

## Worksheet A: Level 1 (Intermediate)

### A Vocabulary

Fill the gaps in the sentences using the correct words and phrases from the box below.

word of mouth      efficiently      potential      return      bankruptcy  
anticipate      effectively      warehouse      incur      stockpiled

1. A \_\_\_\_\_ customer is someone who doesn't yet buy from you but might do in the future.
2. To \_\_\_\_\_ a situation is when you know that something is going to happen and act before it does.
3. \_\_\_\_\_ is when people talk about something (e.g. a new product) among themselves, so that it becomes known.
4. When a large quantity of products are stored ready for use, they are \_\_\_\_\_.
5. A \_\_\_\_\_ is a place where goods are stored.
6. When your actions mean you have to pay for something (usually unnecessarily), you \_\_\_\_\_ costs.
7. When you do something \_\_\_\_\_, you do it in a way that does not waste time, effort or money.
8. When you do something \_\_\_\_\_, you do it in a way that produces the effect you intended.
9. A \_\_\_\_\_ on investment is the profit you make when you invest in something.
10. \_\_\_\_\_ is when a company or person can't pay what they owe.

### B Pre-reading

Think of some reasons why a company might decide to do marketing research and make some notes. Then compare your ideas with the ones in the text.

#### Reasons for doing marketing research

##### Understanding the market

In an extremely competitive environment, organizations need to clearly understand how the market they operate in works. This understanding needs to include:

- ◇ current customers
- ◇ current competitors
- ◇ potential customers
- ◇ potential competitors
- ◇ the impact of outside influences (e.g. the economy, politics, population growth or decline, etc.)

It is only through understanding, or at least attempting to understand, such different groups that an organization can both anticipate and react to changing situations.

##### Forecasting

Marketing research is a way of creating information in a way that helps us to forecast – to predict what is going to happen to our business in the future. For example, there is little value in a company producing millions of a particular toy if the market research suggests it will only sell a few thousand. Of course, the situation may change, especially if the product becomes well known through word of mouth and it becomes a major success within the marketplace.

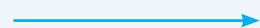
However, if the initial marketing research shows that there is not a lot of interest in the product, it would be unwise for the company to produce large volumes. The product will simply be stockpiled in a warehouse, losing value while incurring warehousing costs.

##### Improving return on investment

Companies should continually seek to improve their profitability. In other words, they need to use their resources both efficiently and effectively. Of course, that does not mean operating at 'survival level', with (for example) the smallest possible number of employees. That would be very risky. However, companies should consider ways of improving return on investment. This is particularly the case where a lot of money has been invested in research and development to create the product (or service) in the first instance.

##### Exploiting new market opportunities

Marketing research is not only about current problems. As we have already noted, it can be used for forecasting market demand. Moreover, it can be used to discover possible gaps within the market for new products and services.



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### Reducing the level of risk

The development and subsequent introduction of new products and services can cause significant financial and business risks for companies. Many companies introduce new products and then find that they are not successful in the marketplace – spending a lot of money on marketing does not solve their problem. In some cases the company

faces bankruptcy as a result. Marketing research might provide information on whether the product either has a market at all, or whether it needs minor adjustments to meet market needs.

Adapted from *Foundations of Marketing* by Jonathan Groucutt, pp. 67-68 © Palgrave Macmillan 2005

### C Comprehension

Read the text again and decide whether these statements are true (T) or false (F).

1. If companies do their initial forecasting and market research properly, they will always know whether a new product is going to be successful.
2. Companies shouldn't produce large quantities of a new product if initial research does not show a lot of interest in it.
3. Companies should not reduce their costs to a point where it risks damaging the company.
4. The more a company has invested in research and development for a new product, the more careful it needs to be about checking the return on its investment.
5. If a product is not popular when it first appears, it's always a good idea to spend more on marketing

### D Vocabulary development

Match the verbs on the left (1-8) with the words and phrases on the right (a-h) to make a phrase used in the text. Try doing this first without looking at the text, and then go back to the text to check your answers.

- |                 |                                |
|-----------------|--------------------------------|
| 1. to operate   | a. resources                   |
| 2. to react     | b. in a market                 |
| 3. to use       | c. new products                |
| 4. to invest    | d. to a situation              |
| 5. to forecast  | e. demand                      |
| 6. to discover  | f. a lot of money on marketing |
| 7. to introduce | g. in research and development |
| 8. to spend     | h. gaps in a market            |

### E Project

Think of your group project and the product which you will be launching. Answer the questions below:

1. Decide what information you need to find out from the market research and why.
2. Decide which research techniques are best for your kind of product and service.
3. Write your questionnaire or interview script.
4. Carry out your research with other members of your class.
5. Analyze your research and present your findings.