

READING PASSAGE 1

You should spend about 20 minutes on **Questions 1-13**, which are based on Reading Passage 1.

Companies try out a new marketing practice

Philip Kotler describes a business trend of the 1980s and '90s in his book, Marketing Management

Traditional marketing identifies target markets and satisfies consumer needs. In recent years, however, some have questioned whether this marketing concept is an appropriate philosophy in an age of environmental deterioration, resource shortages, explosive population growth, world hunger and poverty, and neglected social services. Are companies that do an excellent job of satisfying consumer wants necessarily acting in the best interests of consumers and society in the long run?

Let us first consider two examples of the marketing concept in action. The fast-food hamburger industry offers tasty but unhealthy food. The hamburgers have a high fat content, and the restaurants promote fries and pies, two products high in starch and fat. The products are wrapped in convenient packaging, which leads to much waste. In satisfying consumer wants, these restaurants may be hurting consumer health and causing environmental problems. The soft drinks industry has catered to our modern desire for convenience by increasing the share of single-use disposable bottles. However, the single-use bottle represents a great waste of resources; approximately 17 bottles are necessary where formerly one reuseable bottle made 17 trips before it was damaged. In addition, many single-use bottles are not biodegradable, and these bottles often litter the environment.

These situations call for a new concept that enlarges the marketing concept. A suggested name for this new concept is 'the societal marketing concept'. It holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors, in a way that preserves or enhances the consumer's and the society's well-being. Marketers need to build social and ethical considerations into their marketing practices. They must juggle the often conflicting criteria of company profits, consumer satisfaction, and public interest. Two pioneers in implementing the societal marketing concept are Ben & Jerry's and The Body Shop. But even they have begun to experience some difficulty.

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| Ben & Jerry's | In 1978, Ben Cohen and Jerry Greenfield formed a superpremium ice cream company called Ben & Jerry's Homemade. Sixteen years after Ben & Jerry's Scoop Shop opened in Burlington, Vermont, USA, sales climbed to US\$150 million. The company now has more than 600 employees and 10 franchisees. Their popularity rests on Ben & Jerry's creating innovative flavors such as Rainforest Crunch. Customers also know that 7.5% of Ben & Jerry's pre-tax profits are donated to a variety of social and environmental causes. Ben & Jerry's was additionally noted for its egalitarian employer-employee relations: the company used to have a policy in which the highest-paid employee made no more than five times the lowest-paid worker. Business realities eventually forced the company to modify this ratio to seven to one. |
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In 1993, facing stiff competition in the superpremium ice cream category, the company suffered its first loss since going public in 1984. A search began for a new, well-qualified Chief Executive Officer (CEO) to lead the company through its next stage of financial growth. To achieve this, the founders felt they had to raise the compensation level, yet Ben & Jerry's still conducted the CEO search in their own iconoclastic style. An essay contest entitled 'Yo, I'm Your CEO' attracted applications from 20,000 CEO hopefuls. Despite Ben & Jerry's unusual approach to finding a CEO, in the end the company made a rather conventional choice.

In 1976, Anita Roddick opened The Body Shop in Brighton, UK, in a tiny store selling beauty products in small plastic bottles. Now there are over 1,100 stores in 46 countries and The Body Shop's annual sales growth rate has been between 60% and 100%, with sales reaching US\$250 million in 1993. The company manufactures and sells cosmetics based on natural ingredients in simple and appealing recyclable bottles. The ingredients are largely plant-based and are often sourced from developing countries. Products are usually formulated without animal testing: and The Body Shop donates a percentage of profits each year to animal rights groups: homeless shelters, Amnesty International, Save the Rainforest, and other social causes. The outspoken Roddick routinely spoke out against the mainstream beauty industry and promoted her company's brand of socially responsible capitalism. However, going out on a limb means facing closer scrutiny. In 1992, the company filed a libel suit over a television report that challenged its image as a company with a social conscience. While The Body Shop won the suit in 1993, it is still besieged by critics who allege that the company does not live up to its reputation, and its profits have slipped slightly as copycat competitors enter the natural products market.

These companies are practising *cause-related marketing*, a version of the societal marketing concept, and it is one major factor in their success. Several companies use cause-related marketing on a limited scale, for example, by contributing to a specific charity based on consumer purchases during a limited period. Companies run these cause-related marketing campaigns for several purposes: to enhance corporate image, thwart negative publicity, pacify consumer groups, launch a new product or brand, broaden their customer base: and generate incremental sales. However, some critics complain that cause-related marketing exploits the cause's constituency and may make consumers feel that they have fulfilled their philanthropic duties by purchasing a product instead of donating directly.

Questions 1-4

Choose the correct letter, **A, B, C, or D.**

1 What point is made about traditional marketing in the first paragraph?

- A** it can be influenced by population growth.
- B** it considers the long-term needs of society.
- C** it may be unsuited to a time of global problems.
- D** it leads to environmental destruction.

2 According to the writer, disposable bottles were introduced in the soft drinks industry.

- A** to meet consumer demand.
- B** to reduce damage to bottles.
- C** because they are biodegradable.
- D** because they are more efficient.

3 In the sixth paragraph, what does the writer give as the main reason for criticisms of The Body Shop?

- A** The company's profits have decreased.
- B** The company has lost money to other businesses.
- C** The company is less concerned with social issues than it appears to be.
- D** The company uses fewer natural ingredients than it says it does.

4 In the seventh paragraph, what objection is made to cause-related marketing

- A** It is practised in a restricted way.
- B** It is sometimes aimed at only one charity for a short time.
- C** It is practised in order to improve the company's image
- D** It is likely to discourage people from donating straight to charity.

Questions 5-13

Choose **THREE** correct letters, **A-G**.

Which **THREE** of the following are part of the societal marketing concept?

- A** Assessing the requirements of customers
- B** Imitating competitor practices
- C** Informing consumers about products
- D** Considering community welfare issues
- E** Promoting items which are profitable
- F** Managing differing requirements in competitive welfare
- G** Involving managers in selling the products

Questions 8-10

Choose **THREE** correct letters, A-G.

Which **THREE** of the following does the writer suggest were the reason for the success of Ben & Jerry's?

- A** Product names were very popular.
- B** New tastes were introduced.
- C** Funds were given to worthy organisations.
- D** The company organized social events.
- E** All workers were treated equally.
- F** Fairness was a factor in salary levels.
- G** Some shops were staffed by volunteers.

Questions 11-13

Choose **THREE** correct letters, A-G.

Which **THREE** things show that The Body Shop is an example of the societal marketing practice?

- A** Products are sold in small plastic bottles.
- B** Products are made from natural ingredients.
- C** Social and environmental organisations are consulted on company practice.
- D** Some of the income is given to social organisations.
- E** The product containers can be recycled.
- F** They have trained other companies in environmentally friendly practices.
- G** The company is disapproved of by the mainstream beauty industry.