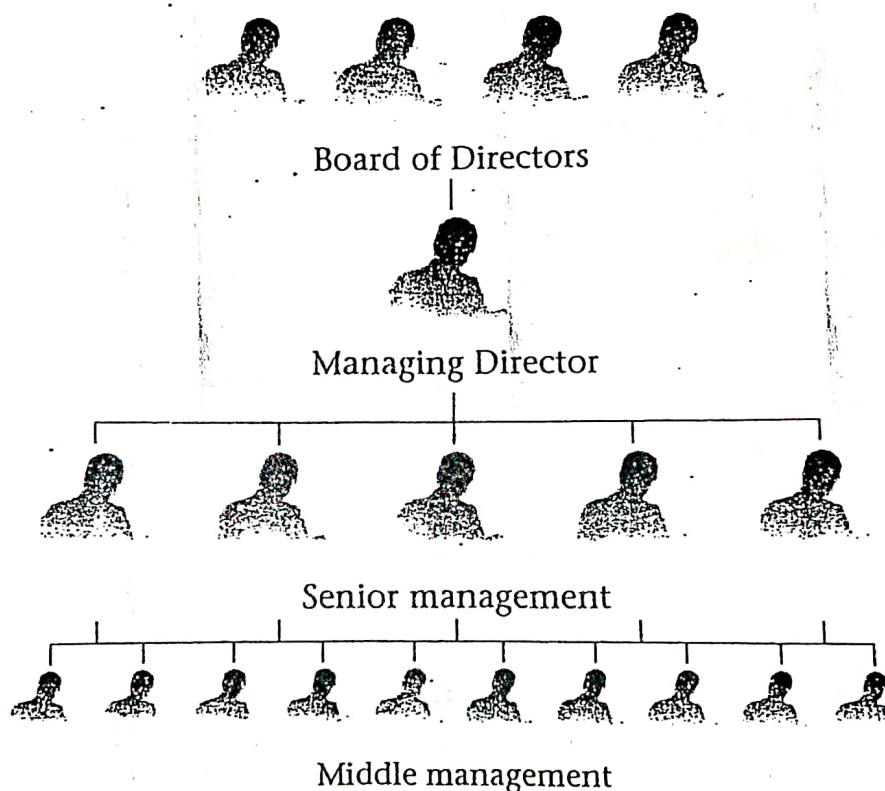
Unit 5: Import export

Unit 6: Business and the environment

1

Company Structures


Key vocabulary  Most companies are made up of three groups of people: the **shareholders** (who provide the capital), the **management** and the **workforce**. The management structure of a typical company is shown in this **organisation chart**.



At the top of the company hierarchy is the **Board of Directors**, headed by the **Chairperson** or **President**. The Board is responsible for policy decisions and strategy. It will usually appoint a **Managing Director** or **Chief Executive Officer**, who has overall responsibility for the running of the business. **Senior managers** or **company officers** head the various departments or functions within the company, which may include the following.

- | | |
|--------------------------------|---------------------------------------|
| a Marketing | e Finance |
| b Public Relations | f Production |
| c Information Technology or IT | g Research and Development or R and D |
| d Personnel or Human Resources | |

Lead-in

1  Listen to seven people talking about their work and decide which department each one works for.

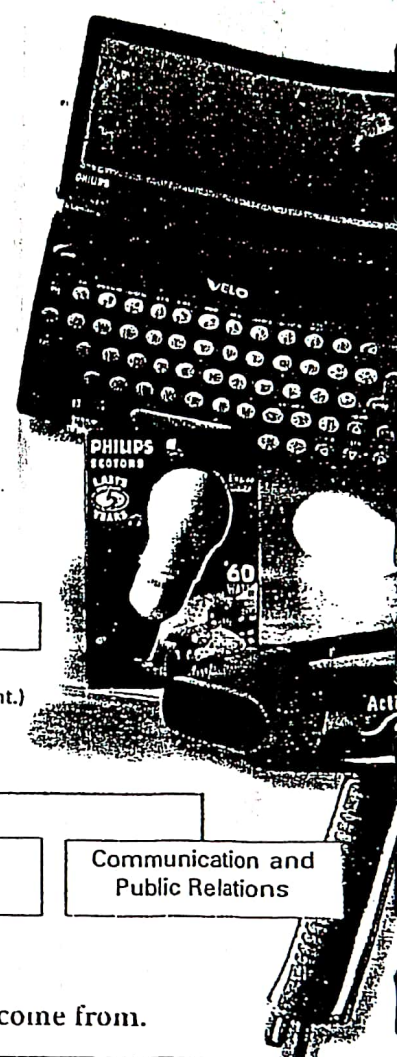
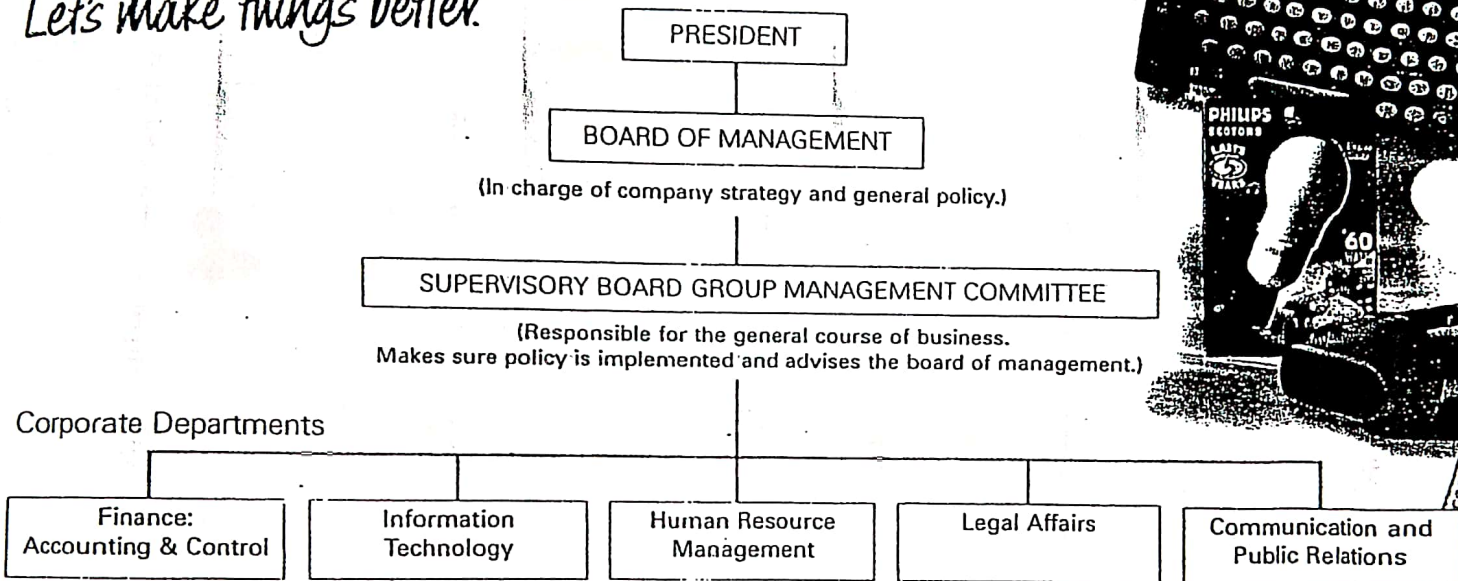
1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐

2 Philips is a major multinational company which has almost 30,000 trademarks registered worldwide. In groups, study the organisation chart below.



PHILIPS

Let's make things better.



Match these products to the sectors below which they come from.

faxes mobile computing products X-ray equipment hairdryers lamps

Sectors

Philips Business Electronics

Products include:

- digital video-communications systems
- 1 _____
- speech processing

Philips Components

Products include:

- display components
- general systems components

Philips Consumer Electronics

Products include:

- video: TV, VCR
- digital video DVD, internet, digital TV, digital cameras
- mobile phones
- 3 mobile computing products

Philips Domestic Appliances and Personal Care

Products include:

- personal care: shavers, 2 _____, suncare
- domestic appliances: vacuum cleaners, food processors, blenders, coffee makers

Philips Lighting

Products include:

- 4 _____
- lighting electronics and gear

Philips Medical Systems

Products include:

- 5 _____
- ultrasound

Philips Semiconductors

Products include:

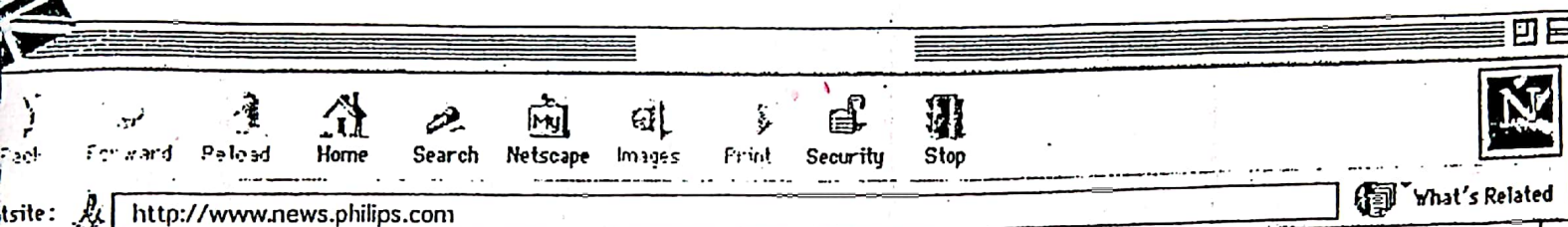
- telecom terminals
- emerging business e.g. Trimedia

Reading

1 Before reading the text below about Philips, decide whether you think these statements are true (T) or false (F).

- 1 It is the world's second biggest electronics company.
- 2 It has produced over 100 million TV sets.
- 3 Its headquarters are in Amsterdam.
- 4 It was the first company to produce compact discs.
- 5 It is active in a small number of specialised businesses.
- 6 It provides the lights for famous landmarks such as London's Tower Bridge.

Read the text and check your answers.



The Philips Story

The foundations of the world's biggest electronics company were laid in 1891 when Gerard Philips established a company in Eindhoven, the Netherlands, to manufacture light bulbs and other electrical products. In the beginning, it concentrated on making carbon-filament lamps and by the turn of the century was one of the largest producers in Europe. Developments in new lighting technologies fuelled a steady programme of expansion and, in 1914, it established a research laboratory to stimulate product innovation.

In the 1920s, Philips decided to protect its innovations in X-ray radiation and radio reception with patents. This marked the beginning of the diversification of its product range. Since then, Philips has continued to develop new and exciting product ideas like the compact disc, which it launched in 1983. Other interesting landmarks include the production of Philips' 100-millionth TV set in 1984 and 250-millionth Philips electric shaver in 1989.

The Philips Company

- 15 Philips' headquarters are still in Eindhoven. It employs 256,400 people all over the world, and has sales and service outlets in 150 countries. Research laboratories
- 20 are located in six countries, staffed by some 3,000 scientists. It also has an impressive global network of some 400 designers spread over twenty-five locations. Its
- 25 shares are listed on sixteen stock exchanges in nine countries and it is active in about 100 businesses, including lighting, monitors, shavers and colour picture tubes; each day its factories turn out a total of 50 million integrated circuits.



The Philips People

- 30 Royal Philips Electronics is managed by the Board of Management, which looks after the general direction and long-term strategy of the Philips group as a whole. The Supervisory Board monitors the general course of business of the Philips group as well as
- 35 advising the Board of Management and supervising its policies. These policies are implemented by the Group Management Committee, which consists of the members of the
- 40 Board of Management, chairmen of most of the product divisions and some other key officers. The Group Management Committee also serves to ensure that business issues and
- 45 practices are shared across the various activities in the group.

The company creed is 'Let's make things better'. It is committed to making better products and systems and contributing to improving the quality of people's work and life. One recent example of this is its 'Genie' mobile phone. To dial a number you just have to say it aloud. Its Web TV Internet terminal brings the excitement of cyberspace into the living room. And on travels around the world, whether passing the Eiffel Tower in Paris, walking across London's Tower Bridge, or witnessing the beauty of the ancient pyramids of Giza, you don't have to wonder any more who lit these world famous landmarks, it was Philips.



2 Read 'The Philips Story' again. Why are these dates important?


- a 1891 b 1914 c the 1920s d 1983 e 1984


3 Read 'The Philips Company' again and find the figures that correspond to the following pieces of information.

Example: The approximate number of designers working for Philips: 400

- 1 The number of people working for Philips worldwide
- 2 The number of countries with sales and service outlets
- 3 The number of countries where Philips has research facilities
- 4 The approximate number of scientists working in Philips' research laboratories
- 5 The number of integrated circuits produced every day

Practise reading the figures aloud.

 Listen to the cassette and check your pronunciation.

4  Listen and write down the numbers you hear.

- 1 3 5 7
2 4 6 8

Vocabulary

1 Match the words from the text with their corresponding definitions.

- | | |
|----------------------------|---|
| 1 an innovation (line 8) | a a planned series of actions |
| 2 a patent (line 9) | b main offices |
| 3 diversification (line 9) | c a place or address |
| 4 a range (line 10) | d the introduction of a new idea |
| 5 headquarters (line 15) | e a selection or series |
| 6 a location (line 24) | f making different types of products |
| 7 a strategy (line 32) | g an agreed course of action |
| 8 a policy (line 36) | h the right to make or sell an invention. |

2 In pairs, replace the words in *italics* with the words used in the text.

- 1 Gerard Philips *set up* (*established*) a company in Eindhoven.
- 2 The company initially *specialised in* (c) making carbon-filament lamps.
- 3 Developments in new lighting technologies fuelled a steady *plan for growth* (p of e).
- 4 In 1983 it *introduced* (i) the compact disc *onto the market*.
- 5 Each day its factories *produce* (t o) a total of 50 million integrated circuits.
- 6 Royal Philips Electronics is *run* (m) by the Board of Management.
- 7 The Supervisory Board *carefully watches* (m) the general course of business.
- 8 Policies are *put into practice* (i) by the Group Management Committee.
- 9 The Group Management Committee consists of members of the Board of Management and chairmen of most of the product *sectors* (d).
- 10 The Group Management Committee serves to ensure that *important matters* (i) and *ways of doing business* (p) are shared across the company.

3 Complete the passage using words from Vocabulary 1 and 2 in the correct form.

The key to Philips' success can be described by two words. The first is ¹ innovation; the company designers are continually developing and creating new products. The second is ² diversity. Philips is active in about 100 businesses varying from consumer electronics to domestic appliances and from security systems to semiconductors. With such a wide ³ range of products the company needs a complex system of management. Each product ⁴ has its own chairman; most of these chairmen are members of the Group Management Committee, which ⁵ controls all company decisions and plans. The Supervisory Board ⁶ manages the general business of the group and it also advises and supervises the Board of Management.

Vocabulary
development:
verbs and
prepositions

Some verbs are always followed by the same preposition. Look at the example from the text on page 6.

*In the beginning, it **concentrated on** making carbon-filament lamps. (line 4)*
(When a preposition is followed by a verb it always takes the *ing* form)

*These policies are implemented by the Group Management Committee, which **consists of** the members of the Board of Management. (line 39)*

1 Match the prepositions with the verbs below.

from in (x3) to (x4) for of on (x2)

- | | |
|----------------------------|-----------------------------|
| a apply <u>to</u> somebody | f refer <u>to</u> |
| for something | g succeed <u>in</u> |
| b benefit <u>from</u> | h belong <u>to</u> |
| c approve <u>of</u> | i depend <u>on</u> |
| d result <u>in</u> | j report <u>to</u> somebody |
| e believe <u>in</u> | something. |

2 Complete the sentences using verbs and prepositions from exercise 1 in the correct form.

- In the purchasing department there is a manager, and five employees who report to her.
- In this company, we firmly believe in the value of creativity and innovation.
- The development of computer technology has resulted in enormous changes in the way that people work.
- Whether or not we succeed in creating and selling new products depends on a number of factors.
- Most of our staff belong to at least one of the company's sports or leisure clubs.
- The Personnel Manager thinks that we would all benefit from further training in how to use the office software.

3 Write three more sentences, using the verb and preposition combinations above.

4 What other verb and preposition combinations do you know?

Language Focus

Present perfect
and past simple

Look at these sentences from the text on page 6.

A In the 1920s, Philips **decided** to protect its innovations.

B Since then, Philips **has continued** to develop new and exciting product ideas.

- 1 What tense is the verb in bold in A and B?
- 2 Which tense has a connection with the present?
- 3 Which tense only tells us about the past?

►► For more information on the present perfect and past simple, turn to page 164.

Practice

Complete the company profile with either the present perfect or past simple tense of the verbs in brackets. Pay special attention to irregular verbs and the position of adverbs.

COLGATE-PALMOLIVE COMPANY

William Colgate ¹ founded (found) the Colgate Company in 1806 as a starch, soap and candle business in New York City. For the first hundred years, the company ² did (do) all its business in the United States. However, in the early 1900s, the company ³ began (begin) an aggressive expansion programme that ⁴ led (lead) to the establishment of Colgate operations in countries throughout Europe, Latin America and the Far East. In more recent years it ⁵ has set up (set up) operations in Turkey, Pakistan, Saudi Arabia, Eastern Europe and China. Colgate-Palmolive ⁶ has become (become) a truly global consumer products company, worth \$8.7 bn and selling in more than 200 countries.

Colgate-Palmolive's five main sectors of business are: Oral Care, Body Care, Household Surface Care, Fabric Care and Pet Nutrition and Health Care. In the area of Oral Care, Colgate-Palmolive is the world leader in toothpaste. As a result of the company's heavy investment in research and technology, it ⁷ has developed (develop) many successful toothpastes, rinses and toothbrushes. To strengthen its presence in professional products, Colgate-Palmolive



⁸ bought (buy) the Ora Pharm Company of Australia and the dental therapeutics business of Scherer Laboratories USA in 1990. For many years, the company ⁹ has had (have) a strong dental education programme in schools throughout the world and ¹⁰ has maintained (maintain) a close partnership with the international dental community. Recently it ¹¹ has created (create) a web site for dental professionals.

The company ¹² has always paid (always pay) close attention to the environment. It ¹³ has already made (already make) great progress in the use of recyclable bottles and packaging materials.

Describing changes

The following verbs can be used to describe upward (↗) and downward (↘) movements in price, quantity and amount.

Intransitive verbs (verbs which do not have an object)			Transitive verbs (verbs which have an object)		
↗ increase	rise	go up	↗ increase	raise	
↘ decrease	fall	drop	↘ decrease	reduce	drop
	go down	decline			



The population of the world is increasing.
The prices of electronic goods have fallen.

The government has increased income tax.
We have reduced our prices by 10 per cent.

These corresponding nouns can also be used.

↗ an increase	a rise	a raise (US = increase in salary)		
↘ a decrease	a fall	a drop	a decline	a reduction

Practice



Complete these sentences using a noun or verb from the boxes above. Use each word only once.

- There are several competing companies entering the market and this has caused a 20% drop in prices.
- Last year was a good year for the company and our sales rose considerably.
- The price of coffee has fallen as a result of the bad weather conditions.
- As a result of the recession, we have had to reduce the amount of money we spend on research and development.
- The fall in profits is the result of poor management.
- The recent increase in overseas investment has been good for the economy.
- Economists predict that interest rates will go up if consumer spending continues to slow down.
- Because of high profits last year, the company has announced a salary raise for all its employees.

Skills Focus

Listening

1 Complete the passage opposite about Mr Pat Guerin, Industrial Relations Manager of Guinness Ireland. Use these expressions.

- This job involved ... ✓
- I reported directly to ... ✓
- I was employed as ... ✓
- I worked ... ✓
- The next position I held was ...
- I was then promoted to ... ✓
- In this role ...
- I've worked ... ✓

Recession: A period of temporary economic decline

Guinness PLC

In 1853, the company was the world's largest brewery

In 1955, the company began publishing

to plant: to set up / establish / constitute the groundwork for sth
A plant.

Layer: A level of seniority in the hierarchy of an organization
to brew coffee / tea beer: mixing it with hot water.

Redeployment (n)
to redeploy: to redistribute

trade union: An organization formed by employees to bargain with the employer.
~~can't~~ can



When I first started working in Guinness ¹ I was employed as a general worker. For three years

² I worked in the bottling plant as a machine operator. ³ the next period I did was for a period

of seven years in the engineering department as a maintenance assistant. This involved working with technically skilled personnel in maintaining plant and equipment. In both jobs ⁴ I reported directly to a supervisor. Since then, however, the structure of the company has significantly changed and the supervisor layer no longer exists. General workers now report to a plant manager. ⁵ I was then promoted to the position of laboratory officer in the quality assurance laboratory.

⁶ this job involved carrying out a wide range of analyses on all aspects of the brewing process. For the past year ⁷ I've worked in the personnel department as an Industrial Relations Manager.

⁸ in this role

I report directly to the Personnel Manager of the company.



2 ☐ Listen to Mr Guerin and check your answers.

3 ☐ Listen to part 2 and answer the questions.

- 1 What contributed to Mr Guerin's transition from general worker to a managerial position? *being member in trade union + market business*
- 2 What is his principal role in the company? *management planning, reacting*
- 3 What does this involve? *internal relations*
- 4 What does he think is the main skill that a manager needs today? *ability to manage change*

4 ☐ Listen to part 3. How has the company changed since Mr Guerin joined? You may wish to check you understand these words before you listen.

- contract out: *assign a job to someone outside one's own company*
- industrial unrest: *A state of disagreement between employees and the employer. may lead to protest or strikes*
- consultation
- negotiation
- early retirement
- compulsory redundancy

the state of being no longer in employment because there is no more work available

Speaking

1 Work in pairs. Student A, look at the information below. Student B, look at the information on page 154.

Student A (Susan Robertson)

Read your profile. Prepare the questions that you will need to ask Student B (Giancarlo Peretto) in order to complete his profile.

Examples: *How long have you been with your present company?*
What are you responsible for?

Interview Student B and complete the profile. Then answer Student B's questions.

Name: Susan Robertson

Age: 29

Nationality: American

Marital status: Single

Salary: \$48,000 per annum

Company: US Brands Incorporated

Present position: Brand Manager, works under the Director of Marketing

Background:

- MBA from the University of Pennsylvania
- Joined the company in 1999

Present responsibilities:

- In charge of determining national marketing strategy for a brand of paper towels.
- Heads a business team of 10 people which studies consumers' opinions of company products.



Name: Giancarlo Peretto

Age: _____

Nationality: _____

Marital status: _____

Salary: _____

Company: _____

Present position: _____

Background: _____

Present responsibilities: _____



2 Work in pairs again. Student A, look at the information below. Student B, look at the information on page 155.

Student A

Read the company profile and answer Student B's questions about it.

Virgin

is a leading international company based in London. It was founded in 1970 by Richard Branson, the present chairman. The group has seven main divisions: cinema, communication, financial services, hotels, investments, retail and travel. Its retail segment is led by Virgin Megastores, a network of music and entertainment stores. Virgin operates in 23 countries, including the United States, the United Kingdom, Continental Europe, Australia and Japan. In 1999, the combined sales of the different Virgin holding companies exceeded £3 bn.



Now ask Student B questions about the company that he or she has read about, and complete the notes below.

Name of company Virgin

Headquarters London

Chairman Richard Branson

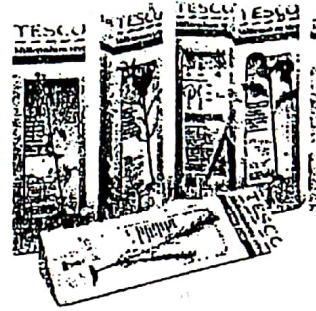
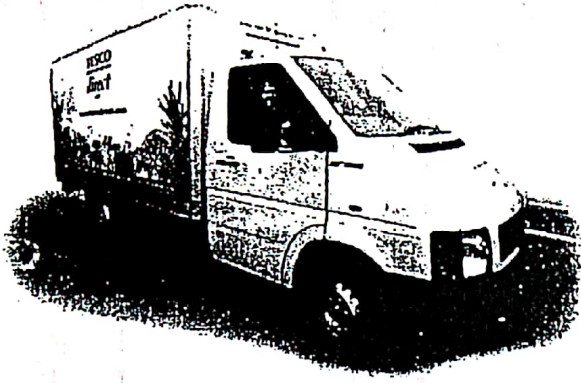
Business activities cinema communication financial services hotels investments retail

Main markets UK US Europe Australia and Japan

Sales in 1999 £ 3 bn.

Writing

Write a company profile for TESCO using the notes below. Use the examples in Speaking 2 to help you.



Name of company: TESCO plc

Established: 1924

Headquarters: Cheshunt, near London, UK

Chairman: John Gardiner

Business activities:

Superstores and hypermarkets - food, toys, clothes

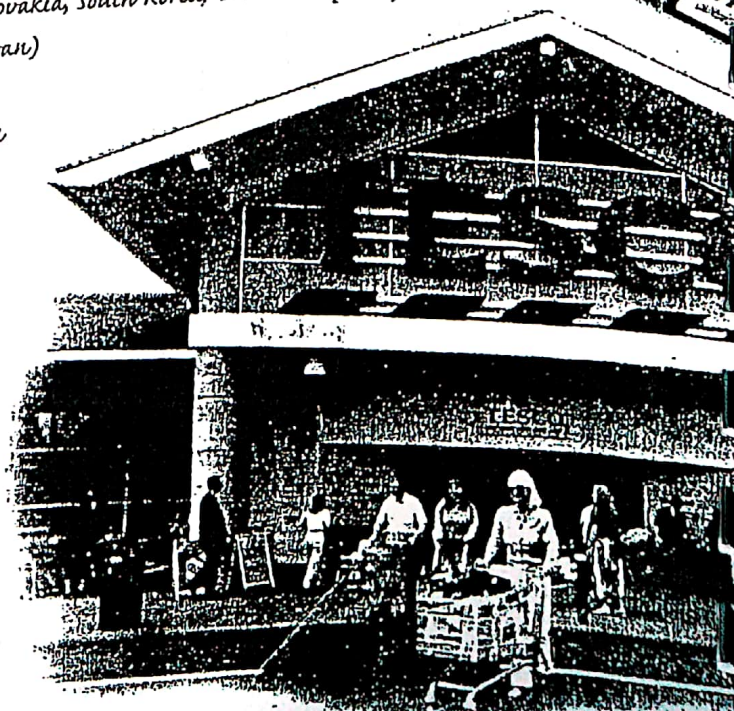
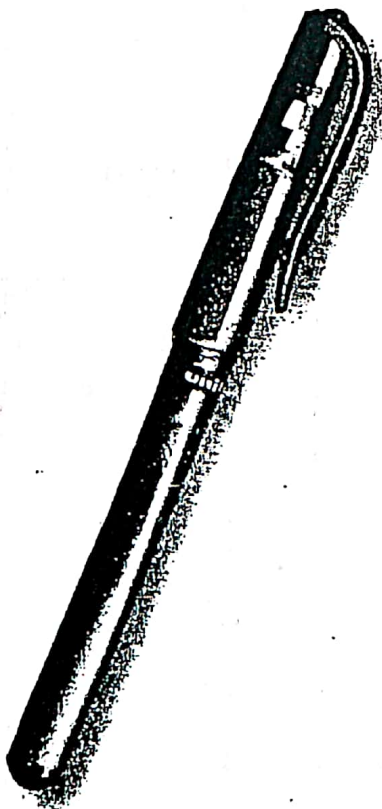
Personal finance - banking, credit cards, loans, insurance

E-commerce - home shopping, books online

Internet service provider

Main markets: UK, Ireland, France, Czech Republic, Hungary, Poland, Slovakia, South Korea, Thailand (plans for Malaysia and Taiwan)


1999 sales: £18.5 bn



Retailing ≠ wholesale: selling of merchandise in big quantities to retailers ^{not consumers}
 selling of good in small quantities directly for consumption
 to be a retailer ≠ to be a wholesaler
 11

unit

3 Retailing

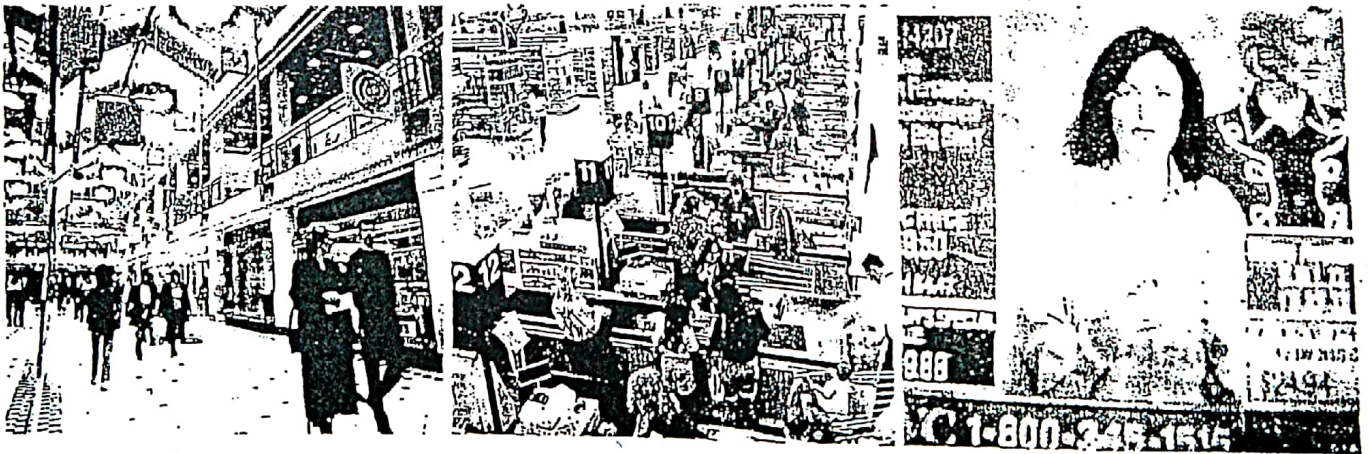
Key vocabulary  **Retailing** is the business of selling products to the general public. Most **retailers** sell from **shops** or **stores** which are called **outlets**. Many countries have large retail **chains** which are organised nationally and sell a standardised selection of products. Their outlets are often in **shopping centres** (US **malls**), where there is a large variety of stores in the same location.


Many large retailers operate from out of town locations with parking facilities, known as either **hypermarkets** (over 30,000 square metres) or **superstores** (under 30,000 square metres). They may be on a **retail park**, where there are a number of large stores.

Department stores such as Harrods in London are large shops which sell a wide variety of products, usually from a city centre location. As the name suggests, they are organised in departments, each with its own manager.

Lead-in

1 In groups, discuss the retail business in your country. How has the business changed in recent years? What do you think are the reasons for these changes?



2  You will hear Janet Moore, a retail specialist, talking about the difficulties facing British retailers who try to penetrate the US market. She talks about four companies:

Habitat	The Virgin Group
The Body Shop	Next

Listen to part 1. Which of the companies

- 1 have been successful in the US? *virgin group*
- 2 have had to modify their US operations? *the body shop*
- 3 have abandoned the US market? *habitat and next*




NEXT

to grasp = ~~to~~ understanding to quality of something
 He has a good grasp of accounting practices.

3 Look at the list of potential problems for British retailers entering the US market. Which of these do you think are the actual problems?

- 1 assuming that American and British consumers have the same tastes *yes*
- 2 not investing enough money in their operations *yes*
- 3 offering too many products for sale
- 4 not advertising enough
- 5 taking too long to react to competition
- 6 not having high enough prices
- 7 sending UK managers to run the stores
- 8 choosing the wrong locations for stores *yes*

 Listen to part 2 and tick the problems Ms Moore mentions.

Reading

1 Look at the headline and introduction opposite. Write five questions you would like to ask about Richer Sounds.

2 Read the text and see if you can find the answers to your questions. Can you guess the answers to your other questions?

3 Read the text again and choose the best answer for each of the following questions.

- 1 Richer Sounds is
 - a a single outlet retailer.
 - (b)** a privately-owned retail chain.
 - c a department store.
- 2 Richer Sounds
 - a sells ten times more than Marks and Spencer.
 - b has more outlets than most UK retailers.
 - c sells more per square foot than any other UK retailer.
- 3 Richer Sounds is cheaper than other hi-fi retailers because
 - a it only sells old models of hi-fi equipment.
 - b it buys equipment from manufacturers at special prices.
 - c it sells second-hand equipment.
- 4 Manufacturers like doing business with Richer Sounds because
 - a it can handle small numbers of items.
 - b it has a large number of stores.
 - c it accepts lower discounts than other retailers.
- 5 Richer Sounds
 - a does all its advertising through brochures.
 - b gets free publicity from newspaper and magazine articles.
 - c buys advertising space at a low price.
- 6 At Richer Sounds, staff
 - a regularly receive further training.
 - b do not have to follow rules.
 - c install equipment for their customers.

Bargain : to negotiate the terms and conditions of a transaction

Sainsbury: A chain of super markets in UK selling everything from clothing to electricals; groceries
to stock up: to reload

to scan: to rise rapidly

likeable bloke: attractive sympathetic fellow (man)

to rap out: to talk or chat in a friendly familiar manner

Bang and Olufsen: High end headphones, speakers and televisions

RICHER

turnover: the amount of money taken by a business during a particular period

Retailing

Pickings

At hi-fi chain Richer Sounds 'we have a laugh', says founder Julian Richer. They also sell more per square foot than any other retailer in Britain.

By Nigel Cope



Who is the busiest retailer in Britain? Marks and Spencer? Sainsbury perhaps, or Tesco? Wrong on all three counts. The answer is Richer Sounds, a little-known, privately-owned, cut-price retailer of hi-fi equipment with 28 shops in the UK.

In the Guinness Book of Records, Richer Sounds warrants an entry for the highest sales per square foot of any retailer in the UK — £17,000 — for its store on London Bridge Walk in the City. Even taking an average across all 28 stores, Richer Sounds still clocks up £5,780 per square foot, ten times more than Marks and Spencer, six times the sales achieved by Sainsbury.

It is profitable too. Sales are up and its operating margin has soared from 3.4 per cent in 1989 to almost thirteen per cent today. Last year Richer Sounds made profits of more than £3m on sales of almost £48 m.

The man behind Richer Sounds' success is founder, managing director and 98 per cent shareholder Julian Richer, a 39-year-old Londoner who, at the age of 14, used to buy and sell candles during the energy crisis of 1974. A likeable bloke who wears his blond hair in a pony tail and operates from a small converted Victorian vinegar factory in Bermondsey, south-east London, he raps out his sales pitch.

"Even when I was at school I wanted to go into business," he says, "but my age was against me. Property was out — I wasn't old enough to sign a contract. Cars were out — I couldn't drive. So I turned to hi-fi, which was catching on at school. I

bought a second-hand Bang and Olufsen for £10, did it up* and sold it for £22." In 1979, at the age of 19, he opened his first shop — the one on London Bridge Walk.

Since then little has changed. In simple terms, Richer Sounds sells discounted hi-fi from tiny, basic shops with low overheads. Stock turnover is rapid and the company's smallness gives it flexibility to take advantage of deals offered by manufacturers on end-of-line or surplus equipment.

The technique has enabled Richer Sounds to secure itself a lucrative niche in a £4 bn audiovisual market dominated by independents.

While leading multiples stock mainly the mass market, volume selling midi systems which became popular in the early 1980s, Richer Sounds sells only hi-fi separates such as tuners and amplifiers. It buys either end-of-line ranges which manufacturers are hoping to off-load before the next, cosmetically different model arrives from Japan, or small orders of current models which, perhaps because of poor stock management, the manufacturer is prepared to sell at a reduced price. Now, as manufacturers' stock control improves, three-quarters of its stock is current models.

Suppliers are keen to do business with this quirky* retailer. "People like Dixons and Comet have so many stores (344 and 262 respectively) that unless you've got 5,000 of a model it's not worth their while putting it into their distribution system," says Clive Roberts, sales and marketing director of Akai. "With Richer, you can do a deal on 30."

Marketing is a key weapon. Richer Sounds advertises regularly in national newspapers ("We buy late space at a discount," Richer says) and in alternative* magazines such as Private Eye and Viz. Every month it produces up to 350,000 copies of a brochure pushing the latest offers.

The shops are like walk-in warehouses. Outside, "bargain bins" tout special offers including audio cassettes for 59p. Inside, compact disc players, tuners and speakers from leading names such as Sony, Akai and Marantz are stacked from floor to ceiling. Banners hanging from the ceiling proclaim: "If you've seen it cheaper, we'll beat that price by up to £50."

Good service is another priority. At Richer Sounds staff are trained not to be pushy*. They all attend two training seminars a year at Richer's country house in Yorkshire, where more attention is paid to following the correct administrative procedures.

First-time hi-fi buyers get a call to check that they have plugged in the equipment correctly. Customer receipts include a freephone number they can dial if they have a problem. Richer's own name and office number are supplied too.

The emphasis is on fun. If it's raining, customers are given a free umbrella. In summer they get a Chilly Willy (a type of ice lolly). Other seasonal gifts include mince pies at Christmas and hot-cross buns at Easter. "We have a laugh," Richer says. "We don't take ourselves seriously, but we do take our customers seriously."

Business

*sales pitch: what salespeople say to persuade you to buy s.th.
*to do s.th. up: to repair s.th.

*quirky: unusual, untypical
*alternative: not traditional
*pushy: rude in trying to get what you want

overheads: expenses
lucrative: producing a great deal of profits

unit three

Niche: a specialised segment of the market for a particular kind of product or service
Mass market = the market of goods that are produced in large quantities

Vocabulary

1 The following words can be used in more than one way. Underline the correct part of speech for each word as it is used in the text on page 27.

- | | | |
|---------------------|---------------|--------------------|
| 1 stock (line 47) | a <u>noun</u> | b verb |
| 2 deal (line 49) | a noun | b verb |
| 3 surplus (line 50) | a noun | b adjective |
| 4 secure (line 53) | a verb | b adjective |
| 5 market (line 54) | a noun | b verb |
| 6 model (line 63) | a noun | b verb c adjective |
| 7 order (line 64) | a noun | b verb |
| 8 control (line 68) | a noun | b verb |

2 Complete the passage using appropriate forms of the words in Vocabulary 1.

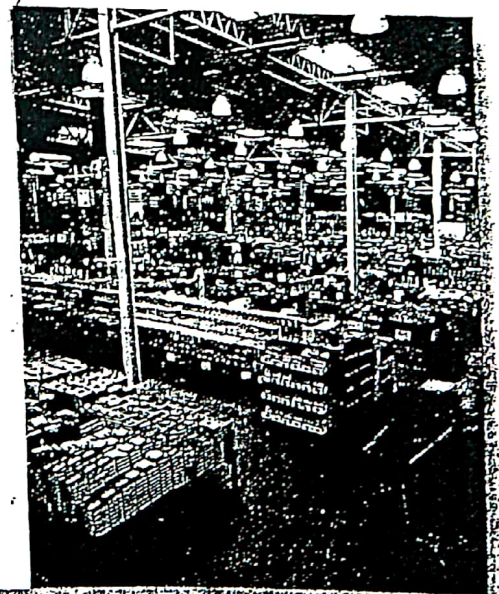


Sephora is a French beauty supermarket chain which has revolutionised the way that perfumes and fragrances are sold. Sephora operates in a ¹ mass that has traditionally been served either by small exclusive perfume stores or by department stores. It ² offers a wide selection of top products from beauty houses like Chanel and Estée Lauder. Two years ago the original founder of Sephora, Dominique Mandonnaud, was approached by the luxury chain LVMH (Moët Hennessy – Louis Vuitton) with an offer to buy the company and one year later a ³ takeover was made. Today Daniel Richard, the new president, ⁴ controls all aspects of the business. He has managed to ⁵ secure the support of many of the big brands in the perfume business and has placed big ⁶ orders with them. Sephora has ambitious plans for the future, and recently opened a store in New York.

3 Read the text about the American company Wal-Mart, the world's largest retailer. Replace the words in *italics> with these words from the text on page 27.*

- | | |
|-----------------------|-----------------------|
| a profits (line 22) | d range (line 61) |
| b overheads (line 46) | e suppliers (line 71) |
| c niche (line 53) | f discount (line 82) |

Wal-Mart is already manoeuvring to bring its vision of retailing to the European consumer. In the United States the company operates stores that are often twice as big as their European equivalents and which sell a huge ¹ selection range of quality products at a ² significant price reduction. However, duplicating its success on the old continent may prove to be just as difficult as conquering the New World's markets. Firstly, Europe with its limited space available for building new stores and its high ³ operating costs may make it more difficult for the company to produce the same ⁴ positive financial results that it has had in the US. In addition to that, it may be difficult to persuade ⁵ companies that provide goods for retailers to do business with them in the same way as they do in the US. But with its purchase of the British supermarket chain ASDA, Wal-Mart clearly wants to establish a ⁶ particular market for itself in Europe.



²⁸
warehouses = large retail store where goods may be stored prior to their distribution
is stock to arrange to pile

Vocabulary development: compound nouns

- 1 Look at these compound nouns from the text on page 27.

mass market (line 57)

special offer (line 88)

distribution system (line 76)

leading name (line 91)

What other compounds do you know with these words?

a market b system c name d special

- 2 Match words from A and B to make compound nouns. Check your answers in a dictionary.

A

- | | | |
|------------|---|--------------|
| 1 customer | c | 4 sales |
| 2 duty | | 5 purchasing |
| 3 profit | | 6 consumer |

B

- | | |
|-----------|-----------|
| a power | d margin |
| b goods | e figures |
| c service | f free |

Discussion

Read the extracts below from Julian Richer's book *The Richer Way*. What do you think of the company's approach to customer service? What experiences have you had of good or bad service in shops?



RICHER
Sounds

“We train our staff to take responsibility. If a customer has a complaint, the first thing the sales assistant does is apologise, even if he or she knows nothing about the circumstances. Then they go on to sort the problem out.”

“Every month the three winning shops in our customer service competition, the Richer Way League, win a car for a month. Two get Bentleys and one a Jaguar XJS convertible. The car is theirs to use as they wish, we pay the petrol.”

“At Richer Sounds we hand out gold aeroplane badges for our ‘high flyers’ – staff who have performed above and beyond the call of duty, perhaps by giving exceptional customer service, or having a really brilliant idea.”

Language Focus

Make and do

Look at the sentences from the text on page 27.

Richer Sounds made profits of more than £3m. (line 21)

Suppliers are keen to do business with this quirky retailer. (line 71)

►► *Make and do are very similar in meaning and it is not always easy to know which to use. Turn to page 165 for some guidelines.*

Practice

1 Which of the following words are used with *make*, and which with *do*? Use a dictionary to help you.

- | | | | | |
|---------------|------|----------------|--------------|---------------|
| 1 a complaint | make | 5 a suggestion | 9 a decision | 13 the typing |
| 2 nothing | | 6 a speech | 10 your best | 14 money |
| 3 an exam | | 7 a loss | 11 research | 15 a job |
| 4 a mistake | | 8 a trip | 12 plans | 16 good |

2 Complete the questions with the correct form of *make* or *do* and words from exercise 1.

- Have you ever had to make a speech in front of an audience?
- What is the longest _____ that you've ever _____ to a foreign country?
- Have you ever _____ a _____ about the poor quality of something you bought?
- Is complaining useful?
Do you think it _____ any _____?
- Do you prefer to _____ in a library or on the internet?
- Have you ever _____ any _____ about how customer service could be improved in shops that you have visited?



- How much _____ do you think you will _____ from your job next year?
- What _____ have you _____ for the next summer holidays?

3 In pairs, ask and answer the questions in exercise 2.

Locating objects

Do this quick-check exercise as preparation for the listening activity that follows. Look at the picture of a gift shop and complete the sentences with the words in the boxes.

at the front
at the back
at the top
at the bottom
in the middle
on the left
on the right

The personal stereos are ¹ at the top of a large display cabinet, ² _____ of some small radios. The hi-fi systems are ³ _____ of the cabinet and the radio cassette recorders are ⁴ _____. ⁵ _____ is a smaller display case containing a selection of jewellery: there are some earrings ⁶ _____ and some bracelets ⁷ _____.

above
next to
between
in front of
below
inside
behind

- 8 The binoculars are on the shelf below the video cameras.
- 9 The jewellery is _____ the perfume counter.
- 10 The scarves are _____ the perfume counter.
- 11 There are some video cassettes _____ a box.
- 12 There is a 'Sale' sign _____ the jewellery counter.
- 13 The watches are _____ the earrings and the bracelets.
- 14 The shop assistant is standing _____ the perfume counter.



Skills Focus

Listening

1 Where would you expect to find these items on the supermarket plan below?



③

Entrance



④



⑥



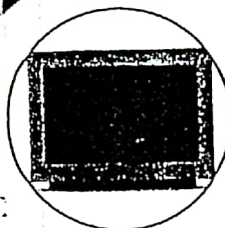
⑧



②

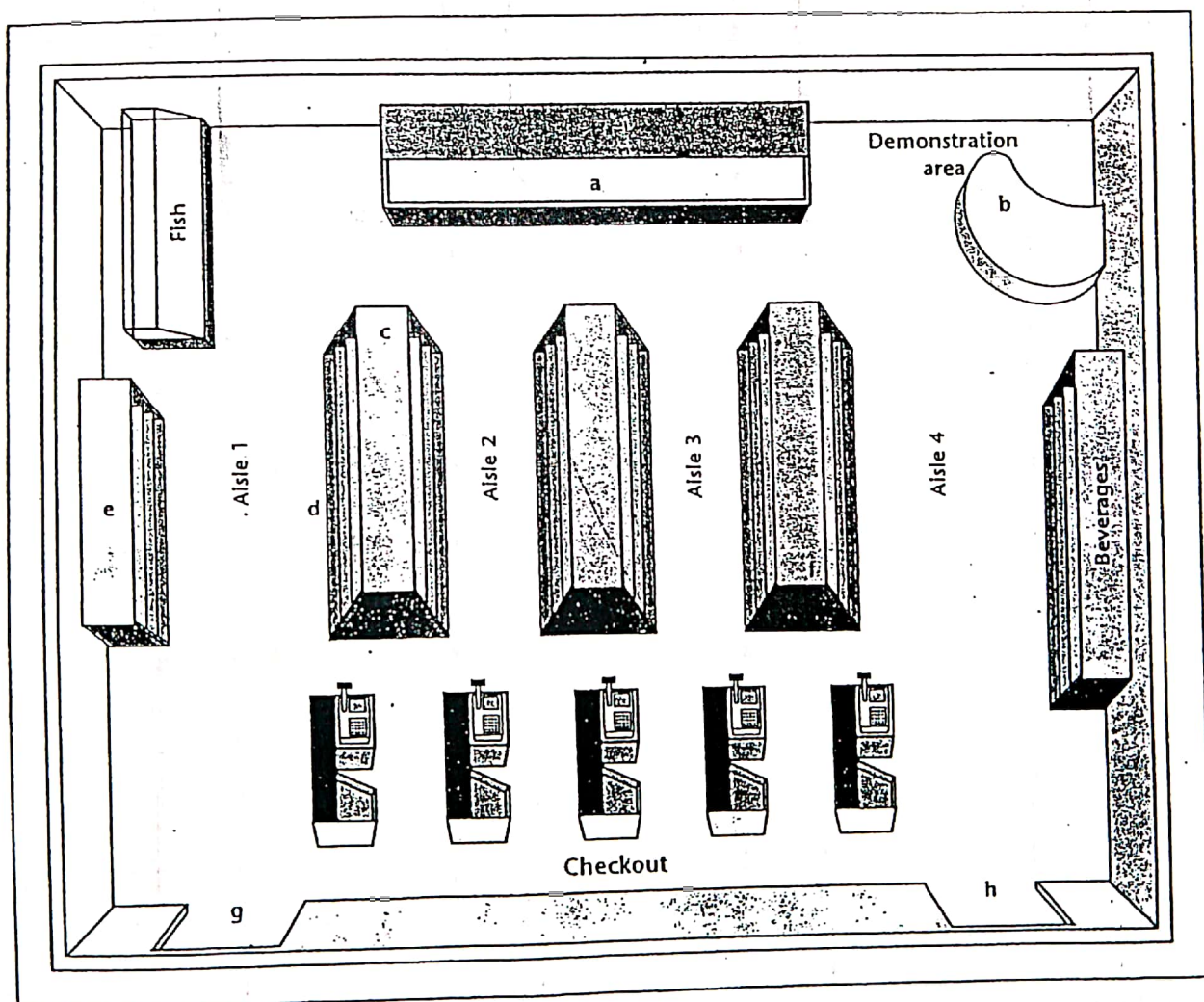


⑤



⑦

Exit



2 Listen to a British supermarket manager talking about the layout and design of her store. Indicate where the items are located on the floor plan.

3 Listen again. What reasons does she give for locating the items in this way?

Writing 1

You have been asked to prepare and test a questionnaire that will be used in a consumer survey of customers of a chain of retail bookshops. The questionnaire will be used in interviews with customers to collect the following information:

- customer profile
- customer satisfaction
- attitudes to mail order and e-commerce

In pairs prepare the questions to include in your survey, covering these areas:

Customer profiles

- resident / visitor
- professional and social background
- income
- regular / occasional
- level of spending
- how they discovered the store

Customer satisfaction

- service
- product range
- prices
- communication of information
- suggestions for improvement

Customer attitudes

- experience and opinion of mail order
- experience and opinion of e-commerce

Your questionnaire should contain a mix of question types. Look at the extract from the survey. Which question is:

- a multiple choice question?
- a closed question?
- an open question?

1 Do you live in this town?

Yes / No

2 What do you do?

3 How much money do you earn per year?

a £0 – 10,000

b £10,000 – 30,000

c more than £30,000

Speaking

1 Student A, look at the photo on page 154. Student B, look at the photo on page 157. Prepare the answers that you think this person would give to each of the questions in the questionnaire.

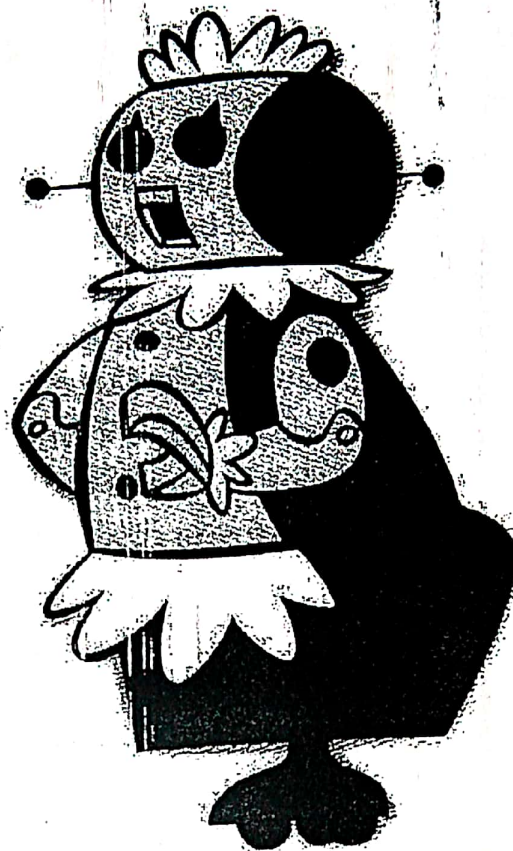
2 In pairs, take turns to interview each other.

Writing 2

Write a report for the chain of bookshops, based on the information you obtained in the interviews.

Unit 20 Efficiency and employment

► In the cartoon 'The Jetsons', Rosie the maid is a robot. Will technology put business graduates out of work too?



1 Labour market flexibility

1a Vocabulary and discussion

One person's 'secure, pensionable job' is somebody else's idea of a life of boredom, and might suggest to a third person an inefficient bureaucracy. One person's 'economic dynamism' is somebody else's economic insecurity. And so on. Divide the following words into two categories: those which, in general, sound positive, and those which sound negative. Then discuss, and justify, your lists.

computerization
flexibility
growth
public services
self-employment
taxes

decentralization
free trade
job-sharing
rationalization
stability
technology

deregulation
globalization
productivity
restructuring
structural change
welfare

1b Discussion

Has the rate of unemployment in your country increased or decreased in the past 10 to 20 years?

In which economic sectors have jobs disappeared?

In which economic sectors have jobs been created?

1c Listening

DEMO : Purchase from www.A-PDF.com to remove

▶ Kate Barker: 'The United States has historically had a much more flexible market than the European Community. In downturns employment falls very fast, but in an upturn employment rises more quickly.'



Kate Barker, formerly the Chief Economic Adviser of the Confederation of British Industry, is a member of the Bank of England's Monetary Policy Committee. You will hear her talking about the things that will need to change if labour markets become increasingly flexible.

Listen to the first part of the interview and answer the questions.

- 1 A 'flexible labour market' is one in which
 - A workers are able to do a variety of jobs.
 - B it is easy for companies to hire non-permanent staff.
 - C workers are free to choose the hours they work.
- 2 What is the advantage of a flexible labour market for employers?
- 3 What does 'the more flexible labour market is considered to have encouraged inward investment' mean?
- 4 Kate Barker says that three things will have to be rethought or reconsidered if the British labour force is going to remain more flexible. Complete the gaps:

In particular, the structure of (1) needs to be revisited if you have people moving between employment and unemployment much more quickly. The structure of (2) needs to be revisited if you have people no longer working for a long time for the same employer, and finally in Britain we tend to have a very high level of owner-occupation – more people (3), and they borrow a great deal of money in order to pay for that. [...] It would be much more logical to have a big (4) if you want to have a very flexible labour market.

1d Comprehension

Listen to the second part of the interview. According to what Kate Barker says, which is the correct answer in each case?

- 1 In a flexible labour market, such as that in the USA,
 - A unemployment falls in a downturn or recession.
 - B unemployment rises in a downturn or recession.
 - C unemployment regularly increases.
- 2 In a flexible labour market,
 - A unemployment rises during an economic upturn.
 - B temporary employment rises during an economic upturn.
 - C permanent employment rises during an economic upturn.

- 3 In a flexible labour market, there are
- A badly-paid workers who have frequent periods of unemployment.
 - B well-paid workers who have frequent periods of unemployment.
 - C 10% of earners who have frequent periods of unemployment.
- 4 Wages are falling
- A because of the deregulation of the labour market.
 - B because there is now a kind of 'underclass' of workers.
 - C because of competition from Asian countries.

1e Listening

Listen to the third part of the interview and answer these questions.

- 1 What are the two measures that Kate Barker suggests governments can take to help the long-term unemployed?
- 2 What, according to Kate Barker, is a common attitude among employers towards long-term unemployed people?

2 Job security

2a Vocabulary

- 1 Which of the following words mean the same as to *employ* someone, and which mean the same as to *dismiss* someone?

appoint *engage* *fire* *hire* *lay off*
make redundant *sack* *take on*

- 2 The words on the left appear in the following article. Match them up with the definitions on the right.

- | | |
|---------------------|--|
| 1 job insecurity | A decreasing the number of permanent employees |
| 2 tenure | B generally held beliefs (that are probably false) |
| 3 employability | C language used to persuade people to believe something |
| 4 downsizing | D temporary jobs in companies, arranged by employment agencies |
| 5 agency employment | E the central part of something (e.g. a company's workforce) |
| 6 core | F the extent to which a person has skills that employers want |
| 7 rhetoric | G the fear that you might lose your job |
| 8 received wisdom | H the period of holding a job |

2b Reading

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Read the article 'The truth about work', and decide which of the following you think was the original sub-title:

- a International Labour Organization report reveals the huge increase of temporary work
- b In spite of the rhetoric about job insecurity, people stay in their jobs just as long today as they did 10 years ago
- c Employment patterns tend to be counter-cyclical

The truth about work

Robert Taylor

The gap between rhetoric and reality never seems to grow any narrower when it comes to the public discussion of employment.

Politicians and journalists, recruitment agencies and management consultants continue to make the flesh creep with talk of the end of the permanent job for life, the arrival of flexible labour markets and the emphasis on employability in a world of regular job changes.

An impression is given of a rapid, irreversible transformation of the supposed world of stable, long-tenured employment that dominated the industrialized economies for the first three decades after the second world war. However, much of this received wisdom is wrong. A research paper from the International Labour Organization provides evidence to demonstrate this.

The research shows that the average length of job tenure hardly changed during the 1990s. In fact it rose slightly to 10.5 years. As the ILO report states: 'In contradiction to an assumed radical change in the labour markets towards less stability and more numerical flexibility, the

investigation of job tenure does not, in fact, show any universal trend towards increased labour market instability among the major industrialized countries. ...

While certain sub-groups of the population, such as those with less education, experienced less job security than in the past, for the most part these analyses indicate there was no systematic change in the duration of jobs over time,' concludes the ILO.

What differences exist in job tenure between countries seems to have less to do with technological change or globalization and more to do with the ups and downs of the business cycle. 'Research shows that flows both in and out of employment tend to be counter-cyclical, so average job tenure is declining in upswings and increasing in downturns,' notes the ILO. 'The decline in job tenure observed in recent years may mainly reflect the economic recovery that has taken place in some countries, rather than a structural shift towards increased job instability.'

Shorter job tenures can be found among university graduates, while those with the longest time in a job have a medium level of

educational qualifications. People working in larger companies are more likely to stay with their employer for a long time.

Downsizing tends to hit junior workers most, not the ageing core.

The report found that job retention rates stayed remarkably stable; at least after the early 1980s. But the figures mask a tendency for younger and older workers to have lower retention rates compared with those of prime age.

But this is not the end of the matter. The report tries to find out why so many people believe they are living through a period of exceptional job instability. The ILO acknowledges that between 1985 and 1998 we experienced a significant net increase in the amount of temporary work (fixed-term contracts and temporary agency employment). But the existence of a temporary work contract is not necessarily a sign of instability. Fixed-term contracts are an important gateway into long-term employment.

So what explains the view that we think we are living in an uncertain world of work? It may be that an involuntary loss of work now covers the articulate, skilled white-collar elites – not just blue collar workers – and they make bigger fuss about being made redundant.

2c Comprehension

DEMO: Purchase from www.A-PDF.com to remove the watermark
Underline or highlight the phrases or part-sentences in which the journalist:

- 1 states that lots of people are trying to frighten us
- 2 describes the common conception of the labour market in the 1950s, 60s and early 70s
- 3 concedes that poorly-qualified people are now more likely to lose their jobs
- 4 suggests that people choose to change jobs when the economy is working well
- 5 contradicts what Kate Barker says about employment and recessions
- 6 suggests that increased mobility between jobs could be a sign of an improving economy
- 7 suggests that workers in small and medium-sized companies are more mobile
- 8 suggests that workers in their thirties and forties are less likely to be dismissed
- 9 mentions the increase of non-permanent positions
- 10 concedes that qualified workers are being dismissed

2d Discussion

Although the *Financial Times* article states that permanent long-tenured employment is not ending, it also reveals that less educated workers now have less job security, that there has been a significant increase in the amount of temporary work, and that articulate and highly qualified white-collar workers, particularly older ones, are being made redundant.

Common suggestions to reduce such unemployment include:

- decreasing working hours
- lowering the age of retirement
- job-sharing
- training programmes
- increasing the number of public sector jobs (i.e. those paid for by national or local government)


What are the arguments for and against these proposals?

Are you optimistic or pessimistic about your own future? Do you expect the qualification you are currently studying for to get you a permanent job?

Do you see any areas in which a large number of jobs might realistically be created? Or any other solutions to the currently existing high rates of unemployment and temporary work?

14

Product and Corporate Advertising

Key vocabulary  **Product advertising** is an important part of the marketing mix. Its aim is to increase sales by making a product or service known to a wider audience, and by emphasising its positive qualities. A company can advertise in a variety of ways, depending on how much it wishes to spend and the size and type of audience it wishes to **target**. The different **media** for advertising include television, radio, newspapers, magazines, the Internet and direct mail. The design and organisation of advertising campaigns is usually the job of an advertising agency.

Corporate advertising is not directly concerned with increasing sales of a particular product or service, but more with the **brand image**, or picture, a company wants to present to the public. **Public relations (PR)** experts specialise in organising activities and events which generate positive **publicity** for companies. Unusual advertising campaigns sometimes get extra publicity for the company by way of media reports about the campaign.

Lead-in

1 In groups, what other methods of advertising do you know?

2 As consumers get more used to advertising, companies have to come up with better ways of ensuring that people pay attention to their ads. In pairs, say what you think of these recent experiments in advertising. Can you think of any new and innovative ways to advertise?

- Interrupting telephone conversations with advertising messages (in exchange for free phone calls).
- Talking ads at bank cash machines.
- Ads on toilet walls.
- Advertising on small television screens on supermarket shopping trolleys.



3 Many advertisements contain a slogan or short phrase to attract the consumer's attention. Effective slogans are usually short, easy to remember, easy to repeat and easy to translate for international markets.

1 Read the texts about translations of slogans and brand names, and note the problem in each case.

(a)

In Taiwan, the translation of the Pepsi slogan 'Come alive with the Pepsi generation' came out as 'Pepsi will bring your ancestors back from the dead.'

(b)

When Parker marketed a pen in Mexico, its ads were supposed to say 'It won't leak in your pocket and embarrass you.' However, the company translated 'embarrass' as 'embarazar', which means 'to become pregnant'. So the ads said 'It won't leak in your pocket and make you pregnant.'

(c)

In Italy, a campaign for Schweppes Tonic Water translated the name as Schweppes Toilet Water.

(e)

When Braniff Airlines translated a slogan for its comfortable seats, 'fly in leather' it came out in Spanish as 'fly naked'.

(d)

Colgate introduced a toothpaste in France called Cue, the name of a French pornographic magazine.

2 In groups, write down five popular slogans in your language. Try to translate them into English. Read them out to the other groups and see if they can guess which products your translated slogans refer to.

4 The Italian clothing retail company Benetton is one of the most successful European franchisors. Its advertising has been highly successful but also extremely controversial, and has been banned in some countries.

In pairs, discuss the advertisement below.

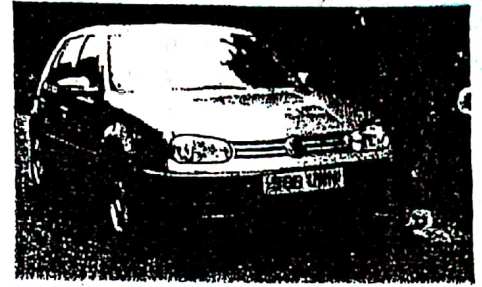
- 1 What is it advertising?
- 2 What do you think of it? Does it shock you?
- 3 Do you think it was a successful advertising campaign? Why? / Why not?





Sacrilege

By Stephen Armstrong



Is Volkswagen bold or stupid? Across France, workmen have been busy scraping off 10,000 billboard advertisements for its new Golf following furious complaints from the Catholic Church. In a series of posters, the German carmaker's model was likened to a religious revelation; one that showed Jesus at the last supper recommending the car to his disciples.

VW's agency DDB Needham doubtless thought its advertising was ironic and extremely up-to-date. After all, the admen presumably figured, if outrageous advertising worked for the likes of Benetton, it could work to revive the image of the Golf, which is frankly rather old-fashioned.

After the Catholic Church threatened to sue* for Ffr 3.3 m (\$550,000) to obtain reparation for the damage suffered by Christians, the agency and the carmaker confessed to their sins and agreed to remove the ads. 'We have no disrespect for the fundamental values of society nor for the beliefs of the faithful,' said a spokesperson for DDB Needham. 'We decided to retract the posters immediately in order to show our respect for the faith and the feelings expressed by certain believers.' The agency's penance* has included making a substantial donation to a Catholic charity.

European consumers are exposed to hundreds of commercial messages a day, but the vast majority of these are ignored, so ads which shock have become more popular with advertisers. It is believed that these ads force consumers to listen to their message. But some adland thinkers argue that it's a little more

complicated than that.

Virginia Valentine, director of advertising's foremost cultural analysis company, Semiotic Solutions, argues that brands can no longer expect consumers to take sales messages 'at face value'. Consumers challenge everything they are told, she believes, and will prefer brands that give them something back, rather than the old-style 'here's our product ain't it great!' philosophy which has dominated advertising since its inception. Thus ads can deal with social issues and refer to the news agenda these days. Inevitably, though, it can go horribly wrong. 'The risk is, and I think this is true in the case of Volkswagen, that if you use images of faith and prostitute them, people will take offence. It's all very well if you give them something back, but it is clear that Jesus could not have benefited from that poster campaign.'

The ad agency, however, may well have done. The VW campaign might look like a marketing disaster, but increasingly ad agencies are selling to clients not simply their ability to write ads but their ability to write ads that generate PR. Some clients ask all agencies pitching for their business to demonstrate their ability to garner* extra publicity.

A deliberately shocking ad is the simplest way to get additional media coverage, and even if the media coverage is negative, it can still help to sell the product as advertisers like Benetton have already proved.

One supporter of Benetton's work is Leon Jaume, Deputy Creative Director of ad agency Ogilvy & Mather, who believes its

success lies in knowing its target. 'In marketing terms the only real taboo is upsetting the people you want to buy your product,' he says. 'As long as it's legal and the client is OK with it, you can offend anyone else and in many ways you should. I'd normally see outrageous advertising as a youth proposition though, and I think VW's mistake may have been in selling a product that isn't a youth product with this kind of style. Young people are receptive to taboo-breaking as they are more open-minded than older people. I think they positively welcome advertising that annoys their parents.' Some agency creatives argue that young people today are fundamentally different from previous generations in their internationalism, and young consumers in Tel Aviv are closer to their counterparts* in Paris, New York and Sydney than they are to their parents.

As this generation grows up, the argument goes, they will continue to be more broad-minded than their parents and will see the shattering of taboos as the norm. So outrageous advertising will no longer be limited to those products which target youth.

Perhaps Volkswagen was just ahead of its time, advertising to a market that wasn't broad-minded enough in a country that still gets nervous when Church and State are challenged. Or perhaps VW's collision with Catholics shows that for all their claimed acumen*, ad agencies are less in touch* with the public mood than they claim.

*outrageous: very shocking

*to sue: to claim money because you have been harmed

*penance: suffering to show you are sorry

*to take s.t.h at face value: to accept s.th. without thinking

*to garner: to collect

*a counterpart: a similar person in a different place

*acumen: the ability to make good judgments

*to be in touch with: to understand

The European

Reading

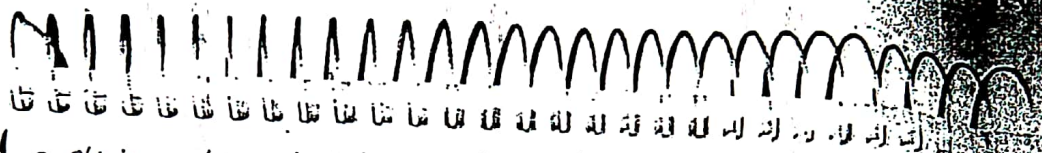
- 1 Read the text opposite about controversial advertising. Do you think the VW campaign was successful?
- 2 Read the text in more detail and choose the best answer.
 - 1 Which of the following is **least** likely to be one of the reasons why Volkswagen ran a deliberately provocative campaign?
 - a to generate media coverage of the campaign.
 - b to shock some members of society.
 - c** to show their lack of respect for the Catholic Church.
 - 2 Using taboo images in advertising has become popular with advertising executives mainly because
 - a they only want to target young people.
 - b consumers have stopped paying attention to conventional advertising.
 - c products are becoming more international and sophisticated.
 - 3 According to the text, shocking advertising is
 - a always damaging for the advertiser.
 - b always damaging for the ad agency.
 - c the simplest way to get media coverage.
 - 4 According to Leon Jaume, the young generation of consumers like ads
 - a with an international flavour.
 - b that offend them.
 - c that offend their parents.
 - 5 The author of the text suggests that
 - a perhaps Volkswagen isn't broad-minded enough.
 - b admen are not doing enough market research before running campaigns.
 - c Volkswagen wanted to break taboos in France.

Vocabulary

- 1 Find words or expressions in the text which correspond to the following definitions.
 - 1 a public space reserved for advertisers to put their ads on (para 1)
billboard
 - 2 large pictures or notices put up in a public place to advertise something (para 1)
posters
 - 3 human interest subjects (para 5)
social interest
 - 4 people or companies who pay for a professional service (para 6)
creative
 - 5 try to win a business deal (para 6)
to persuade for benefit
 - 6 time and space given by the media to a particular news item (para 7)
coverage
 - 7 the person in charge of developing ideas for advertising campaigns (para 8)
Creative Director
 - 8 a social custom which means a particular activity or subject must be avoided
taboo

2 RXV, a major electronics company, has decided to advertise its latest camera. It has asked several advertising agencies to submit proposals for a campaign. An executive at one of these agencies has made a list of tasks to be completed before submitting its proposal to RXV.

Complete the executive's list using words from Key vocabulary and Vocabulary Bank. Change the form of the words where necessary.



- Obtain complete market information about the ¹ client's products, advantages, disadvantages, competitors, which groups of consumers the advertiser wants to ² target. Define marketing objectives and plan an overall advertising strategy.
- Meet with the media department to select the most appropriate means of advertising: media or posters on ³ billboards.
- Meet with the ⁴ design team to work on the design and ideas of the campaign. Point out that these should fit in with the overall ⁵ image the company wants to project. Explain that we must be careful not to generate any negative ⁶ feedback by offending anyone.

Vocabulary development: uses of like

Look at the following examples from the text on page 136.

- A The German carmaker's model was likened to a religious revelation. (para 1)
- B ...if outrageous advertising worked for the likes of Benetton, it could work to revive the image of the Golf. (para 2)
- C The VW campaign might look like a marketing disaster ... (para 6)
- D ... it can still help to sell a product as advertisers like Benetton have already proved. (para 7)

1 In which of the examples above are the words in bold used:

- a as a synonym for 'to appear'? C
- b to give an example?
- c to refer to a type of person or group of people?
- d as a verb to compare one thing to another?

2 Complete the sentences using the correct form of the expressions with like.

- 1 TV advertising is too expensive for small computer software companies, only the likes of IBM can afford it.
- 2 Aggressive bosses are sometimes like great apes by the media.
- 3 Advertising for products like alcohol is banned in some countries.
- 4 The new perfume bottle is designed to look like a sculpture.

What other uses of the word *like* do you know?

Discussion

The text begins with the question 'Is Volkswagen bold or stupid?'. What do you think? In groups, discuss whether the company was right to launch such a controversial campaign.

Language Focus

Gerund and infinitive

Look at the following sentences from the text on page 136.

A The agency's penance has included **making** a substantial donation. (para 3)

B We decided **to retract** the posters immediately. (para 3)

- 1 What form is the verb in bold in sentence A? Why?
- 2 What form is the verb in bold in sentence B? Why?
- 3 In which sentence is the verb like a noun?

►► For more information on the gerund and infinitive, turn to page 169.

Practice

Complete the following passage using a gerund or infinitive. Use the verbs in the boxes.

A

build	set up
put	bring
make	transform

B

decide	reflect
appear	create

C

return	change
expand	launch
drink	



Tanto deliziosa

Coca-Cola and its advertising

- (A) John S. Pemberton invented Coca-Cola in 1886. His partner suggested ¹ putting an advertisement for the drink in *The Atlanta Journal* that very year. In 1888, Asa Chandler bought the Coca-Cola business and decided ² _____ the product known through signs, calendars and clocks. The company began ³ _____ its global network when Robert Woodcruft was elected president of the company in 1923. He succeeded in ⁴ _____ Coca-Cola into a truly international product by ⁵ _____ a foreign department, which exported Coca-Cola to the Olympic Games in Amsterdam in 1928. During World War Two, he promised ⁶ _____ Coca-Cola to every soldier in every part of the world.
- (B) Coca-Cola's advertising has always attempted ⁷ _____ changing contemporary lifestyles. ⁸ _____ an international advertising campaign requires the talents of professionals in many areas, and extensive testing and research are always done before ⁹ _____ which advertisements will finally be used. Celebrity endorsements have featured heavily — Cary Grant, Ray Charles and Whitney Houston are just three of the big name stars who have agreed ¹⁰ _____ in Coca-Cola commercials.
- (C) After ¹¹ _____ Diet Coke in 1982, the company saw its sales grow quickly. The drink is now the third most popular in the world. In 1985, the company tried ¹² _____ the secret formula of Coca-Cola, but realised that Americans were very attached to the original recipe. The company listened to its consumers and quickly responded by ¹³ _____ the original formula to the market as 'Coca-Cola Classic'. Today, people in more than 160 countries around the globe enjoy ¹⁴ _____ Coca-Cola. It is asked for more than 524 million times a day in more than 80 languages. The company intends ¹⁵ _____ its global presence even further in the twenty-first century, particularly in developing markets.



The article

- 1 Read the advertisement opposite for BP Solarex, part of the leading international petrochemical company, BP Amoco. What brand image is BP Solarex trying to project?
- 2 Read the advertisement again and identify which form of the article is used with each of the nouns below. The definite article (*the*), the indefinite article (*a/an*), or no article? Can you explain why?

1 power	no article	2 world	3 electricity	4 sun
5 need	6 difficulty	7 range	8 living standards	

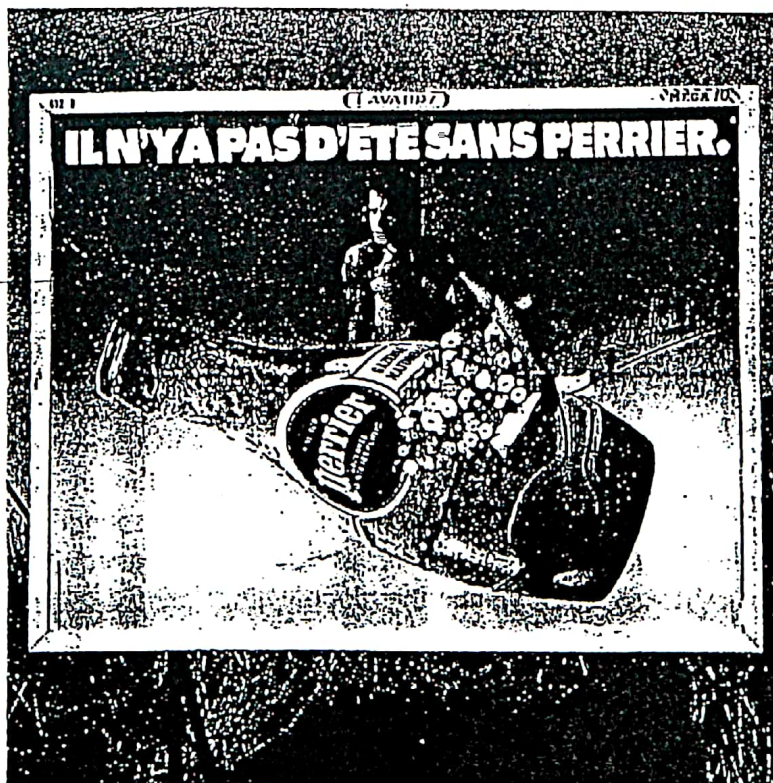
►► For more information on the article, turn to page 170.

Practice

Complete the following passage about the mineral water company Perrier, putting in the correct form of the article where necessary.

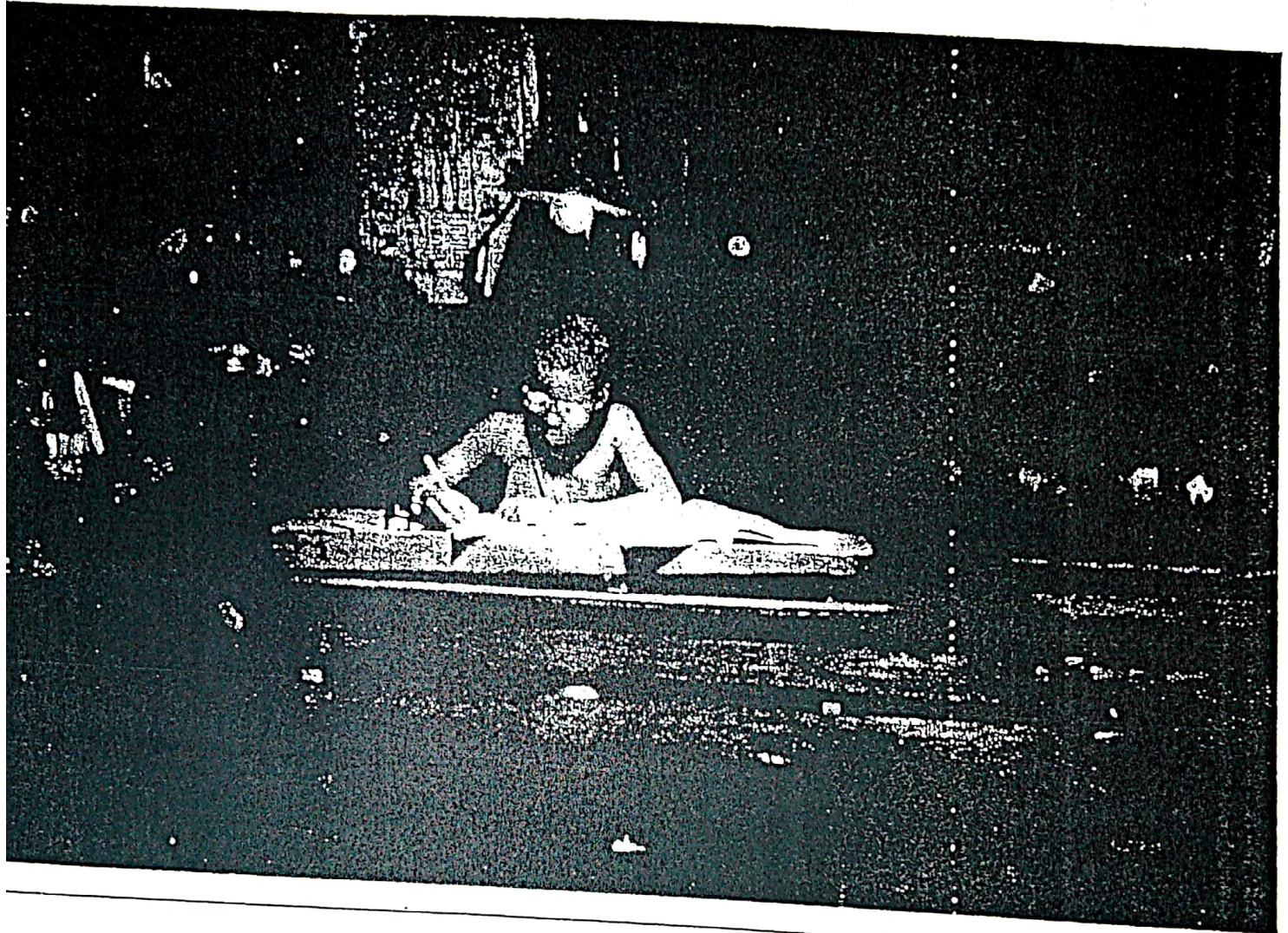
In February 1990, Perrier, one of ¹ the most famous mineral water companies, faced ² _____ serious image problem when small quantities of benzene were found in some bottles. ³ _____ company decided to take 160 million bottles, worth \$70 m, off the market. ⁴ _____ spokesperson from ⁵ _____ communications department made ⁶ _____ statement to the press saying that this did not present ⁷ _____ health problem but he did admit that for ⁸ _____ product known for purity, it was definitely ⁹ _____ mistake.

¹⁰ _____ independent environmental consultant carried out ¹¹ _____ inspection at the Perrier plant and identified and corrected ¹² _____ fault. ¹³ _____ same consultant said that a person spilling one drop of ¹⁴ _____ lead-free petrol on their hand would absorb more benzene than if they drank a bottle of Perrier every day for a year. In this instance Perrier's policy of ¹⁵ _____ honesty and its concern for ¹⁶ _____ consumers saved its image and good name.



BP SOLAREX

Solar Energy from BP Amoco



Power for Rural Communities

Nearly two billion people in the world have no electricity; 70% of them have difficulty obtaining clean drinking water. Many live in widely scattered and remote rural communities, with little hope of connection to national electricity grids. Their need is not simply for electricity, but for stand alone power systems that are long-lasting, reliable and simple to maintain. Above all, they need a constant and cheap source of fuel, like the sun.

BP Solarex - Meeting the need

BP Solarex has over twenty-five years experience working in remote areas, not only in developing countries but also in the developed world. This experience has allowed us to build an unrivalled understanding of local needs. We have put that experience to good use, to build a range of packaged products designed to enhance living standards anywhere grid-connected electricity is unavailable.

Skills Focus


Listening


Designing a television commercial

A TV **commercial** generally consists of a short film **sequence** of between 30 and 60 seconds with an accompanying **soundtrack** which includes a mixture of **live recordings** (what people actually say in the commercial), a **voice-over** (the voice of someone who does not appear on screen) and music and sound **effects**. Various techniques are used in commercials to convince the viewer of the value of the product or service that is being advertised. One of the most common of these is 'dramatisation' where a short story is developed around the product or service. The original ideas behind a commercial of this type are developed from a **scenario**, a written document that summarises the action, the atmosphere, the characters and the scene where the sequences of the commercial will be filmed. An artist then produces a **storyboard**, or series of pictures, to show how the commercial will look.

1 Look at the storyboard opposite for a Gillette anti-perspirant TV commercial. In pairs or small groups, discuss these questions.

- 1 What do you think the 'story' is about?
- 2 Do you think the characters say anything? If so, what do they say?
- 3 What do you think the voice-over says?
- 4 What do you think the slogan is?

2  Listen to a description of the commercial and compare it with what you discussed.

3  Listen again and make notes about:

- 1 the characters
- 2 the setting
- 3 the action
- 4 the different camera positions
- 5 the final slogan

Which tense is used to describe what happens? Why?

Discussion

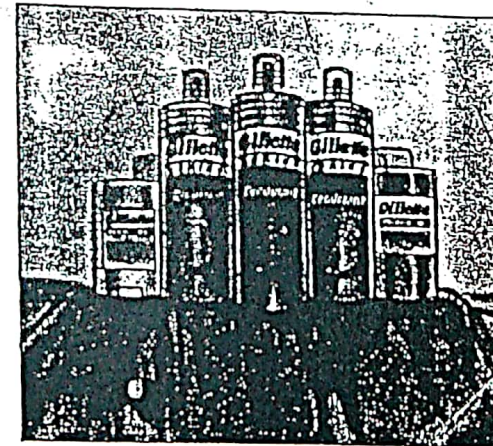
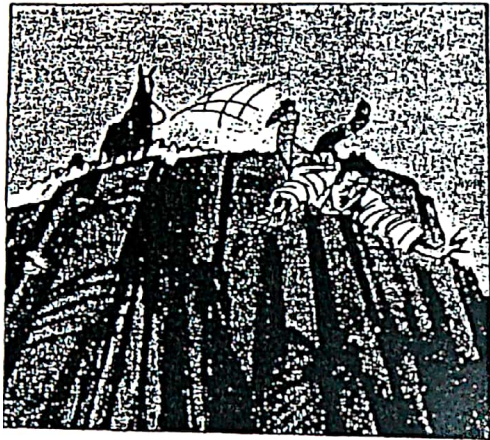
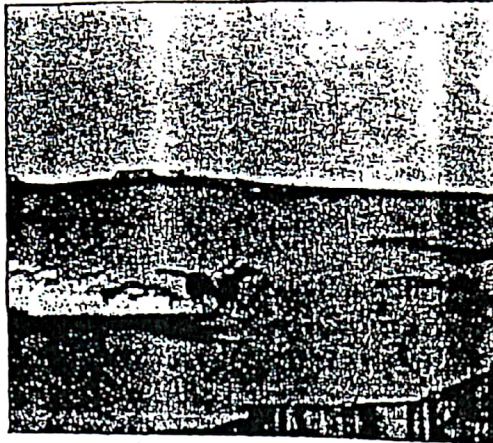
In groups, choose a product or service to prepare a scenario for. Discuss your ideas and agree on a scenario and slogan for a TV commercial using the dramatisation technique.

Writing

In groups, prepare a complete written scenario for your product or service. Follow the model of the description of the advertisement in Listening 2.


Speaking

Present descriptions to the rest of the class. Discuss which scenario is the most effective.



9


Import Export

Key vocabulary  International trade is the exchange of goods and services between different countries. Depending on what a country produces and needs, it can **export** (send goods to another country) and **import** (bring in goods from another country).

Governments can control international trade. The most common measures are **tariffs** (or **duties**) and **quotas**. A tariff is a tax on imported goods, and a quota is the maximum quantity of a product allowed into a country during a certain period of time. These measures are **protectionist** as they raise the price of imported goods to 'protect' domestically produced goods.

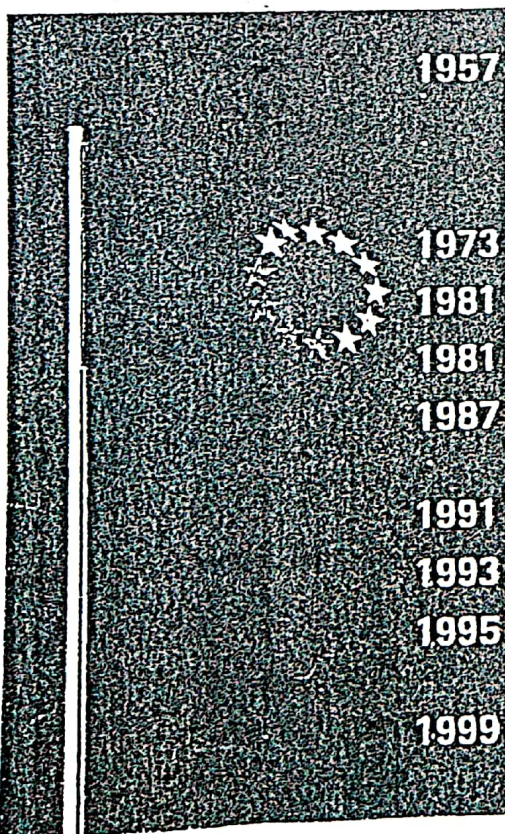
International organisations such as the **WTO** (World Trade Organisation) and **EFTA** (European Free Trade Association) regulate tariffs and reduce trade restrictions between member countries.

Lead-in

1  Listen to an economist from the Organisation for Economic Co-operation and Development (OECD) explaining why countries trade, and answer the questions.

- 1 What does the speaker compare countries to?
- 2 What activity does he give as an example?
- 3 Why does it make sense for countries to trade?

2 Look at this history of the European Union.



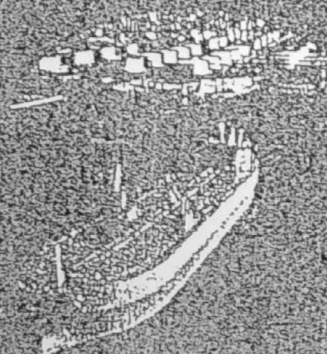
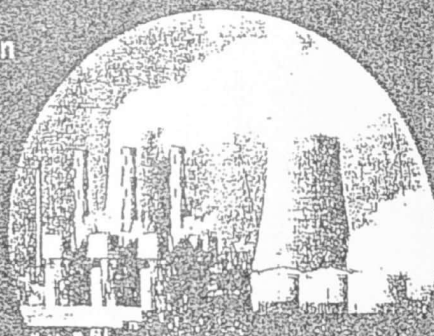
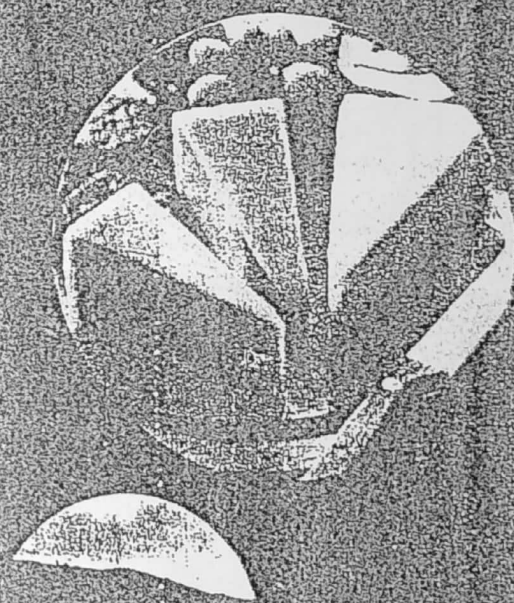
- 1957** The European Economic Community (EEC) was founded in order to create a common market in which tariffs and quotas between member countries would be progressively eliminated. The six original member countries were Belgium, France, Italy, Luxembourg, the Netherlands and West Germany.
- 1973** Denmark, Ireland and the UK joined.
- 1981** Greece joined.
- 1981** Portugal and Spain joined.
- 1987** The Single European Act created a single economic area from 1st January 1993, called the European Community (EC).
- 1991** The Maastricht Treaty was signed, reinforcing economic and monetary union.
- 1993** In November the organisation became the European Union (EU).
- 1995** Membership increased to 15 countries as Austria, Finland and Sweden joined the Union.
- 1999** The single European currency, the euro, was launched.

Have any other countries joined?

In pairs, do the following quiz.

How much do you know about the EU?

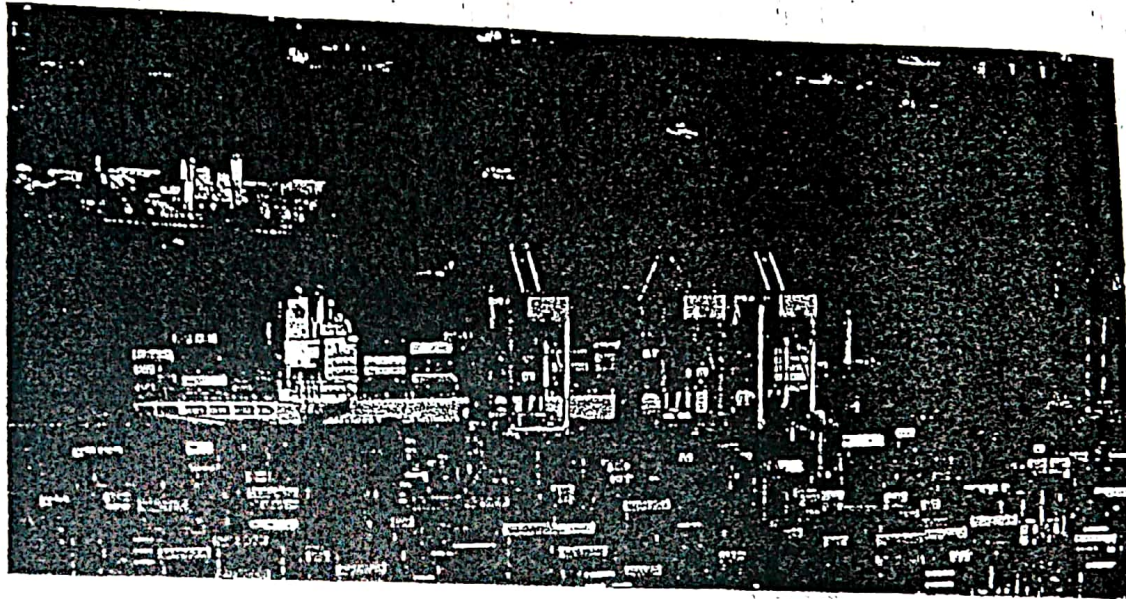
- 1 Which country has the largest area?
- 2 Which country has the highest population?
- 3 Which country has the highest birth rate?
- 4 Which country is the most densely populated?
- 5 To which country does France export the most?
- 6 To which country does Sweden export the most?
- 7 Which country exports the most
 - a) crude oil?
 - b) cereals?
 - c) iron and steel?
 - d) citrus fruits?
- 8 Per inhabitant, which country consumes the most and the least
 - a) cheese?
 - b) sugar?
 - c) wine?
 - d) cigarettes?
- 9 Which country uses the most nuclear power as a source of energy?



- 10 Which country has the most forested area?
- 11 Which country has the most magazines?
- 12 In which country do women play the most active role in the workforce?
- 13 Which country offers the longest paid holidays?
- 14 In which country are the headquarters of the European company with the highest turnover?

Companies can choose from various methods to establish their products in a foreign market. One option is to start by working with **local experts** such as **sole agents** or **multi-distributors**, who have a specialist knowledge of the market and sell on behalf of the company. This often leads to the company opening a **local branch** or **sales office**. Another option is to sell, or give permission to use, **patents** and **licences** for their products. They may wish to start by manufacturing in the export market, in which case they can either set up a **local subsidiary** or a **joint venture** with a local partner.

1 Read the text opposite about BARCO, a Belgian electronics firm. Which of the methods mentioned above did BARCO use to establish itself on the Indian market?



2 Read the text again and list the advantages and disadvantages of exporting to India.

<i>Advantages</i>	<i>Disadvantages</i>
<i>The market is growing</i>	<i>High import duties</i>

1 Find words in the text which have a similar meaning to the words and expressions listed below.

- 1 complicated (*para 1*) complex
- 2 put together (*para 1*)
- 3 a change (*para 2*)
- 4 particular segment (*para 3*)
- 5 take advantage of (*para 6*)
- 6 difficulties (*para 6*)
- 7 a complicated official system (*para 6*)
- 8 lateness (*para 7*)



Profile:

BARCO

of Belgium

1 After three years travelling around Asia as head of BARCO's activities in the region, Joost Verbrugge is convinced that India is one of the most exciting long-term market opportunities in the world and one of the most complex. Since 1994, BARCO, best-known for its digital projectors for computers, has gone from a relatively low level of exports to India to selling about BFr 200m of products there a year, half exported from Europe, half assembled on the spot*. That is a small but significant part of its total BFr 23bn turnover last year.

2 Expansion in India has taken place at the same time as a shift in BARCO's strategic focus, and its emergence* as one of Belgium's fastest-growing companies.

3 Created in 1934 as the Belgian American Radio Corporation, the company moved out of consumer products in the 1980s. It concentrated instead on high-value niche markets such as computer projectors and specialist display systems.

4 From its base in Kortrijk, Flanders - Belgium's Dutch-speaking region - it has exported to India for more than a decade, originally selling kits for video monitors to the national television station, through local agents. Four years ago, it set up its own sales and services office in New Delhi.

5 It now has a smaller sales office in Bangalore, a software house in Chennai and a projector assembly plant in Noida, near New Delhi.

Having invested about BFr 100m, and now employing 150 people in India, it plans a further sales office in Mumbai and a components factory in Noida. 'That is quite a lot for a small company like BARCO,' says Mr. Verbrugge. 'It's mainly investment for the future. The market is partly there now, and we are convinced it will definitely be there in a few years.'

6 But for those wanting to exploit the potential*, obstacles remain. Although India has made efforts to open its economy in recent years, Mr. Verbrugge says it remains more closed than other fast-growing markets such as China when it comes to bureaucracy, import duties and tax barriers.

7 'It is not unusual to have import duties of 40% on things that you would consider normal working tools, like a printer for a PC,' he says. 'As well as the high import duties, you have a famous - or should I say infamous - bureaucracy.' This can have important practical effects. Mr. Verbrugge says that BARCO would like to assemble more of its products within India, but this would mean importing components* from 20 different countries, creating huge amounts of paperwork and delays.

8 Although India is welcoming to foreigners, Mr. Verbrugge says there are also cultural hurdles, which can initially be deceptive. 'On a first visit India seems easier than China or Japan because

people speak English. Only after you start operating there do you see all the complexities. There are sensitivities between states, between religions, between strata* of society.' Such differences also make the country fascinating. 'India is a hundred different worlds living next to each other in the same country,' Mr. Verbrugge says.

9 These practical and cultural complexities were largely behind BARCO's decision to set up its own sales office in the subcontinent. 'Much more is needed than just having an agent with a fax and a phone. You have to understand the marketplace, how Indian business works.'

10 But the opportunities presented by India outweigh* any disadvantages. 'If you can afford to miss a fifth of the world's population, you can afford not to be there,' says Mr. Verbrugge. 'I think any company serious about having a worldwide market share can't be absent from India.'

The Financial Times



The statue outside the BARCO main building

*on the spot: in the place mentioned

*emergence: appearing for the first time

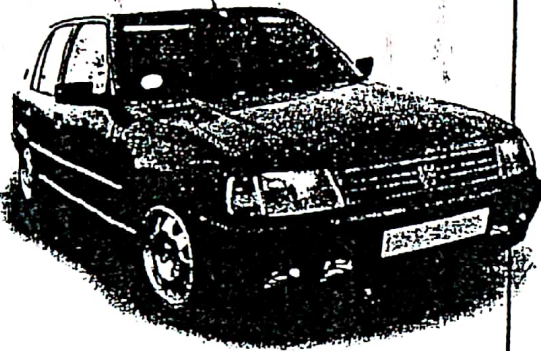
*potential: possible opportunities

*a component: a part used to make s.th.

*strata: levels

*to outweigh: to be more important than

2 Complete the following passage, which describes the experience of the French car manufacturer Peugeot in the Indian market, with words from Key vocabulary, Reading and Vocabulary 1, in the correct form.



Peugeot signed a joint venture agreement to produce cars in India in 1994. They saw this as a great opportunity for them to ¹ exploit this vast and quickly growing market. They planned to ² produce 22,000 cars by 1997 and 60,000 by the year 2000. In reality production in 1997 was just 2,000. Automotive group Maruti, which had been working with Suzuki since 1984, had established an extraordinary dominance in the country's economy car sector. The strongest ³ challenge for a foreign competitor therefore, appeared to be in the market for upper-range cars. Peugeot opted for its 309, a mid-range car in Europe but one which represents between 40 and 60 months' salary for the average worker in India. In spring 1995 ⁴ trouble occurred when Indian authorities argued that certain parts imported for production were still on a list of banned products which are taxed separately and Peugeot had to pay high ⁵ costs to import them. But in spite of all the ⁶ difficulties this market presents, Peugeot has not given up on the country. As one executive explains 'We will expand by granting ⁷ access to local manufacturers in the future.'

Vocabulary development: compound adjectives 1

Adjectives can be formed by combining two words, for example *long-term* (para 1). These adjectives are hyphenated only when they come before a noun.

1 Complete the phrases below, using words from A and B. There is sometimes more than one correct answer, and some words may be used more than once.

A

environmentally
old
short
low
well
high
user

B

fashioned
term
budget
known
friendly
level
trained


- a environmentally friendly packaging
- b short-term typewriter
- c low-budget opportunities
- d well-known advertising
- e high-level personality
- f user-friendly decision-making
- g old-fashioned software
- h trained staff


2 What other adjectives of this type do you know?

Listening

The invoice

In the context of international trade, the invoice provides information about goods exchanged between the exporter and the importer. It is prepared by the exporter and includes a description of the goods, their price and the quantity supplied. It can act as proof of purchase, informing the buyer that the goods have been sent.

 Listen to an explanation of the invoice below, and complete the missing information.

METROPOLITAN TENNIS EQUIPMENT COMPANY  4019 Beach Boulevard South Los Angeles, California 90126 Telephone: 615.890.9000 Fax: 615.890.9077 e-mail: sales@mtec.com		Exporter's address																														
Invoice Champion Sport Ltd. 71 Victoria Lane St John's Wood London NW1 3PP		Importer's name and address																														
Date <u>7th May 1999</u> Invoice No. _____		Date of issue 1 2																														
Description of goods	<table border="1"> <thead> <tr> <th>QUANTITY</th> <th>DESCRIPTION</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>_____ 3</td> <td>Tennis Rackets</td> <td></td> </tr> <tr> <td></td> <td>_____ 4 of 'GX 12' model</td> <td></td> </tr> <tr> <td></td> <td>_____ 5 of 'Tennis Pro' model</td> <td></td> </tr> <tr> <td></td> <td>Ex-works price:</td> <td></td> </tr> <tr> <td></td> <td>GX 12 model £78 each</td> <td></td> </tr> <tr> <td></td> <td>Tennis Pro model £116 each</td> <td>£ _____ 6</td> </tr> <tr> <td></td> <td>All freight charges and export packing</td> <td>£ _____ 7</td> </tr> <tr> <td></td> <td>Insurance from warehouse to warehouse</td> <td>£ _____ 8</td> </tr> <tr> <td></td> <td>c.i.f. London Total</td> <td>£: _____ 9</td> </tr> </tbody> </table>	QUANTITY	DESCRIPTION	AMOUNT	_____ 3	Tennis Rackets			_____ 4 of 'GX 12' model			_____ 5 of 'Tennis Pro' model			Ex-works price:			GX 12 model £78 each			Tennis Pro model £116 each	£ _____ 6		All freight charges and export packing	£ _____ 7		Insurance from warehouse to warehouse	£ _____ 8		c.i.f. London Total	£: _____ 9	Cost of freight insurance (if specifically requested) Total amount
	QUANTITY	DESCRIPTION	AMOUNT																													
_____ 3	Tennis Rackets																															
	_____ 4 of 'GX 12' model																															
	_____ 5 of 'Tennis Pro' model																															
	Ex-works price:																															
	GX 12 model £78 each																															
	Tennis Pro model £116 each	£ _____ 6																														
	All freight charges and export packing	£ _____ 7																														
	Insurance from warehouse to warehouse	£ _____ 8																														
	c.i.f. London Total	£: _____ 9																														
Shipment terms. c.i.f. = cost, insurance and freight. The port of destination is named.	Marks & Nos. _____ 10 cardboard cartons - _____ 11 per carton Import Licence No. _____ per pro Metropolitan Tennis Equipment <i>Roberto Morales</i>	Number and packages The export import licence numbers Signature exporter																														
The contents of individual packages Marks and numbers on packages	MET CS LTD LONDON 1-16																															

Reading

The bill of lading

The bill of lading is a transfer document. The exporter writes the importer's name on the bill of lading, and in this way the importer becomes the legal owner of the goods.

BILL OF LADING

TO BE USED WITH CHARTER PARTIES

B/L No. 689381

CODE NAME: 'CONGENBILL', EDITION 1994

Shipper

TRANSEA & Co.

Consignee

ASIAN GOODS IMPORTING EMPORIUM

Notify Address

Unit 18, Walterstown
Industrial Estate, Dover

Vessel

Star of the East

Port of loading

Bangkok

Port of discharge

Dover

Shipper's description of goods

Gross weight

100 cardboard cartons of porcelain items

1000 kg

150 cardboard cartons of Christmas decorations

150 kg

200 cardboard cartons of rice cookers

700 kg

Telefax



+1302 487862



+2644 8483

Freight payable as per
CHARTER-PARTY dated 10/11/99FREIGHT ADVANCE
Received on account of freight:

Paid

Time used for loading 1/2 days Hours

SHIPPED at the Port of Loading in apparent good order and condition on board the Vessel for carriage to the Port of Discharge or so near thereto as she may safely get the goods specified above. Weight, measure, quality, quantity, condition, contents and value unknown.

IN WITNESS whereof the Master or Agent of the said Vessel has signed the number of Bills of Lading Indicated below all of this tenor and date, any one of which being accomplished the others shall be void.

FOR CONDITIONS OF CARRIAGE SEE OVERLEAF

Freight payable at

Bangkok

Place and date of issue

Bangkok

Number of original Bs/L

Signature

J Park

Match the parts of the bill of lading opposite with the descriptions below.

- 1 The date of the contract between the exporter and the shipping company.
- 2 The name of the importer.
- 3 Details of the goods.
- 4 The name of the ship.
- 5 Money paid to the shipping company before the journey.
- 6 The place where the goods are unloaded.
- 7 The name of the shipping company.
- 8 The place where the goods are loaded.

Language Focus

The future

Which sentence below refers to

- 1 a future fact?
 - 2 a prediction not based on present evidence?
 - 3 a degree of probability or certainty?
 - 4 a decision made now?
 - 5 something decided before, an intention?
 - 6 a prediction based on present evidence?
- a Is it urgent? OK, I'll do it right now.
- b Next year, we're going to start exporting to Japan.
- c His overseas trip will be a success.
- d Exports are slowing down; there's going to be a recession.
- e The market will definitely be there in a few years.
- f This company will be 100 years old next year.
- For more information on *will* and *going to*, turn to page 167.

Practice

Complete this dialogue between Steve, an export manager, and Bob, his agent in Australia, using *will* or *going to* and the verbs in brackets.

- Steve: Hello Bob, I'm phoning to check a few things with you about my trip next week..
- Bob: Hold on Steve, I ¹ _____ (get) the file out. Right, how can I help you?
- Steve: Well, we've had a few problems here in the European office so I've decided to stay and book a later flight. Now I ² _____ (leave) on the 5th, not the 3rd.
- Bob: Actually that suits me better, that way I ³ _____ (have) time to finish the monthly sales figures before you come.
- Steve: Good, I think we ⁴ _____ (need) to have a look at those together.
- Bob: Don't forget, we ⁵ _____ (visit) the Melbourne office when you're here.
- Steve: I haven't forgotten, I'm sure it ⁶ _____ (be) interesting to see how they run their operation. OK, see you next month.
- Bob: Looking forward to it. Bye.
- Steve: Bye.

Describing trends

Unit 1 looked at some of the nouns and verbs used to describe changes in price, quantity and amount, for example:

Noun	Verb
an increase	to increase
a rise	to rise
a decrease	to decrease
a drop	to drop
a fall	to fall

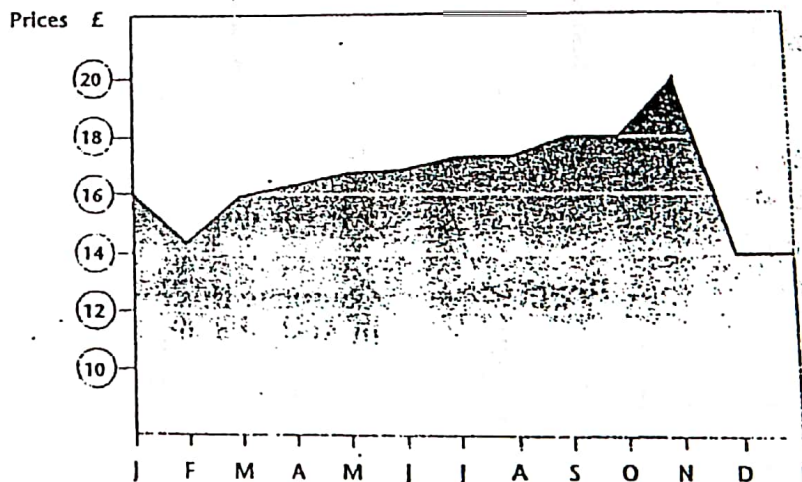
These can be qualified with an adjective or adverb to describe a change more precisely. Complete the table:

	Adjective	Adverb
Used to show a small change:	a slight	slightly
Used to show a regular movement:	b gradual c steady	
Used to show considerable, striking or unexpected change:	d sharp e dramatic f sudden	

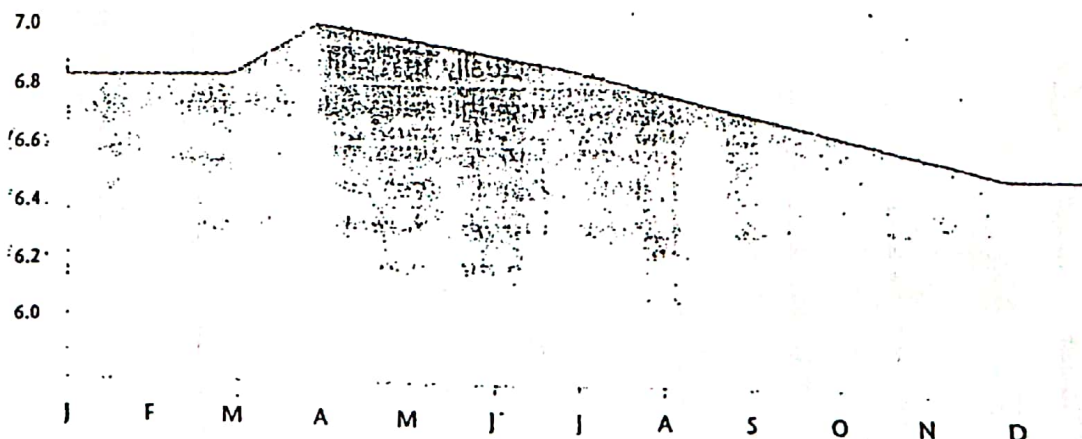
Practice

1 Complete the descriptions of the following graphs using an appropriate adjective or adverb.

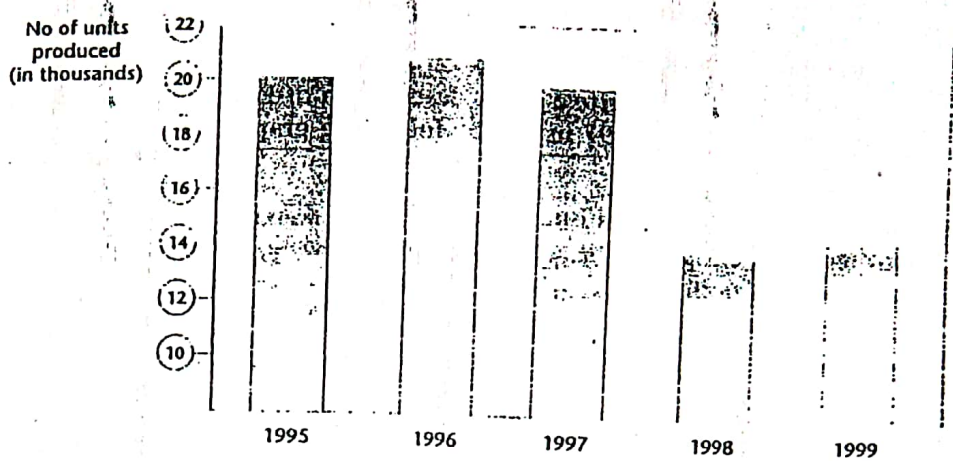
Prices rose ¹ steadily from February to October, before falling ² _____ in November.



Inflation %



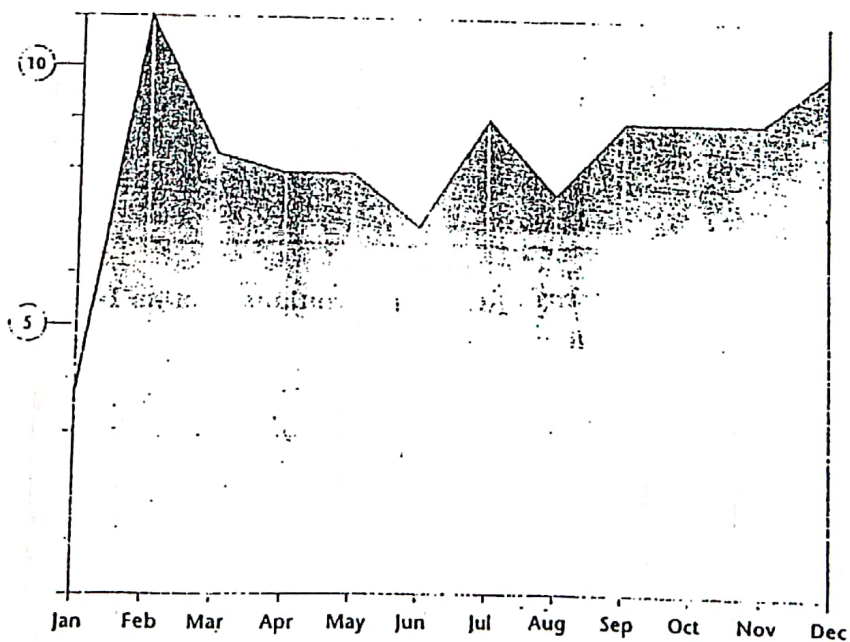
Inflation rose ³ _____ in March, before beginning its ⁴ _____ descent to today's figure of 6.5%.



1998 saw a ⁵ _____ drop in production, followed by a ⁶ _____ recovery in 1999.

2 Which parts of the following graph would you talk about using each of these expressions?

- | | | | |
|-------------------|---------------|----------------|--------------------|
| a to fluctuate | May to Sep | b to level off | c to remain stable |
| d to reach a peak | e to stand at | | |



3 Join expressions from each box to make sentences about the graph.

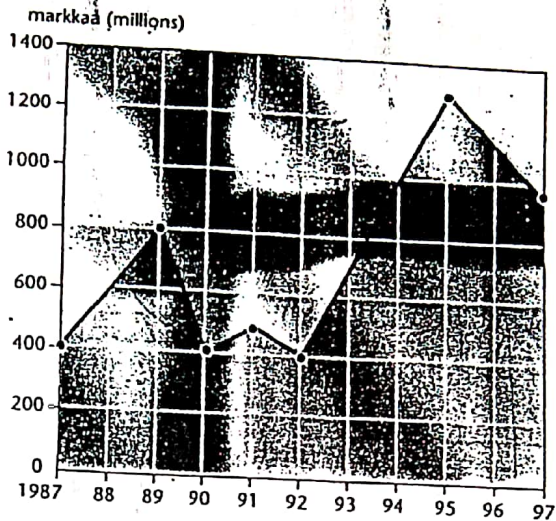
- | | |
|-------------------------|-------------------------------|
| 1 Sales reached a peak | a 10,000 in December. |
| 2 Sales fluctuated | b from September to November. |
| 3 Sales remained stable | c of 11,000. |
| 4 Sales stood at | d at about 8,000 in April. |
| 5 Sales levelled off | e from May to September. |

Skills Focus

Writing

Write a short description of Finnish paper exports to Japan between 1987 and 1997 using the following graph.

Finland's paper exports to Japan



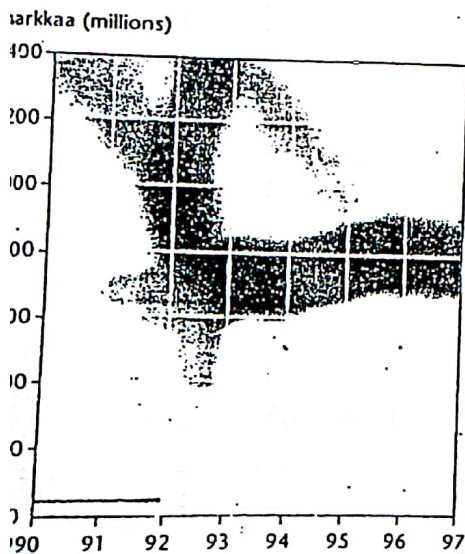
Listening

1 Listen to a description of the graph above and complete the text.

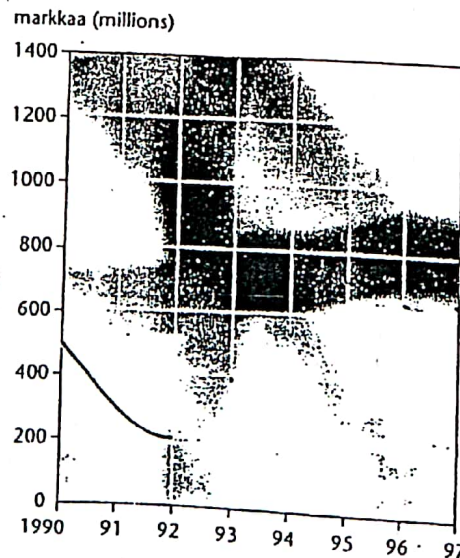
In 1987 the export figures ¹ stood at 400 m Finnish markkaa. There was a ² between 1987 and 1989 when figures ³ over 800 m. This was followed by a ⁴ between 1989 and 1990 when Finnish paper exports to Japan ⁵ to 400 m. There was a ⁶ between 1990 and 1991 when exports hit the 450 m mark but they ⁷ again to 400 m in 1992. Between 1992 and 1995 there was a ⁸ and exports of paper to Japan ⁹ of 1,300 m in 1995, before ¹⁰ again to under 1,000 m in 1997.

2 Listen to descriptions of other Finnish exports to Japan and complete the following graphs.

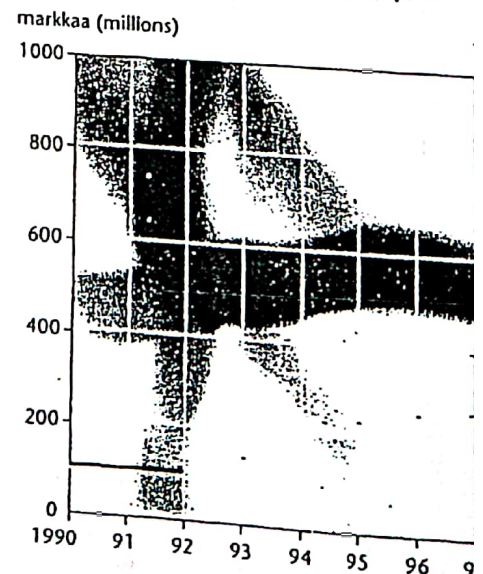
Finland's wood exports to Japan



Finland's machinery exports to Japan



Finland's chemical exports to Japan



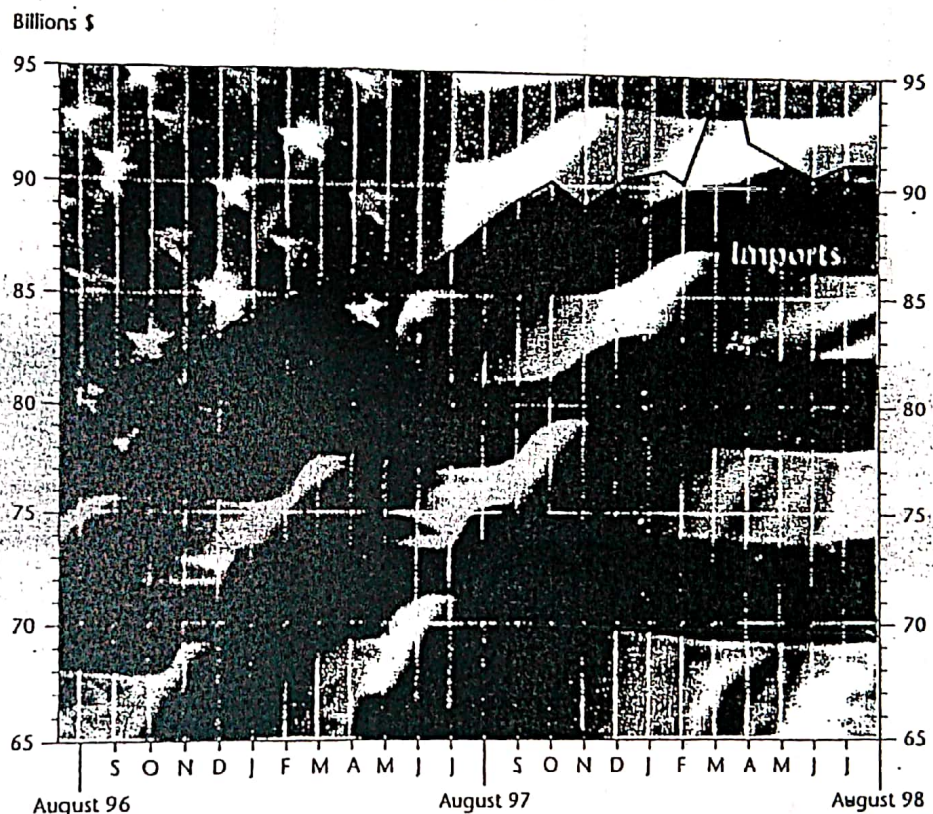
Speaking

1 Work in pairs. You will each study a graph showing US trade from August 1996 to August 1998. Student A, look at the graph below. Student B, turn to page 160.

Student A

The graph below shows US imports of goods and services from August 1996 to August 1998. Describe the information to Student B using the language you have learnt in this unit. Then listen to Student B's description of US exports for the same period and complete the graph using a different colour.

US International Trade in Goods and Services



2 A country's **balance of trade** is the difference between the values of its imports and exports. This includes **visible imports / exports** (goods) and **invisible imports / exports** (services). If a country imports more than it exports, it has a **trade deficit**. If it exports more than it imports, it has a **trade surplus**.

Look at the graph in Speaking 1.

- Did the US have a trade deficit or surplus?
- In pairs, calculate the balance of payments for the following periods.
 - May 1997 deficit of \$9 bn
 - October 1997
 - March 1998
- When did the US have the lowest deficit in the period from August 1996 to August 1997?
 - When did the US import the most?
 - When did the US export the most?

7

Business and the Environment

Key vocabulary

It is often said that we live in a **consumer society**; we consider it important to buy products and services. Companies need to be aware of the impact of this on the **environment**, the natural world around us. Many companies use **packaging** (boxes, bottles, etc.) which has been **recycled**, that is made using old materials. **Pollution**, such as smoke in the air, can be reduced if companies use trains instead of road transport.

Lead-in

1 In groups, look at the cartoons below and discuss these questions.

- Which environmental threat does each cartoon refer to?
- Which cartoon do you think is the most effective?
- Which environmental cause do you think is the most important today?

These words will help you.

ozone layer
chemical / nuclear waste

global warming
rubbish bin (GB)

oil spills
trash can (US)



IV



XV

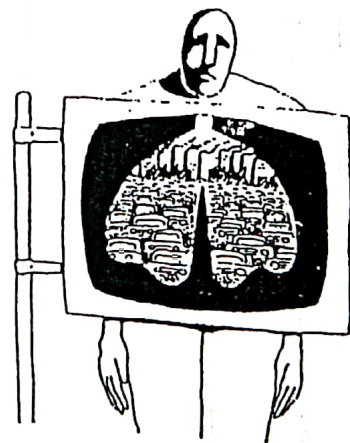


XVI

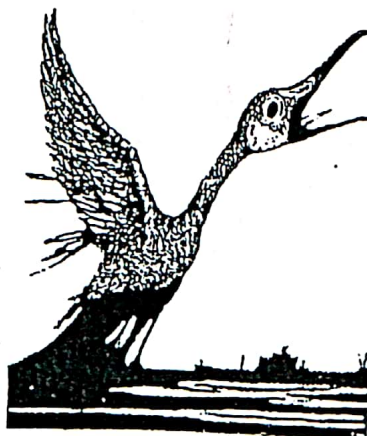
Palomo/La Jornada/Mexico City



XVII



Javad/Fokahyoun/Tehran



Erik/Altonbladet/Stockholm



Cummings/Free Press/Winnipeg



2 In groups, discuss these statements made by Anita Roddick, founder of The Body Shop International. Do you agree with any of them? Why? Why not?

'A good business should be part of society, and you have to have pride in what you do. There's no pride in making millions of pounds, but there is pride in helping people and the environment.'

'The idea now is global responsibility. Businesses are the true planetary citizens, they can push frontiers, they can change society.'

'In the next decade, environmentalism will be the most important issue for business.'

3 As consumers become increasingly concerned about the environment, more and more companies claim to be producing 'environmentally-friendly' products. Read the claims below and match each one to the company that you think made it.

a cosmetics firm

a car manufacturer



a fast food chain

a sports footwear firm



1 'We provide refills for all our bottles.'

2 'All our packaging is made of biodegradable materials.'

3 'When you've finished with our products bring them back, we recycle them.'

4 'Our latest model is much less polluting.'

What other companies with environmentally-friendly policies do you know?

Reading

1 Read the text below and write three questions you would like to ask about Patagonia.

patagonia

is a Californian company. Its corporate culture has its roots in the 1960s Californian counterculture of climbers and surfers with the ethic of radical environmentalism. Although its CEO, Yvon Chouinard, is dedicated to social change he also insists on disciplined

management and sound business practices. As a previous CEO of Patagonia said, 'The one thing I'm clear about is that Chouinard demands 10% pretax profit.' For him, it is not a question of social good or business profit, but social good and business profit.



Yvon Chouinard

2 Read the text opposite and see if you can find the answers to your questions. Can you guess the answers to your other questions?

3 Read the text again and answer these questions.

1 According to the text, why are Patagonia's customers so loyal?

2 In what ways does Patagonia make efforts to explain its products' 'earth-friendliness'?

3 What is the overall objective of Patagonia's environmental education policy?

4 How does Patagonia reassure customers who might question their claims to be environmentally-friendly?

5 How do customers react to Patagonia's grants projects?



Proven environmental commitment helps create committed customers

— Jacquelyn Ottman —

- 1 When self-proclaimed 'Patagonics' dial up Patagonia, they know they will receive more than a high-quality fleece anorak or a waterproof pair of hiking boots. Thanks to the California-based retail firm's outdoor clothing catalog and its exemplary method of communicating its corporate environmentalism, customers are not only knowledgeable about the company's environmental progress, they are loyal*, too.
- 2 When purchasing products from Patagonia, customers also buy into a commitment to environmental restoration. Patagonia's example demonstrates good green-marketing strategies.

Educate consumers on environmental product attributes and benefits.

- 3 Patagonia takes pains to explain its products' earth-friendliness and show customers the big picture. For example, in the mid-1990s, Patagonia began using organically-grown cotton exclusively. In addition to highlighting the organic* merchandise in product descriptions in catalogs, essays explained why organically-produced products are environmentally preferable.
- 4 Other essays expanded the issue beyond individual products and processes. In a 1996 catalog essay, for example, CEO Yvon Chouinard explained the rationale behind the company's switch to organically-grown cotton, including the problems associated with producing conventional cotton, the larger long-term benefits of investing in organically-grown products and the need to think about long-term sustainability issues when choosing products.
- 5 One might assume that explaining the benefits of organic cotton in catalogs was a strategic move, since the company had to justify the \$2 to \$10 premium per garment. But other essays, for instance, addressed environmental issues not directly linked to company profit.
- 6 Broad environmental education teaches consumers that although thinking and buying green is more expensive, environmentalism is less taxing on the earth in the long run, and therefore, on individuals.

Use a variety of media.

- 7 Patagonia's advertising and company literature aim to educate. Instead of a catalog packed only with sales information, Patagonia's catalog is more like National Geographic. Demonstrations in Patagonia's retail stores engage* customers with interactive displays of the earth's processes. Annual reports, pamphlets and other company literature explain new ideas in environmentalism. And Patagonia was one of the first companies to discuss sustainability in paid media.

Demonstrate tangible corporate environmental progress.

- 8 Patagonia realizes that customers sometimes doubt corporate environmental claims. To avoid consumer backlash*, Patagonia publishes the results of its internal environmental assessment.
- 9 This report reviews all office, production and merchandising activities and uncovers opportunities to cut waste and reduce energy. Readers can see how Patagonia tries to conduct business in a socially responsible manner, from choosing long-lasting efficient light bulbs to providing on-site child care for employees' children. The grounds around the company's headquarters even feature edible landscaping – banana trees.
- 10 Through an environmental grants program, dubbed* Earth Tax, Patagonia pledges 1% of its sales or 10% of its pre-tax profit, whichever is greater, to small, local preservation and restoration efforts. Through* April 1997, Patagonia had contributed more than \$8m to hundreds of such organizations.
- 11 Believing that grass roots* efforts do the most to raise community awareness of local problems, the Earth Tax program targets smaller grass roots organizations committed to issues such as biodiversity*, old-growth forests, environmentally preferable methods of resource extraction*, alternative energy and water, social activism and environmental education. By funding more than 350 of these efforts each year, Patagonia helps raise community awareness nationwide.

Empower consumers to take action.

- 12 An annual Earth Tax Report invites customers to apply for grants for local projects. Participants are quick to apply and inform the company about environmental successes. One recent catalog featured a customer sporting an insulated Patagonia guide jacket as she rescued a calf born during a Colorado snow storm.
- 13 With powerful communication, meaningful corporate environmental progress and avenues for consumer activism, it is no wonder that even skeptics become Patagonia customers and customers become 'Patagonics'.

Marketing News

*loyal: always supporting

*organic: made without artificial chemicals

*to engage s.b.: to attract s.b. and keep their interest

*a backlash: a strong reaction against s.th.

*to dub: to give an 'unofficial' name

*through (US): until (GB)

*grass roots: at the level of ordinary people

*biodiversity: many different plants and animals existing in one area

*resource extraction: taking natural products from the earth

Vocabulary

1 Complete the passage below using these words from the text.

- | | |
|---------------------------------|-----------------------|
| a sustainability (para 4) | d empower (para 12) |
| b product descriptions (para 3) | e commitment (para 2) |
| c catalogs (para 3) | f organic (para 3) |

Patagonia is an outdoor clothing firm with a strong ¹ commitment to environmental causes. It sells its products through retail outlets and by mail order. Patagonia is renowned for its spectacular ² displays which are filled with unusual and dramatic photos (all taken by customers) displaying the clothing in exciting ways. They also contain detailed ³ descriptions which include definitions of materials and explanations of manufacturing processes.

The company makes jackets from recycled plastic bottles and produces clothing from ⁴ recycled materials. It offers courses to its employees on non-violent demonstrations and even pays bail for employees who get arrested. It also donates money to environmental groups and generally supports efforts that ⁵ encourage consumers to take action. Patagonia's strategy isn't just to give away money to good causes but to pioneer new, long-term practices of ⁶ innovation in business, prove their economic viability and persuade other businesses to follow.

2 Find words in the text which have the opposite meaning to the words below.

- | | | |
|-------------------------|-----------|----------------------|
| 1 imperfect (para 1) | exemplary | 5 separate (para 5) |
| 2 uninformed (para 1) | | 6 taken (para 10) |
| 3 innovative (para 4) | | 7 locally (para 11) |
| 4 uncalculated (para 5) | | 8 failures (para 12) |

3 Match the nouns and verbs as they are used in the text.

- | | |
|-----------|-------------|
| 1 address | a business |
| 2 doubt | b awareness |
| 3 publish | c results |
| 4 conduct | d issues |
| 5 raise | e claims |

4 Replace the words in *italics* with expressions from Vocabulary 3 in the correct form.

- The speaker will *talk about the difficulties* we are likely to encounter.
address the issues
- The company *runs its affairs* in an ethical and honest manner.
- The government will *make public the conclusions* of the environmental study next month.
- We are running a campaign designed to *increase public knowledge* of the current crisis.
- Many consumers *don't believe statements* made by companies about their products.

Vocabulary development: word building

With some words it is possible to create several new words by adding suffixes. Look at these examples.

Verb	Noun (idea)	Noun (person)	Adjective
–	environment	environmentalist	environmental
activate	activism activity	activist	active

- 1 Complete the table below, using a dictionary. Some words may have two forms with the same spelling.

Verb	Noun (idea)	Noun (person)	Adjective
produce	a _____ (efficiency)	b _____	c _____ (making a lot)
d _____	progress	e _____	e _____ (supporting new ideas)
manage	f _____	g _____	h _____ (relating to senior staff)
direct	i _____	j _____	k _____

- 2 What suffixes can you add to these words?

a develop b commit c sustain d employ

Discussion

In groups, discuss these questions.

- 1 What do you think of Patagonia's approach to business?
- 2 Are consumers in your country concerned about the environmental policies of businesses?
- 3 Would you pay more for things produced in an environmentally-friendly manner? If so, how much more?

Language Focus

Expressing contrast

Look at the following sentence from the text on page 67.

Although thinking and buying green is more expensive, environmentalism is less taxing on the earth in the long run. (para 6)

1 Join the sentence halves below.

- | | |
|---|---|
| 1 In spite of the present recession, | a we still haven't reached our target. |
| 2 Despite rising costs, | b people are still buying them. |
| 3 Even though our products are expensive, | c they are keeping their prices low. |
| 4 Although profits are increasing, | d we can reach our output deadline. |
| 5 Despite the fact that our supplies were late, | e the long-term economic outlook is optimistic. |

2 In pairs, underline the expressions of contrast in exercise 1.

Which are followed by:

- a subject + verb?
- b noun or verb + -ing?

►► For more information on expressing contrast, turn to page 167.

Practice

Join the pairs of sentences using an expression of contrast. Use each expression once.

Example:

Patagonia sales fell in the 90s. Their reputation for high quality didn't decline.

In spite of a fall in sales in the 90s, Patagonia's reputation for high quality didn't decline.

- 1 Young people are concerned about the environment. They can't always afford environmentally-friendly products.
- 2 Patagonia makes efforts to convince other companies to use organically-grown cotton. Many companies resist because it costs more.
- 3 Pollution is rising in Paris. People still prefer to take their cars to work.
- 4 Many countries organise separate waste collections for glass, paper, metal and plastic. Many others don't.
- 5 Most beauty products carry the label 'against animal testing'. Some of the components may have been tested on animals.

The passive

Look at the following extracts from a Patagonia brochure.

A *Patagonia saves thousands of gallons of oil by diverting millions of plastic bottles from landfills to recycling plants.*

B *For every 3,700 (2-litre) bottles that are recycled, a barrel of oil (42 gallons) is saved.*

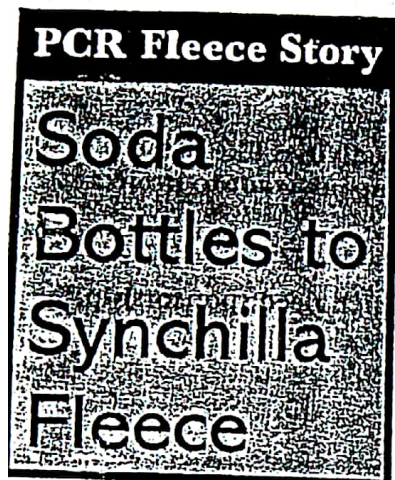
What form is the verb in bold in each sentence?

What is the difference in emphasis?

►► For more information on the passive, turn to page 167.

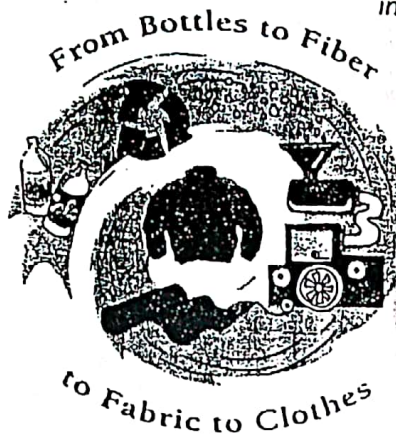
Practice

1 The following extract describes how Patagonia uses recycled plastic bottles to make material for jackets. Put the verbs in brackets in the passive form to complete each stage of the process.



Bottles
1 are brought
(bring) to the local
recycling centre.

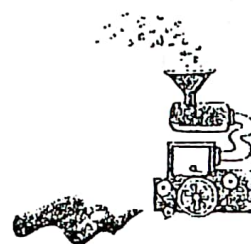
The plastic
2 _____ (convert)
into small pieces and
3 _____ (chop)
into flakes.



They 6 _____
(make) into clothes known
as 'PCR synchilla clothing'.



The flakes
4 _____
(melt) and shaped into
fine fibers.



The recycled fibers
5 _____ (ship) to
the mill.

patagonia

2 Rewrite the following sentences using a passive form. Omit the agent if it is not important.

Example:

Patagonia introduced recycled fleece into its range in 1993.

Recycled fleece was introduced in 1993.

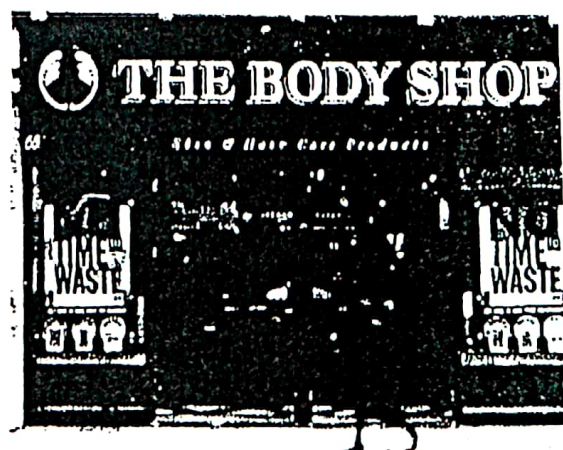
- 1 Consumers will buy more and more 'environmentally-friendly' products.
- 2 Consumers should take plastic bottles to the local recycling centre.
- 3 Patagonia can make 150 synchilla garments from 3,700 bottles.
- 4 The company has recently added a new item to the product range.
- 5 Many companies are developing green-marketing strategies.

Listening

Skills Focus

The Body Shop International is a highly successful franchise skincare retailer. It is against using animals in testing cosmetics, very active in community projects, and particularly well known for its involvement in environmental causes.

Listen to eight customers in a London Body Shop branch, and note the reason(s) each customer gives for buying Body Shop products.



Speaking

Convincing a sponsor

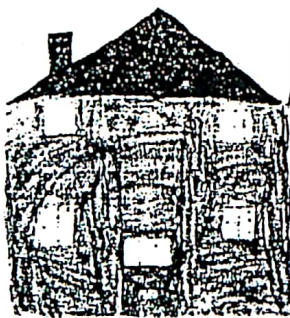
Like Patagonia, many companies sponsor, or contribute money towards, events or activities to maintain their image or to create a new image. Sponsorship can cover a whole range of activities including sport, education and local community projects depending on the type of image the company wants to project. For example, IBM sponsored the 2000 Olympic Games in Sydney, and Coca-Cola sponsors 151 American college students every year.

1 In pairs, make a list of companies which sponsor activities like those mentioned above. What kind of image does each company want to project through its sponsorship?

2 In groups, choose one of the following projects which need sponsorship.

1 A charity organisation

You are in charge of fundraising activities for the charity 'People in Need'. You want companies to make regular contributions to fund a hot meal delivery service to old and disabled people in your town. Local journalists have agreed to write articles aimed at raising awareness of the scheme. These articles could feature profiles of the companies willing to make contributions.



2 An environmental cause

You are members of a local environmental group which plants trees in urban areas. You are organising a 'tree planting' ceremony in the main square of your town centre. You need sponsorship to pay for the planting and upkeep of the trees. You plan to put the sponsors' names on plaques mounted in front of each tree. The mayor and other important local politicians will be at the ceremony.



3 An international exhibition of children's art

You represent the National Art Gallery and are organising an exhibition of children's art from all over the world. You are looking for sponsorship to finance programmes, catalogues, reproductions etc. You have invited a famous artist to open the exhibition, and children and teachers from various countries will be available for a press conference.

4 A TV documentary

You are directors of a video company. You have been commissioned to make a programme for national TV about the effects of pollution on marine life in the Pacific, as part of a wildlife series. It is also your job to find a sponsor to finance the sophisticated equipment and specialised crew members necessary to make this programme.

3 Choose an international company to approach for sponsorship. Discuss what your project can offer them and prepare the arguments that you will use to persuade them to sponsor your project. Look at the checklist of questions opposite that a company will ask itself before sponsoring a project. How will your project satisfy the company with respect to these questions?