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| **УО «БЕЛОРУССКИЙ ГОСУДАРСТВЕННЫЙ ЭКОНОМИЧЕСКИЙ УНИВЕРСИТЕТ»** |
| **M.М. Ахрамович** |
| **Профессионально ориентированный английский для студентов, изучающих индустрию туризма и гостиничного бизнеса//Professionally oriented English for students studying tourism industry and hotel business** |
| **Учебно-методическое пособие** |
| **по английскому языку** |
| **для студентов очной и заочной форм обучения специальности 1-25 01 13 «Экономика и управление туристской индустрией».** |
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**UNIT I. The Concept and Prospects of Tourism**

**Text 1**

VOCABULARY NOTES

1. inception – начало, отправная точка

2. disposable – имеющийся в распоряжении, наличный

3. to scrutinize – тщательно изучить

4. watchdogs – контролеры, наблюдатели

WORD EXPRESSIONS

1. to lure with – заманивать чем-либо

2. to facilitate integration – для облегчения интеграции

3. incentive market – стимулирующий рынок

4. insightful thinking – проницательность мышления

5. harbinger of peace – предвестник мира

6. unified approach – единый подход

**CHANGING FACETS OF TOURISM**

From the very inception of life, travel has fascinated man. Travel and tourism have been important social activities of human beings from time immemorial. The urge to explore new places within one’s own country or outside and seek a change of environment and experience has been experienced from ancient times. Tourism is one of the world’s most rapidly growing industries. Much of its growth is due to higher disposable incomes, increased leisure time and falling costs of travel. As airports become more enjoyable places to pass through, as travel agency services become increasingly automated, and as tourists find it easier to get information on places they want to visit, tourism grows.

The Internet has fuelled the growth of the travel industry by providing on line booking facilities. It has also provided people with the power to explore destinations and cultures from their home personal computers and make informed choices before finalizing travel plans. With its immense information resources, the Internet allows tourists to scrutinize hotels, check weather forecasts, read up on local food and even talk to other tourists around the world about their travel experiences for a chosen destination. This new trend has made the tourism job very challenging.

The holiday makers want a good rate of return on their investment. They are to be lured with value additions and improved customer service. This also put emphasis on the regular flow of manpower with specific skills at the appropriate levels to match and cater to global standards. The success of the hospitality industry comes from provision of quality rooms, food, service and ambience. There is no doubt that fitness has increasingly become a larger part of everyone’s life. And business and leisure travelers alike look to maintain their fitness goals while away from home.

Awareness should be created about the environment and education. A collective effort and co-operation with powerful networking are the need of the hour. People should be acting as the watchdogs of the society as far as environmental issues are concerned. Eco-tourists are a growing community and tourism promotions have to adopt such eco-practices which could fit this growing community.

Another growing trend in the tourism scene is the Incentive Market and the scope of the destination to attract conferences and convention traffic. Here the prospects are better for those destinations where state of the art infrastructure has been developed along with a safe and clean image. Tourism today is much more than just developing products. It is more about quality, insightful thinking and ability to have global information about technology, partners, contacts and responding quickly to global and regional trends. The fundamental task before tourism promotion is to facilitate integration of the various components in the tourism trade as active participants in the nation’s social and cultural life. There is a long road ahead. All must work towards a society where people can work and participate as equal partners. Tourism should be a vehicle for international cooperation and understanding of the various civilizations and a harbinger of peace. From the foregoing we can see how fast the face of tourism is changing and how challenging the job of travel agencies is now. There is therefore a need for proper training of the personnel working in the industry through thorough and a detailed study of the subject. A unified approach to the subject is also needed since at present people from different fields have been studying tourism from different perspectives.

CHECK YOUR PROGRESS

1) Discuss the characteristics of the tourism industry.

2) What are the growing trends in the tourism scene?

3) What does the rapid growth of tourism owe to?

4) How big is the role of the Internet in promotion of tourism?

5) What information resources does the Internet provide tourists with?

6) Where does the success of hospitality industry come from?

7) What is the fundamental task before tourism promotion?

READING COMPREHENSION TASKS

**Task 1.** **Note down the sentences from the text which contain the given word combinations and phrases. Translate them into Russian**

1. from the time immemorial

2. most rapidly growing industries

3. falling costs of travel

4. increasingly automated

5. to fuel the growth of the travel industry

6. before finalizing travel plans

7. a good rate of return on investment

8. emphasis on the regular flow of manpower

9. to maintain fitness goals

10. a vehicle for international cooperation

**Task 2.** **Complete the following sentences**

1. The success of the hospitality industry comes from…….

2. Awareness should be created about……..

3. Eco tourists are…..

4. Tourism today is much more than…..

5. All must work…..

6. From the foregoing we can see………..

7. A unified approach is needed since……..

**Task 3. Give the definition to the following**

1. inception

2. to invest

3. ambience

4. to fit

5. personnel

6. tourism

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 2**

VOCABULARY NOTES

1. interaction – взаимодействие

2. encounter – столкновение

3. premature – преждевременный

4. to surpass – превзойти

5. tangible – материальный

WORD EXPRESSIONS

1. impact of tourism – влияние туризма

2. managerial skills – управленческие навыки

3. dominant activity – ведущая деятельность

4. the initiation of tourism – начало туризма

5. provisioning of tourism – обеспечение туризма

**PROSPECTS FOR STUDY ON TOURISM**

1. Geographical Perspective - from a geographer’s perspective the main concern of tourism is to look into aspects like the geographical location of a place, the climate, the landscape, the environment, the physical planning and the changes in these emerging from provisioning of tourism facilities and amenities. A geographer feels that it is the climate, landscape or physical attributes which draw the tourist to a destination, for example; if a person from Delhi goes to Shimla in the summer he does so because of the cooler climate which he cannot get in Delhi.

2. Sociological Perspective - from a sociologist’s perspective tourism is a social activity; it is about interaction between different communities – hosts and guests – and encounter between different cultures. This approach studies social classes, habits and customs of both hosts and guests in terms of tourism behavior of individuals or groups of people and the impact of tourism on society.

3. Historical Perspective - from an historian’s perspective tourism is a study of the factors instrumental in the initiation of tourism to a particular destination, the order of happenings leading to tourism development, the reasons for happening of the occurrences in that order, beneficiaries of the tourist activity and an untimely and premature identification of negative effects. For example we all know that a lot of tourists visit Taj Mahal in Agra but a historian would be interested in studying the factors that bring the tourist there, e.g. the architecture, the story behind the monument, or something else that draws them there.

4. Managerial Perspective - from the management perspective tourism is an industry, and therefore needs managerial skills in order to be properly managed. As the industry grows we see continuous changes in various organizations and services linked with the industry, the tourism products and so on. So this approach concentrates on management activities such as planning, research, pricing, marketing, control etc. as vital to the operation of a tourist establishment.

5. Economic Perspective – from an economist’s perspective tourism is a major source of foreign exchange earnings, a generator of personal and corporate incomes, a creator of employment and a contributor to government earnings. It is a dominant global activity surpassing even trade in oil and manufactured goods. Economists study the effects of tourism industry on the economy. This is a two way process.

CHECK YOUR PROGRESS

1) What are the perspectives on the study of tourism?

2) Give the characteristic to each of the perspectives?

3) Express your views about the text using the phrases below:

- I’m (very) surprised to learn that…

- I didn’t know that…

- I agree/disagree that…

-That’s very interesting fact that...

READING COMPREHENSION TASKS

**Task 1.** **Translate the following word expressions and use them in the context**

1. physical attributes

2. the story behind the monument

3. vital to the operation of a tourist establishment

4. a major source of foreign exchange earnings

5. a number of tangible and intangible components

**Task 2.** **Mach up the words**

1. untimely a) activity

2. dominant b) perspective

3. historical c) effects

4. manufactured d) identification

5. negative e) goods

**Task 3.** **Give the definition to the following**

1. host

2. management

3. income

4. earnings

5. generator

6. perspective

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 3**

VOCABULARY NOTES

1. tangible – материальный

2. escape – уход от действительности

3. to acquire – приобретать, достигать

WORD EXPRESSIONS

1. to reconcile the needs – согласовать потребности

2. resident population – постоянное население

3. transport undertakings – транспортные предприятия

**MANAGERIAL AND ECONOMIC PROSPECTS FOR STUDY ON TOURISM**

Now due to higher disposable incomes, increased leisure time and falling cost of travel, the tourism industry has shown a very high growth and since tourism is a service industry it comprises of a number of tangible and intangible components.

The tangible elements include transport systems - air, rail, road, water and now space; hospitality services - accommodation, food and beverage, tours, souvenirs; and related services such as banking, insurance and safety and security.

The intangible elements include: rest and relaxation, culture, escape, adventure, new and different experiences.

As there are number of bodies involved the need arises for a management of services related to this industry and so the study of tourism acquires a great practical necessity and usefulness. Tourism industry is very fast growing and this industry involves activities and interests of transport undertakings, owners of tourist sites and attractions, various tourist service providers at the tourist destinations and central and local government, etc. Each of these serves both the resident population and the tourists and their management must reconcile the needs of tourists with the needs of the resident population. So it becomes important to study tourism from the perspective of management, since the management of various bodies in this industry is invaded.

CHECK YOUR PROGRESS

1) Name the reasons why managerial and economic perspectives are of great importance in the study of tourism.

2) What is considered to be the tangible and intangible elements of the service industry?

3) What activities and interests are involved in tourism industry?

READING COMPREHENSION TASKS

**Task 1.** **Note down the sentences from the text which contain the given word combinations and phrases. Translate them into Russian.**

1. a service industry

2. tangible elements

3. a great practical necessity

4. fast growing

5. reconcile the needs

6. from the perspective of management

**Task 2.** **Make up questions for the following answers**

1. Due to higher disposable incomes, increased leisure time and falling cost of travel.

2. Transport systems, hospitality and related services.

3. Because the need arises for a management of services related to this industry.

4. They must reconcile the needs of tourists with the needs of the resident population.

5. Since the management of various bodies in this industry is invaded.

**Task 3.** **Mach the terms with definitions**

a) beverage c) destination

b) accommodation d) service

1. the place to which a person or thing travels or is sent

2. any potable liquid, especially one other than water, as tea, coffee, beer, or milk

3. the supplying or supplier of utilities or commodities, as water, electricity, or gas, required or demanded by the public

4. lodging

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**UNIT II. Tourism Products**

**Text 1**

VOCABULARY NOTES

1. susceptible to – восприимчивый к

2. scenic – живописный

3. solitude – одиночество

4. recreative – восстанавливающий силы

5. precipitation – осадки

6. affluent – богатый, изобилующий

7. to complement – дополнять

8. predetermined – предопределенный

9. to presuppose – предполагать

10. to undergo – пройти

11. cuisine – кухня

12. recreation – восстановление сил, отдых

WORD EXPRESSIONS

1. to meet the needs – удовлетворять потребности

2. composite product – составной продукт

3. to result in satisfaction – приводить к удовлетворенности клиентов

4. in terms of – с точки зрения

5. important factor in the demand for – важный фактор спроса на

6. boarding houses – пансионаты

7. to keep share of – сохранять долю

8. to gain reputation – заслужить репутацию

9. to cater to the special needs – удовлетворять особые потребности

10. to pave the way – проложить путь

**DEFINITION OF TOURISM PRODUCT**

A tourism product can be defined as the sum of the physical and psychological satisfaction it provides to tourists during their traveling on route to the destination. The tourist product focuses on facilities and services designed to meet the needs of the tourist. It can be seen as a composite product, as the sum total of a country’s tourist attractions, transport, and accommodation and of entertainment which result in customer satisfaction. Each of the components of a tourist product is supplied by individual providers of services like hotel companies, airlines, travel agencies, etc. The tourist product can be analyzed in terms of its attraction, accessibility and accommodation.

**1. Attractions**

Of the three basic components of a tourist product, attractions are very important. Unless there is an attraction, the tourist will not be motivated to go to a particular place. Attractions are those elements in a product which determine the choice made by particular tourist to visit one particular destination rather than another. The attractions could be cultural, like sites and areas of archaeological interest, historical buildings and monuments, flora and fauna, beach resorts, mountains, national parks or events like trade fairs, exhibitions, arts and music festivals, games, etc. Tourist demands are also very much susceptible to changes in fashion. Fashion is an important factor in the demand for various tourist attractions and amenities. The tourist who visits a particular place for its natural beauty may decide to visit some other attractions due to a change in fashion. There is an inventory of the various attractions which are of significance in tourism. These are given below in a table:

Inventory of Tourist Attractions

Cultural: Sites and areas of archaeological interest, Historical buildings and

Monuments, Places of historical significance, Museums, Modern

Culture, Political and Educational institutions, Religious

Institutions

Traditions: National Festivals, Arts and Handicrafts, Music, Folklore, Native

life and Customs

Scenic: National Parks, Wildlife, Flora and Fauna, Beach Resorts,

Mountain Resorts.

Entertainment: Participation and Viewing sports, Amusement and Recreation

Parks Zones and Oceanariums, Cinemas and Theatres, Night

Life and Cuisine.

Others: Climate, Health resorts or Spas, unique characteristics not

available elsewhere.

However, the attractions of tourism are, to a very large extent, geographical in character. Location and accessibility (whether a place has a coastal or inland position and the ease with which a given place can be reached) are important. Physical space may be thought of as a component for those who seek the wilderness and solitude. Scenery or landscape is a compound of landforms; water and the vegetation have an aesthetic and recreative value. Climate conditions, especially, in relation to the amount of sunshine, temperature and precipitation (snow as well as rain), are of special significance. Animal life may be an important attraction, firstly in relation to, bird watching or viewing game in their natural habitat and secondly, for sports purposes, e.g. fishing and hunting. Man’s impact on the natural landscape in the form of his settlements, historical monuments and archaeological remains is also a major attraction. Finally, a variety of cultural features such as ways of life, folklore, artistic expressions, etc. provide valuable attractions to many.

**2. Accessibility**

It is a means by which a tourist can reach the area where attractions are located. Tourist attractions of whatever type would be of little importance if locations are inaccessible by the normal means of transport. Tourist in order to get to his destination needs some mode of transport. This mode may be a motor car, a coach, an aero plane, a ship or a train which enables him to reach his predetermined destination. If tourist destinations are located at places where no transport can reach or where there are inadequate transport facilities, they become of little value. The tourist attractions, which are located near the tourist-generating markets and are linked by a network of efficient means of transport, receive the maximum number of tourists. The distance factor also plays an important role in determining a tourist’s choice of a destination. Longer distances cost much more in the way of expenses on travel as compared to short distances. An example can be that of India. About two and a half million tourist arrivals for a country of the size of India may look rather unimpressive. However if one looks at certain facts like the country’s distance from the affluent tourist markets of the world such as the United States, Europe, Canada, Japan and Australia, one may conclude that the long distance is one of the factors responsible for low arrivals. It costs a visitor from these countries, quite a substantial amount, to visit India for a holiday. It has been stated earlier that Europe and North America continue to be the main generating and receiving areas for international tourism, accounting for as much as 70% and 20% respectively, of international tourist arrivals. Easy accessibility thus is a key factor for the growth and development of tourist movements.

**3. Accommodation**

The accommodation and other facilities complement the attractions. Accommodation plays a central role and is very basic to tourist destinations. World Tourism Organization in its definition of a tourist has stated that he must spend at least one night in the destination visited, to qualify as a tourist. This presupposes availability of some kind of accommodation. The demand for accommodation away from one’s home is met by a variety of facilities. The range and type of accommodation is quite varied and has undergone considerable change since the last half century. There has been a decline in the use of boarding houses and small private hotels. Larger hotels are increasing their share of holiday trade, especially in big metropolitan areas and popular spots. In more traditional holiday and sea-side resorts in Europe and elsewhere, big hotels are keeping their share of holiday resorts. In recent years, some changes have been reflected in the type of accommodation. There has been an increasing demand for more non- traditional and informal types of accommodation. The latest trends in accommodation are holiday villages. In recent years there has been an increase in the popularity of such accommodation. Accommodation may in itself be an important tourist attraction. In fact, a large number of tourists visit a particular destination or town simply because there is a first class luxury hotel or resort which provides excellent services and facilities. Some countries like Switzerland, Holland, France, Austria, and Belgium have gained a reputation for providing excellent accommodation with good cuisine. Many hotel establishments elsewhere in various countries, especially the resort hotels, have gained a reputation for their excellent cuisine, services and facilities. The French government for instance, paved the way for tourist development of Corsica by launching a big hotel development program.

**4. Amenities**

Facilities are a necessary aid to the tourist centre. For a seaside resort, facilities like swimming, boating, yachting, surf-riding, and other facilities like dancing, recreation and other amusements are important for every tourist centre. Amenities can be of two types: *natural*, e.g. beaches, sea-bathing, possibilities of fishing, opportunities for climbing, trekking, viewing, etc. and *man-made*, e.g. various types of entertainment and facilities which cater to the special needs of the tourists. Excellent sandy beaches, sheltered from sunshine with palm and coconut trees and offering good bathing conditions form very good tourist attractions. Certain other natural amenities such as spacious waters for the purpose of sailing or the opportunities for fishing and hunting are also very important.

CHECK YOUR PROGRESS

1) How does the factor of accessibility influence the amount of tourists?

2) What is the major qualification of a tourist in the definition given by World Tourism Organization?

3) What types of accommodation have been in demand in recent years?

4) Name some ‘Tourist Products’.

5) List some reasons why you would like to travel.

6) Put down five tourist destinations you would like to visit and describe how you would reach them.

7) What are the facilities you look for, in the places where you will stay on a holiday?

READING COMPREHENSION TASKS

**Task 1.** **Note down the sentences from the text which contain the given word combinations and phrases. Translate the sentences into Russian.**

1. the sum of the physical and psychological satisfaction

2. facilities and services designed to meet the needs of the tourist

3. can be analyzed in terms of its attraction

4. due to a change in fashion

5. geographical in character

6. man’s impact on the natural landscape

7. inadequate transport facilities

8. complement the attractions

9. has undergone considerable change since the last half century

10. have gained a reputation for providing excellent accommodation

**Task 2.** **Complete the following sentences**

1. Each of the components of a tourist product …….

2.Animal life may be……

3.World Tourism Organization in its definition of a tourist has stated that …

4. There has been a decline in…..

5. Larger hotels are increasing….

6. In recent years, some changes have been reflected in…

7. The latest trends in accommodation are…

8. Amenities can be of two types….

**Task 3.** **Mach the words into expressions as they are in the text**

1. international a) conditions

2. central b) factor

3. easy c) destinations

4. bathing d) tourism

5. tourist e) accessibility

6. key f) role

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 2**

VOCABULARY NOTES

1. to derive – получать

2. strain – нагрузка

3. heterogeneous – гетерогенный, неоднородный

4. homogeneous – однородный

5. uniformly – равномерно

6. to heighten – повышать (ся)

WORD EXPRESSIONS

1. highly perishable – скоропортящийся

2. short (long) run – краткосрочная (долгосрочная) перспектива

3. predetermined destination – заранее определенный пункт назначения

**CHARACTERISTICS OF TOURISM PRODUCT**

By now, you must have understood what a tourism product is. Now let us look at some of its characteristics:

1) Intangible

Unlike a tangible product, say, a motor car or refrigerator, no transfer of ownership of goods is involved in tourism. The product here cannot be seen or inspected before its purchase. Instead, certain facilities, installations, items of equipment are made available for a specified time and for a specified use. For example, a seat in an aero plane is provided only for a specified time.

2) Psychological

A large component of tourism product is the satisfaction the consumer derives from its use. A tourist acquires experiences while interacting with the new environment and his experiences help to attract and motivate potential customers.

3) Highly Perishable

A travel agent or tour operator who sells a tourism product cannot store it. Production can only take place if the customer is actually present. And once consumption begins, it cannot be stopped, interrupted or modified. If the product remains unused, the chances are lost i.e. if tourists do not visit a particular place, the opportunity at that time is lost. It is due to this reason that heavy discount is offered by hotels and transport generating organizations during off season.

4) Composite Product

The tourist product cannot be provided by a single enterprise unlike a manufactured product. The tourist product covers the complete experience of a visit to a particular place. And many providers contribute to this experience. For instance, airline supplies seats, a hotel provides rooms and restaurants, travel agents make bookings for stay and sightseeing, etc.

5) Unstable Demand

Tourism demand is influenced by seasonal, economic political and other such factors. There are certain times of the year which see a greater demand than others. At these times there is a greater strain on services like hotel bookings, employment, the transport system, etc.

6) Fixed supply in the short run

The tourism product unlike a manufactured product cannot be brought to the consumer; the consumer must go to the product. This requires an in-depth study of users’ behavior, taste preferences, likes and dislikes so that expectations and realities coincide for the maximum satisfaction of the consumer. The supply of a tourism product is fixed in the short run and can only be increased in the long run following increased demand patterns.

7) Absence of ownership

When you buy a car, the ownership of the car is transferred to you, but when you hire a taxi you buy the right to be transported to a predetermined destination at a predetermined price (fare). You neither own the automobile nor the driver of the vehicle. Similarly, hotel rooms, airline tickets, etc. can be used but not owned. These services can be bought for consumption but ownership remains with the provider of the service. So, a dance can be enjoyed by viewing it, but the dancer cannot be owned.

8) Heterogeneous

Tourism is not a homogeneous product since it tends to vary in standard and quality over time, unlike a T.V set or any other manufactured product. A package tour or even a flight on an aircraft can’t be consistent at all times. The reason is that this product is a service and services are people based. Due to this, there is variability in this product. All individuals vary and even the same individual may not perform the same every time. For instance, all air hostesses cannot provide the same quality of service and even the same air hostess may not perform uniformly in the morning and evening. Thus, services cannot be standardized.

9) Risky

The risk involved in the use of a tourism product is heightened since it has to be purchased before its consumption. An element of chance is always present in its consumption. Like, a show might not be as entertaining as it promises to be or a beach holiday might be disappointing due to heavy rain.

10) Marketable

Tourism product is marketed at two levels. At the first level, national and regional organizations engage in persuading potential tourists to visit the country or a certain region. These official tourist organizations first create knowledge of its country in tourist generating markets and persuade visitors in these markets to visit the country. At the second level, the various individual firms providing tourist services, market their own components of the total tourist product to persuade potential tourists to visit that region for which they are responsible.

CHECK YOUR PROGRESS

1) List out some things that you pay for that are intangible.

2) Describe the various characteristics of a tourism product.

3) Write down all the components of a package tour that you read about in an advertisement for a holiday.

4) Speak to some of your friends and ask them when they like to travel. See what the majority chooses as the favorite time of the year.

5) Out of the list given below, write down those keywords which are not characteristics of a tourist product: Perishable, Chemical, Transferable, Homogeneous, Seasonal, Psychological, Patent and Marketable.

6) Identify which keywords do not belong to this lesson: Mountains, Earthquake, Dance Festival, Guide, Olympic Games, Advertising, Cosmetic Surgery, Scuba Diving, Tickets.

READING COMPREHENSION TASKS

**Task 1.** **Translate the following word expressions and use them in the context**

1. a specified time and a specified use

2. the satisfaction the consumer

3. to attract and motivate potential customers

4. during off season

5. covers the complete experience of a visit

6. since it has to be purchased before its consumption

7. marketed at two levels

**Task 2.** **Mach up the words into expressions as they are in the text**

1. potential a) run

2. tangible b) services

3. long c) price

4. standardized d) customers

5. predetermined e) product

**Task 3.** **Give the definition to the following**

1. a tour operator

2. to store

3. an enterprise

4. demand

5. quality

6. price

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**UNIT III. Tourism Development**

**Text 1**

VOCABULARY NOTES

1. underemployment – неполная занятость

2. indispensable – незаменимый

3. repercussions – последствия

4. hence – поэтому

5. utilities – коммунальные услуги

6. scarce – скудный, недостаточный, редкий

7. seasonality – сезонность

WORD EXPRESSIONS

1. to an indisputable extent – неоспоримо

2. diversification alternatives – разнообразные альтернативы

3. to call for measures – призывать принять меры

4. tourist expenditure – туристические расходы

5. recruiting manpower – вербовка рабочей силы

**GENERATION OF EMPLOYMENT**

Employment is an important economic effect of tourism. The problems of unemployment and underemployment are more active in the developing countries. Tourism can be looked upon in this light as a major industry which employs manpower on a large scale. The problems which the industrialized countries face in recruiting manpower for the tourists industry confirm that, in any productive process consisting of services, human labor remains the basic need. If a comparison is to be drawn with the productive sector none of the technological progress achieved has succeeded in rendering the human factor less indispensable than in this sector, and this is true to an absolutely indisputable extent. The high social impact of the tourist industry is well known, for it has repercussions in every other national economic sector through the multiplier effect, which is particularly marked in those services that are complementary to the tourist accommodation industry.

The tourist industry is a highly labor intensive service industry and hence is a valuable source of employment. It employs a large number of people and provides a wide range of jobs which extend from the unskilled to the highly specialized. In addition to those involved in management there are a large number of specialist personnel required to work as accountants, housekeepers, waiters, cooks and entertainers, who in turn need a large number of semi skilled workers such as porters, chambermaids, kitchen staff, gardeners, etc. Tourism is also responsible for creating employment outside the industry in its more narrowly defined sense and in this respect those who supply goods and services to those directly involved in tourism are beneficiaries from tourism. Such indirect employment includes, those involved in the furnishing and equipment industries, souvenir industries and farming and food supply.

Construction industry is another very big source of employment. The basic infrastructures as roads, airports, water supply and other public utilities and also construction of hotels and other accommodation units create jobs for thousands of workers, both unskilled and skilled. In many of the developing countries, where chronic unemployment often exists, the promotion of tourism can be a great encouragement to economic development and, especially, employment. However at this point, it is necessary to consider the seasonal nature of the tourism industry. Where general diversification alternatives are scarce, a combination of heavy dependence on tourism and highly marked seasonality calls for measures to develop off season traffic. Employment multiplier is similar to the Income multiplier except that in this case a multiplier impact on employment is observed. Employment Multiplier can be expressed in the following two ways:

(a) As a ratio of the combination of direct employment. At the destination, the jobs are directly created in the industry there.

(b) As a ratio of secondary employment generated per additional unit of tourist expenditure to direct employment. The workers and their families require their own goods and services giving rise to further indirectly created employment in shops, schools, health care institutions, etc.

CHECK YOUR PROGRESS

1) What kinds of direct and secondary employment can be generated by tourism?

2) Name a city or a town in Belarus which is developed primarily due to tourism.

3) Can regional imbalances in employment be redressed or removed through tourism development?

4) What is meant by the expression “the seasonal nature of the tourism industry”?

5) What are the ways of expressing Employment multiplier?

READING COMPREHENSION TASKS

**Task 1.** **Note down the sentences from the text which contain the given word combinations and phrases. Translate them into Russian**

1. more active in the developing countries

2. in any productive process consisting of services

3. this is true to an absolutely indisputable extent

4. for it has repercussions in every other national economic sector through the multiplier effect

5. in its more narrowly defined sense

6. another very big source of employment

7. chronic unemployment

**Task 2.** **Make up questions for the following answers**

1. In the developing countries.

2. Human labor remains the basic need.

3. Because the tourist industry is a highly labor intensive service industry.

4. Those who supply goods and services to those directly involved in tourism.

5. Those involved in the furnishing and equipment industries, souvenir industries and farming and food supply.

6. The seasonal nature of the tourism industry.

7. To develop off season traffic.

8. To the Income multiplier.

**Task 3. Give the definition to the following**

1. labor

2. underemployment

3. succeed

4. valuable

5. employment

6. promotion

7. skilled

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 2**

VOCABULARY NOTES

1. enhance – повышение

2. haphazard – случайный

3. boost – повышение

4. congestion – скопление, затор (уличного движения)

WORD EXPRESSIONS

1. available for recreation – для отдыха

2. to generate a pressure – создавать давление

**IMPORTANCE OF TOURISM DEVELOPMENT**

The higher disposable incomes greatly enhanced personal mobility and increased leisure time leads to an increase in people traveling away from their home and this creates a demand for the facilities available for recreation. This demand in turn generates a pressure on the land and the amenities, as well as the social structure of the communities. Therefore it becomes important to plan and develop the leisure facilities for tourism.

Fifty years back the tourism growth in lots of countries was an unplanned activity and as a result, to meet the demands there was a sudden and haphazard boost in the facilities like hotels, means of transportation, etc. at some of the popular holiday resorts to satisfy the profit instincts of the promoters. For example in Thailand, at a beach resort called Pattaya – about 150 kilometres from Bangkok over three decades from 1970 , the number of hotel rooms expanded from 400 to 24000 and consequently the occupancy of hotels was not even 50 percent a year. Concentration of development in one place and over a short period of time has many serious negative impacts like loss of trees; loss of natural features like landscape, environment; congestion, pollution, a large number of people are going to the same spot at the same time and this kind of commercialization leads to overcrowding and the original ambience of the place is lost. The place loses its charm for the people and this leads to a drop in the tourism activities. To avoid such situations it becomes really important to properly plan for the tourism development based on the scientific research of the requirements of the travel market and the capacity of the area to take in the tourists.

CHECK YOUR PROGRESS

1. Give one example of unplanned tourism development.

2. Give two negative impacts of concentration of development at one place.

READING COMPREHENSION TASKS

**Task 1.** **Translate the following word expressions and use them in the context**

1. to create a demand for the facilities available for recreation

2. to generate a pressure

3. to satisfy the profit instincts of the promoters

4. serious negative impacts

5. the scientific research of the requirements

**Task 2.** **Mach up the words into expressions as they are in the text**

1. leisure a) mobility

2. tourism b) instincts

3. profit c) impacts

4. personal d) facilities

5. negative e) growth

**Task 3.** **Give the definition to the following**

1. leisure

2. amenity

3. resort

4. research

5. facility

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 3**

VOCABULARY NOTES

1. tannig –загар

2. sewage – сточные воды

3. to hamper – препятствовать

WORD EXPRESSIONS

1. haphazard development – бессистемное развитие

2. diversification alternatives – разнообразные альтернативы

3. irrespective of demands – независимо от требований

4. to get affected by – подвергаться влиянию чего-либо

**RATIONALE FOR TOURISM PLANNING**

Like any other form of development, tourism development is concerned with the economic benefits for individual enterprises, related communities and the country. Tourism development generates wealth, creates employment, leads to community development, development of arts and crafts of a place , conservation of historical and natural sites, etc. but we cannot ignore some of its negatives like extensive social and environmental damage. Thus it becomes imperative to plan for tourism development so as to maximize the positive benefits while minimizing negative impacts in a sustainable manner. In the past, tourism planning was viewed in a very simplistic manner. It took into consideration:

a. Development of new hotels resorts

b. Bringing about an increase in the connecting means of transport, for example, allow more airlines to operate

c. Launching promotional campaigns within the country and abroad

d. Easing the border crossing formalities

But now in light of the negative impact of haphazard development that came up just to meet the demand, the government now realizes that the planning of tourism development should be based on scientific research of the requirements of the travel market and the capacity of the area to take in the tourists.

Tourism development requires an in-depth study of resources or the supply and the demand patterns. Two main components that are the sources of demand for tourism in any country may be identified as:

1. The residents (the home market)

2. The visitors from abroad (the export market)

This classification provides a basis for the assessment of demand and each group follows a particular pattern of demand. For example in India the residents in summers like to go to places like Shimla, Mussorie which are cooler but a visitor from abroad might still want to go and see Taj Mahal or visit Goa for tanning, so there is a difference in the demand at a particular time from the different sections of tourists. The demand helps us in planning for the areas of interest. The pattern of traffic has to be kept in mind while planning specially at the supply side because it is not flexible, for example hotels cannot be built in a day even if you feel there is an increase in demand. Similarly development of airports also takes time. For successful tourism planning the current and the future supply has to be correlated to the current and the future demand. Some of the important factors influencing Tourism Development in an area are planning and development of resources.

Tourism can take several forms. A single trip may require one or more forms of transport on the way, a stay might involve one or different types of accommodation in one or more locations. A tourist engages in active and passive forms of recreation, sightseeing, meetings, conferences and such other things, all this involves the use of a variety of facilities and services, available more or less specifically for his use and enjoyment. The inflow of tourists to any particular area makes use of the resources of different kinds. The beaches, the islands, the hills, etc. together with the climate constitute the natural resources for tourist experience, these resources exist irrespective of demands of tourism but their availability and characteristics by a greater or a lesser extent get affected by tourism. The other resources are the ones that have to be developed; it refers to various forms of physical development, which will make any area accessible to tourists, as also to particular installations or facilities required by the existing tourists in that area. The development can be divided into two basic categories:

1. The Infrastructure

2. The Superstructure

The infrastructure includes all forms of construction on and below ground required by any inhabited area in intensive communication with the outside world and as a basis of intensive human activity within. It includes roads, railway lines, harbors, airport runways and also the utility services like the water supply, drainage and sewage disposal, electricity and power supply. The superstructure consists of passenger traffic terminals, hotels, restaurants, entertainment, shopping facilities and so on. The Infrastructure has to precede the superstructure and has to be adequate to serve the needs of the residents as well as the tourists. If not well developed it will affect the tourism, as for example if the access roads to a particular destination are not good or at a destination there is no good source of water supply these factors will hamper the tourism growth for the particular destination. This calls for physical planning and development – we can classify the areas that need to be developed on the basis of demand, into the following two heads:

1. The new areas with potential, but little or no existing tourist activity and with most land and other resources uncommitted to the existing uses.

2. Re-shaping of the areas with significant tourist flows already, with existing patterns of the land use and facilities.

For this the following considerations have to be kept in mind

1. The need to assess demand

a. Potential demand – for new locations and the facilities

b. Actual demand – for the existing locations and to assess how it will change if there is a change in the existing facilities

2. The need for assessment of the required resources of land, capital and labor for any proposed development and of their alternative uses. The land can be alternatively used for agriculture, industry or residential development or for tourism. Similarly the capital may compete with its potential use in some other business (if provided from private source) or it can be used for building a school or a hospital (if provided from public funds). If alternative sources of employment are available in the area, the quantity and quality of labor available for tourism has to be assessed in relation to other sources of employment. In these kinds of situation a cost-benefit analysis is required.

3. The need to assess the needs of the tourists and residents of the area and the compatibility of tourism with the other activities.

CHECK YOUR PROGRESS

1. Give three benefits of tourism development.

2. What are two main sources of demand for tourism?

3. What are the two kinds of resources used for development of tourism?

4. Out of the following, what is included in infrastructure development and what is included in superstructure development?

a) A new airport

b) A new highway

c) The water supply

d) A cinema hall

e) A shopping mall

f) A hotel

5. What is the need for planning in tourism development?

READING COMPREHENSION TASKS

**Task 1.** **Note down the sentences from the text which contain the given word combinations and phrases. Translate them into Russian**

1. extensive social and environmental damage

2. in light of the negative impact

3. the assessment of demand

4. a difference in the demand

5. at the supply side

6. the inflow of tourists

7. by a greater or a lesser extent

8. to precede the superstructure

9. the need for assessment of the required resources

10. in relation to other sources of employment

**Task 2.** **Make up questions for the following answers**

1. to maximize the positive benefits while minimizing negative impacts in a sustainable manner

2. in planning for the areas of interest

3. because it is not flexible

4. the beaches, the islands, the hills, etc. together with the climate

5. on the basis of demand

6. if provided from private source

**Task 3. Give the definition to the following**

1. resident

2. inflow

3. benefit

4. flexible

5. planning

6. a stay

7. development

8. compatible

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**UNIT IV ECONOMIC IMPACT OF TOURISM**

**Text 1**

VOCABULARY NOTES

1. receipts – доходы

2. sewage – сточные воды

3. to hamper – препятствовать

WORD EXPRESSIONS

1. haphazard development – бессистемное развитие

2. diversification alternatives – разнообразные альтернативы

3. irrespective of demands – независимо от требований

4. to get affected by – подвергаться влиянию чего-либо

**EARNER OF FOREIGN EXCHANGE**

Tourism has major economic significance for a country. The receipts from international tourism are a valuable source of earning for all countries, particularly, the developing. Visitor-spending generates income for both public and private sectors, besides affecting wages and employment opportunities. Although tourism is sensitive to the level of economic activity in the tourist-generating countries, it provides more fixed earnings than primary products. The income from tourism has increased at a higher rate than primary products. The income from tourism has tended to increase at a higher rate than merchandise export in a number of countries especially in countries having a low industrial base. Now there is practically an assured channel for financial flows from the developed countries to the developing countries raising the latter’s export earnings and rate of economic growth. Tourism, therefore, provides a very important source of income for a number of countries, both developed and developing. The figures from World Tourism Organization (WTO) indicate that, among the world’s top 40 tourism earners about 18 were developing countries including India, in the year 1995. Regarding the number of visitor arrivals, in some countries there were more visitor arrivals than the population. France with a population of 57 million received 74.5 million visitors in the year 2000. Similarly Spain with a population of 37 million received 48.5 million visitors during the same year. Several island countries, like the Caribbean Islands, depend greatly on tourist income resulting from visitor arrivals. These earnings are form a major part of the gross domestic product (GDP). Even developed countries like Canada which derived over 13 per cent of its gross domestic product from international visitors in the year 1999, rely heavily on income from tourism. Tourism forms a very important source of foreign exchange, for several countries. Although the quantum contributed in foreign currency per visitor varies from destination to destination, the importance of receipts from tourism in the balance of payment accounts and of tourist activities in the national revenue has become considerable for a number of countries.

The major economic benefit in promoting the tourism industry is in the form of earning foreign exchange. Income from these foreign exchange earnings adds to the national income and, as an invisible export, may offset a loss of the visible trading account and be of critical importance in the overall financial reckoning. This is truer in the case of developing countries particularly the small countries, which depend heavily upon primary products such as a few basic cash crops where tourism often offers a more reliable form of income. In the case of some European countries, namely Spain, Portugal, Austria, France and Greece, the invisible earnings from tourism are of a major significance and have a very strong positive effect on the balance of payments. Tourism is therefore a very useful means of earning the much needed foreign currency. It is almost without a rival as an earning source for many developed as well as developing countries. These earnings assume a great significance in the balance of payment position of many countries.

The balance of payments shows the relationship between countries’s total payments to all other countries and its total receipts from them. In other words, it may be defined as a statement of income and expenditure on international account. Payments and receipts on international account are of three kinds:

(1) The visible balance of trade relating to the import and export of goods

(2) Invisible items (relating to the services such as shipping and Insurance)

(3) Capital transfers.

The receipts from foreign tourism form an ‘invisible export’, just like other invisibles which come from transportation and shipping, banking and insurance, income on investments, etc. Because most countries at times have serious problems with their international payments, much attention comes to be focused on tourism because of its potentially important contribution to, and also effect upon, the balance of payments.

The receipts from international tourism, however, are not always net. Sometimes expenditures are involved which must be set against them. Net foreign exchange receipts from tourism are reduced principally by the import cost of goods and services used by visitors, foreign exchange costs of capital investment in tourist amenities and promotion and publicity expenditure abroad. According to Peters, “Certain imports associated with tourist expenditures must be deduced… the importation of material and equipment for constructing hotels and other amenities, and necessary supplies to run them; foreign currency costs of imports for consumption by international tourists; remittances of interests and profits on overseas investment in tourism enterprises, mainly hotel construction; foreign currency costs of conducting a tourism development program, including marketing expenditure overseas”. Reliance on imports to meet the tourist’s needs does not, in any way, deny developing countries the opportunity of earning foreign exchange in supplying such goods and services. Imports are, to a large extent, essential to the operation of the tourist sector as to that of other sectors. The important question is whether the value added domestically on an item or service in is maximized? Maximization of import substitution without due regard to the effect on overall tourism receipts (i.e., demand) may be counterproductive. Also, differences in the pattern and level of reliance on imported goods and services, capital equipment and manpower are very wide, depending upon the level of development of a country. In some cases, this reliance is simply due to a lack of resources that transform into items which are to be sold by the industry. In others, the industry has not yet drawn on such supply potential, for which it may be an important stimulus. There is a general need for careful programs of positive import substitution.

CHECK YOUR PROGRESS

1. Which countries attract some of the highest international travelers?

2. Mention some ‘invisible exports’ which can earn foreign exchange for a

country.

3. Arrange the following keywords in their order of appearance in the above

section……

receipts, financial flows, value added, invisible exports, primary products,

import substitution, economic growth.

4. List out some ways in which foreign exchange can be earned by a country.

5. Examine the statement ‘receipts from international tourism are not always net.’

READING COMPREHENSION TASKS

**Task 1.** **Translate the following word expressions and use them in the context**

1. a valuable source of earning

2. fixed earnings

3. a low industrial base

4. rely heavily

5. varies from destination to destination

6. it is almost without a rival

7. potentially important contribution

8. net foreign exchange receipts

9. remittances of interests and profits on overseas investment

10. maximization of import substitution

**Task 2.** **Mach up the words into expressions as they are in the text**

1. tourist-generating a) export

2. merchandise b) regard

3. economic c) arrivals

4. foreign d) countries

5. visitor e) benefit

6. due f) exchange

**Task 3.** **Give the definition to the following**

1. quantum

2. loss

3. expenditure

4. contribution

5. investment

6. reliance

7. counterproductive

8. manpower

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 2**

VOCABULARY NOTES

1. precision – точность

2. to incorporate – включать

3. intrinsically – в действительности

4. accruing – накапливающийся

5. leakage – утечка

6. propensity – склонность

WORD EXPRESSIONS

1. a multiplier effect – умноженное воздействие

2. to be measured with accuracy – измеряться с точностью

3. inter business transactions – взаимосвязанные бизнес операции

4. induced expenditure – вынужденные расходы

5. internal linkages – внутренние связи

6. tax proceeds – налоговые поступления

**MULTIPLIER EFFECT**

Earnings from tourism occupy an important place in the national income of any country. Without taking into account receipts from domestic tourism, international tourism receipts alone contribute to a great extent. The flow of money generated by tourist spending multiplies as it passes through various sections of the economy. In addition to an important source of income, tourism provides a number of other economic benefits, which vary in importance from one country to another; depending upon the nature and scale of tourism. The benefits from infrastructure investments, justified primarily for tourism such as airports, roads, water supply and other public utilities, may be widely shared by the other sectors of the economy. This enables us to understand how tourism impacts development in the economy. Tourist facilities such as hotels, restaurants, museums, clubs, sports complexes, public transport, and national parks are also used by domestic tourists and visitors, businessmen and residents, but still a significant portion of the costs are sometimes borne by international tourists. Tourists also contribute to tax revenue both directly through sales tax and indirectly through property, profits and income taxes. Tourism provides employment, develops infrastructural facilities and may also help regional development. Each of these economic aspects can be dealt with separately, but they are all closely related and are many times considered together. Let us first look at the income aspect of tourism. Income from tourism cannot be easily measured with accuracy and precision. This is because of the multiplier effect. The flow of money generated by tourist spending multiplies as it passes through various sections of the economy through the operation of the multiplier effect. The multiplier is an income concept.

The concept is that the ‘multiplier’ measures the impact of extra expenditure introduced into an economy by a person. It is, therefore, concerned with the marginal rather than average changes. In the case of tourism, this extra expenditure in a particular area can take the following forms:

(1) Spending on goods and services by tourists visiting the areas;

(2) Investment of external sources in tourism infrastructure or services;

(3) Government (foreign or domestic) spending (e.g., domestic government spending on infrastructure in a region or foreign government aid);

(4) Exports of goods stimulated by tourism

The expenditure can be analyzed as follows:

Direct Expenditure: In the case of tourism, this expenditure is made by tourists on goods and services in hotels and other supplementary accommodation units, restaurants, other tourist facilities like buses, taxis coaches, railways, domestic airlines, and for tourism-generated exports, or by tourism related investment in the area.

Indirect Expenditure: This covers a sum total of inter business transactions which result from the direct expenditure, such as purchase of goods by hoteliers from local suppliers and purchases by local suppliers from wholesalers.

Included Expenditure: This is the increased consumer spending resulting from the additional personal income generated by the direct expenditure, e.g., hotel workers using their wages for the purchase of goods and services. Indirect and induced expenditure together are called secondary expenditure.

There are several different concepts of the multiplier. Most multipliers in common use incorporate the general principle of the Keynesian model. The four types of multipliers are intrinsically linked as follows:

Sales (Transaction) Multiplier: This measures the extra business turnover created (direct and secondary) by an extra unit of tourist expenditure.

Output Multiplier: This is similar to the sales multiplier but it also takes into account inventory changes, such as the increase in stock levels by hotels, restaurants and shops because of increased trading activity.

Income Multiplier: This measures the income generated by an extra unit of tourist expenditure. The problem arises over the definition of income. Many researchers define income as disposable income accruing to households within the area, which is available to them to spend. However, although salaries paid to overseas residents are often excluded, a proportion of these salaries may be spent in the local area and should therefore be included. Income Multipliers can be expressed in two ways:

a) the ratio method which expresses the direct and indirect incomes (or the direct and secondary incomes) generated per unit of direct income;

b) normal method, which expresses total income (direct and secondary) generated in the study area per unit increase in final demand created within a particular sector.

Ratio Multiplier: The ratio multiplier indicates the internal linkages which exist between various sectors of the economy, but do not relate income generated to extra sales. Hence, on their own, ratio multipliers are valueless as a planning tool.

Employment Multiplier: The employment multiplier can be expressed in one of the two ways:

a) as a ratio of the combination of direct and secondary employment generated per additional unit of tourist expenditure;

b) direct employment created by tourism per unit of tourist expenditure. Multipliers can be further categorized by the geographical area which is covered by the research, such as local community, a region within a country or the country as a whole.

The multiplier mechanism has also been applied to tourism and, in particular, to tourist expenditure. The nature of the tourism multiplier and its effect may be described in the following example: “The money paid by a tourist in paying his hotel bill will be used by the management of the hotel to provide for the costs which the hotel had incurred in meeting the demands of the visitor, e.g., such goods and services as food, drink, furnishing, laundering, electricity, and entertainment. The recipients, in turn, use the money they have thus received to meet their financial commitments and so on. Therefore, tourist expenditure not only supports the tourist industry directly but also helps indirectly to support many other industries which supply goods and services to the tourist industry. In this way

money spent by tourists is actually used several times and spreads into various sectors of the economy. In sum, the money paid by the tourist, after a long series of transfers over a given period of time, passes through all sectors of the national economy, stimulating each in turn throughout the process”. On each occasion when the money changes hands, it provides ‘new’ income and these continuing series of exchanges of the money spent by the tourists form what economists term the multiplier effect. The more often the conversion occurs, the greater its beneficial effect on the economy of the recipient country. However, this transfer of money is not absolute as there are ‘leakages’ which occur. Such leakages may occur as a result of importing foreign goods, paying interest on foreign investments, etc. The following are some examples of such leakages:

1. payment for goods and services produced outside, and imported into, the area;
2. remittance of incomes outside the area, for example, by foreign workers;
3. indirect and direct taxation where the tax proceeds are not re-spent in the area;
4. savings out of income received by workers in the area (i.e., where there is a low propensity to consume).

Any leakages of these kinds will reduce the stream of expenditure which, in consequence, will limit and reduce the multiplier effect. Income generated by foreign tourist expenditure in countries possessing more advanced economies, which generally are more self-sufficient and less in need of foreign imports which are less self-sufficient and need to support their tourist industries by substantial import. If the developing countries are desirous of gaining maximum economic benefits from tourism, they should strictly control the imported items for tourist consumption and keep foreign investment expenditure at a reasonable level. If the leakages are not controlled then the benefits arising from tourism will be greatly reduced or even cancelled. The most important leakage would arise from expenditure on import of agricultural products like food and drink. In a primary macro-economic approach to the prospects opened up by tourism establishment in a developing country, it is regarded as advantageous that a good portion of tourist consumption should consist of food products. It is estimated that the major part of these products can be found in those countries, whose economic structure is largely agricultural in character. In this sense tourist consumption, derived from international flow, can offer an assured outlet to a production which is already active within the domestic economy, without raising problems connected with export of such products and could thus be substituted for imported foodstuffs and a significant saving effected thereafter. The host country derives maximum economic benefits from the tourism industry as these savings help in increasing the benefits from the tourism multiplier.

This aspect of the question is all the more important as the multiplier effect maintains its efficacy and effectiveness as long as no importation takes place. It follows that if the national economy is to derive the maximum benefit from the impact of international and national tourism, there is an elementary obligation to find all those products needed for tourist consumption. The dynamics of agricultural production in recent years confirms the ability of developing countries to produce the major part of their agricultural products required for tourist consumption without resorting to massive imports. The tourist economy of any country, if it is to remain healthy, must rely upon local agricultural production and this condition seems today to be on its way to realization in most of the developing countries. Multiplier of Tourism Income

To sum up, Multipliers are a means of estimating how much extra income is produced in an economy as a result of initial spending or after cash is injected. Every time the money changes hands it provides new income and the continuing series of conversion of money spent by the tourists form the multiplier effect. The more often the conversion occurs, the greater its beneficial effect on the economy of the recipient country.

CHECK YOUR PROGRESS

1) In how many ways can you express the employment multiplier?

2) Enlist some of the tourist facilities, the cost of a significant portion of which, are borne by international tourists.

3) Give an example of Direct, Indirect and Included tourist expenditure.

4) Define ‘multiplier effect’. Discuss the various types of multipliers.

5) Identify which keywords do not belong to this lesson Balanced growth, a forestation, employment, international work permit, foreign exchange, interest rate, regional diversity, export led growth, excise duty, international debt, multiplier income, training, global warming, income tax.

READING COMPREHENSION TASKS

**Task 1.** **Note down the sentences from the text which contain the given word combinations and phrases. Translate them into Russian**

1. contribute to a great extent

2. may be widely shared by the other sectors

3. are valueless as a planning tool

4. passes through all sectors of the national economy

5. as a result of importing foreign goods

6. reduce the stream of expenditure

7. desirous of gaining maximum economic benefits

8. it is regarded as advantageous

9. derived from international flow

10. maintains its efficacy and effectiveness

**Task 2.** **Make up questions for the following answers**

1. It is an income concept.

2. The purchase of goods by hoteliers from local suppliers and purchases by local suppliers from wholesalers.

3. Indirect and induced expenditure together.

4. As disposable income accruing to households within the area, which is available to them to spend.

5. Indicates the internal linkages which exist between various sectors of the economy.

6. Local community, a region within a country or the country as a whole.

7. These are the examples of leakages.

8. The benefits arising from tourism will be greatly reduced or even cancelled.

9. The ability of developing countries to produce the major part of their agricultural products without resorting to massive imports.

10. If the conversion of money occurs more often.

**Task 3. Give the definition to the following**

1. turnover

2. inventory

3. internal

4. recipient

5. cash

6. substantial

7. self-sufficient

8. outlet

9. saving

10. efficacy

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**UNIT V ACCOMMODATION**

**Text 1**

VOCABULARY NOTES

1. refuge – убежище

2. crusaders – крестоносцы

3. hazardous – рискованный, опасный

4. to forge – вывести на первое место

5. renowned – прославленный

WORD EXPRESSIONS

1. religious orders – монашеские ордена

2. refined cuisine – изысканная кухня

3. masonic lodges – масонские ложи

**HISTORY OF THE HOTEL INDUSTRY**

The history of hotels is intimately connected to that of civilizations. Or rather, it is a part of that history. Facilities offering guests hospitality have been in evidence since early biblical times. The Greeks developed thermal baths in villages designed for rest and recuperation. Later, the Romans built mansions to provide accommodation for travelers on government business. The Romans were the first to develop thermal baths in England, Switzerland and the Middle East.

Later still, caravanserais appeared, providing a resting place for caravans along Middle Eastern routes. In the Middle Ages, monasteries and abbeys were the first establishments to offer refuge to travelers on a regular basis. Religious orders built inns, hospices and hospitals to cater for those on the move.

Inns multiplied, but they did not yet offer meals. Staging posts were established for governmental transports and as rest stops. They provided shelter and allowed horses to be changed more easily. Numerous refuges then sprang up for pilgrims and crusaders on their way to the Holy Land.

Travelling then became progressively more hazardous. At the same time, inns gradually appeared in most of Europe. Some of them have remained famous. Around 1200, staging posts for travelers and stations for couriers were set up in China and Mongolia.

In France, at the beginning of the fifteenth century, the law required that hotels keep a register. English law also introduced rules for inns at that time. At the same time, around 1500 thermal spas were developed at Carlsbad and Marienbad. During this epoch, more than 600 inns were registered in England. Their architecture often consisted of a paved interior court with access through an arched porch. The bedrooms were situated on the two sides of the courtyard, the kitchen and the public rooms at the front, and the stables and storehouses at the back. The first guide books for travelers were published in France during this period.

An embryonic hotel industry began to develop in Europe. Distinctive signs were hung outside establishments renowned for their refined cuisine. At the end of the 1600s, the first stage coaches following a regular timetable started operating in England. Half a century later, clubs similar to English gentlemen's clubs and masonic lodges began to appear in America.

In Paris in the time of Louis XIV, the Place Vendôme offered the first example of a multiple use architectural complex, where the classical façades accommodated boutiques, offices, apartments and also hotels.

The industrial revolution, which started in the 1760s, facilitated the construction of hotels everywhere, in mainland Europe, in England and in America. In New York first of all, and then in Copenhagen, hotels were established in city centers.

At the beginning of the 1800s, the Royal Hotel was built in London. Holiday resorts began to flourish along the French and Italian rivieras. In Japan, Ryokan guest houses sprang up. In India, the government-run Dak bungalows provided reliable accommodation for travelers. The Tremont House in Boston was the first deluxe hotel in a city centre. It offered inside toilets, locks on the doors and an "à la carte" menu. The Holt Hotel in New York City was the first to provide its guests with a lift for their luggage. In 1822, in Venice, a certain Giuseppe Dal Niel transformed an old palace into a hotel and gave it his name, "Le Danieli". As trains began to replace horse drawn transport, highway inns for stage coaches started to decline.

In 1890, a hotel was equipped with electric lighting. Due to the installation of steam central heating in 1901, baskets of wood were no longer sold on the floors. The Fifth Avenue Hotel in New York City was the first in that period to provide lifts for its guests. 1869 saw the inauguration, near Cairo, of the Mena House, an oasis of calm and luxury, at the foot of the famous pyramids of Cheops, Chephren and Mikerinos. In 1870, the Palmer House Hotel in Chicago was the grandest of all hotels. Its structure, the first of its kind, was fire resistant.

In 1873, the Palais de Würtemberg in Vienna was transformed into a superb luxury residence for the notables of the epoch, l'Hôtel Impérial. Kings and queens became regular visitors to what is without doubt the finest example of the refined architecture of the Ringstrasse in Vienna. It is said that Richard Wagner directed the first productions of "Tannhäuser" and "Lohengrin" there. Two years later in 1875, the Grand Hotel Europe opened its doors in St. Petersburg. This is the prestigious place where Tchaikoswky spent his honeymoon and where Shostakovich played a sonata for Prokofiev in his suite.

The first school for hoteliers was founded in Lausanne, Switzerland in 1890.

Shortly afterwards, the Victoria Hotel in Kansas City offered bathrooms with every room. The Netherland Hotel in New York City then became the first to provide all its guests with their own telephone.

In Athens in 1874, Stathis Lampsas, a chef by profession, realized his dream by building l'Hôtel Grande Bretagne. Athens was suffering at that time from a shortage of water. It is said that the personnel bought water from carriers in the street to bring to the 80 bedrooms and ... the two bathrooms. Of course, the establishment has undergone several renovations since that time.

The early years of the twentieth century were rich in new hotels which rapidly became prestigious. The prosperous nineteen-twenties saw a veritable boom in the hotel industry. In 1923, the architects Marchisio and Prost constructed a hotel in some wonderful gardens in the heart of Marrakech in Morocco, and for decades it was considered the most beautiful hotel in the world: La Mamounia. Winston Churchill helped to forge its reputation by becoming a frequent guest. Hotels were built not only in cities, but also in the mountains. The first ski resorts in Switzerland (Saint-Moritz, Gstaad, Montana, etc.) welcomed tourists (often English ones) to some very comfortable establishments. The worldwide depression which followed in 1929 did not prevent the construction of the famous Waldorf Astoria in New York. This was the greatest hotel edifice of those troubled times.

After the war, the fifties saw the second boom in the hotel industry. The Club Méditerranée (G. Trigano) created the now famous, but then revolutionary concept of the club village. These years were also notable for the construction of the first casino hotels. This was also the time when the airline companies began to develop their own hotels. In the sixties, new tourist resorts flourished around the Mediterranean. From Spain to Greece and from the Balearics to Yugoslavia, numerous city and beach hotels opened their doors to summer guests hungry for relaxation and a good dose of sunshine. Portugal and the Scandinavian countries soon followed their lead.

CHECK YOUR PROGRESS

1) Characterize the state of hotel business from antiquity to the Middle Ages.

2) In your opinion, what was the start of the hotel industry?

3) When did the hotels take over the town start?

4) Why is the twentieth century considered the age of prosperity in the hotel industry?

READING COMPREHENSION TASKS

**Task 1.** **Translate the following word expressions and use them in the context**

1. to offer refuge to travelers on a regular basis

2. a paved interior court

3. to replace horse drawn transport

4. into a superb luxury residence for the notables of the epoch

5. helped to forge its reputation

6. the greatest hotel edifice of those troubled times

7. hungry for relaxation and a good dose of sunshine

**Task 2.** **Mach up the words into expressions as they are in the text**

1. thermal a) posts

2. staging b) resistant

3. paved c) baths

4. regular d) timetable

5. fire e) interior

**Task 3.** **Give the definition to the following**

1. cuisine

2. hotelier

3. shortage

4. renovation

5. boom

6. reputation

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 2**

VOCABULARY NOTES

handloom – ручной ткацкий станок

**IMPACT OF HOTEL INDUSTRY**

Henry Ford of Modern hotels says, “The guest is always right”. This statement signifies the challenge being faced by hotel professionals to provide services that meet the demands of the guests. This means providing goods and services to travelers where travel and tourism is a part of big business.

The importance of tourism and hotel industry cannot be underestimated. According to W.T.O. (World Tourism Organization), tourism is the world’s largest industry, ahead of automobiles and petroleum products. There are more than 20 million rooms worldwide in the accommodation sector. This is likely to increase by 4% annually. There are 100 budget hotel projects, which will add 10,000 hotel rooms in the organized sector. This would attract investment of Rs.10000 cores and generate direct employment to 30,000 people and indirect employment to nine times this number, in related activities. It has been rightly stated, “No Hotel, No Tourism”. The expansion of tourism will bring about the development of hotel industry. Of the foreign exchange earned to the tune of Rs. 30,000 crores, 50% belongs to the hotel industry. The Bhagwati Committee said it would offer nine times employment to the number of persons directly employed in the hotels. The hotel industry has direct impact on regional and rural development. Cottage industry is directly benefited from this by promoting handloom, carpet, handicrafts and so on. Hotel industry also has an impact on the socio-cultural environment. The tourists get attracted to the art, festivals, folk dances and culture of the host region. This helps generate revenue for the hotel industry as well as the region where tourists take special interest in the art and culture. Inn keeping and hotel keeping are two important parts of the evolutionary process, which followed the development of passenger transportation. The inns were located along the roadside and at the traffic terminal. Similarly Railways created a demand for accommodation at terminals. Shipping ports and air transport too have an influence on the location of accommodation facilities. As the railways in the nineteenth century found it necessary to build hotels to supplement its main business, so did the airlines of twentieth and twenty-first centuries. Major hotel chains are subsidiaries of airlines. For example KLM owns Hilton International, Air France owns Meridian Hotels and Air India owns Centaur Hotels.

CHECK YOUR PROGRESS

1. Organize the following operations under Primary, Secondary and Supporting services department:

(1) Maintenance of energy

1. Valuating

(3) Food and Beverages

(4) Marketing

(5) Laundry

2. While the tour planner is selecting Accommodation for his client, what factors should he keep in mind?

READING COMPREHENSION TASKS

**Task 1.** **Note down the sentences from the text which contain the given word combinations and phrases. Translate the sentences into Russian.**

1. investment of Rs.10000 cores

2. the expansion of tourism

3. it would offer nine times employment

4. helps generate revenue

5. located along the roadside

6. have an influence on the location of accommodation facilities

7. to supplement its main business

8. subsidiaries of airlines

**Task 2.** **Complete the following sentences**

1. Henry Ford of Modern hotels says, …….

2. According to W.T.O. ……

3. There are 100 budget hotel projects, which will add 10,000 hotel rooms in …

4. It has been rightly stated, …..

5. The foreign exchange earned to the tune of Rs. 30,000 crores, ….

6. The hotel industry has direct impact on …

7. Inn keeping and hotel keeping are …

8. Railways created ….

**Task 3.** **Mach the words into expressions as they are in the text**

1. accommodation a) industry

2. cottage b) impact

3. rural c) environment

4. socio-cultural d) region

5. direct e) sector

6. host f) development

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**UNIT 6**

**HOTELS SEGMENTATION**

**Text 1**

VOCABULARY NOTES

1. to evolve – развиваться

2. to penetrate – проникнуть

3. to encompass – охватывать, заключать в себе

4. to tailor – приспосабливать

WORD EXPRESSIONS

discerning taste – изысканный вкус

**THE NEED FOR MARKET SEGMENTATION**

The hospitality industry has evolved and continues to evolve through the process of market segmentation. The more the hospitality industry comprehends the discerning taste and preference of the guest population, the further the market becomes segmented as a result. The need for market segmentation is more prominent in the hospitality industry now because of the rapid changes in customer needs and the vast amount of product offerings.

One facet of market segmentation in the hotel industry is the unique consumer segment. The idea of a unique consumer segment is relatively new in the industry which opens the need for repositioning. By identifying a unique consumer segment, a hotel can focus on and penetrate a non-traditional market encompassing guest centered focus hotels. Traditional customer segmentation approaches will be replaced by personalized service spectrums and a ‘total service model’. The guest of the future will be able to tailor every aspect of their experience including technology, hotel services, the bedroom, the journey, pricing and communications. The hotel of the future will be more personal, connected and responsive. With the rise of service spectrums and changing guest requirements it is likely we will start to see hotels that cater for multiple needs and demands. We will see innovations such as intelligent furniture, adaptive room environments, personalized entertainment, individually tailored nutrition and ‘thought control’ of guest facing systems and appliances.

CHECK YOUR PROGRESS

1)What is market segmentation?

2) What do you see the guest and hotel of the future?

3) Comment on the innovations mentioned in the text.

READING COMPREHENSION TASKS

**Task 1.** **Note down the sentences from the text which contain the given word combinations and phrases. Translate them into Russian**

1. the unique consumer segment

2. the need for repositioning

3. non-traditional market

4. by personalized service spectrums

5. cater for multiple needs and demands

**Task 2.** **Make up questions for the following answers**

1. Through the process of market segmentation.

2. The hospitality industry comprehends the discerning taste and preference of the guest population.

3. Because of the rapid changes in customer needs and the vast amount of product offerings.

4. By identifying a unique consumer segment.

5. Intelligent furniture, adaptive room environments, personalized entertainment, individually tailored nutrition and so on.

**Task 3. Give the definition to the following**

1. segmentation

2. taste

3. prominent

4. unique

5. spectrum

6. communication

7. innovation

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 2**

VOCABULARY NOTES

1. attitudinal – поведенческий

2. data mining – добыча данных

**HOTELS SEGMENTATION NOW AND IN FUTURE**

Traditionally, segmentation is used to categorize customers based on their reason for travel and booking characteristic and trends. In an effort to get closer to the consumer, data mining, advanced data analytics and other business intelligences are different ways to provide accurate information for market segmentation. How should segmentation look in hotels now and in the future?

Segmentation should be profitability

From a hotel perspective, segmentations should provide the precise value to the customer and satisfy their expectation. By targeting the most profitable segments of customers and thus maximizing the profit is the most important objective. Measuring historical customer profitability and identifying the long term beneficial customer and the short term profitable customer should be a segmentation strategy.

Segmentation should be non-traditional

Traditional segmentation refers categorizing customers based on geographical (i.e. country of origin), socio-economic (i.e. occupation), demographic (i.e. age, gender, family life-cycle, nationality). On the other hand, non-traditional segmentation refers categorizing customers based on psychographic (i.e. lifestyles, activities, opinions and personality) and behavioral (motivation, benefit sought, user status, information seeking and planning styles, satisfaction, consumers’ spending) and attitudinal segmentation (people attitudes- self-esteem, susceptibility to change, aesthetic concepts and etc). Unlike traditional segmentation, non-traditional segmentation allows marketers to understand buyers’ behavior, attitudes and needs during each stage of the buying. Besides, by studying various factors such as unique needs, motives, perceptions, attitudes, learned responses and self-concepts to buying decision enable hotels to adopt and create specific products and services, and thus maximize the profit.

Segmentation should consist of hybrid elements

Instead of one or more segmentation, hotels can segment their customers based on three or more different types of criteria: profile, behavior and needs. Firstly, profile defines who a customer is i.e. demographic and geographic. Secondly, behavior defines what a customer does. i.e. response to innovation, loyalty, sensitivity to effort, growth, user status, user rates and etc; Thirdly, needs define what a customer requires, *i.e.,* buying infrastructure, context awareness and expertise, buying influences and degree of centralization, price, technology or service, and product criticality to buyer.

Segmentation should work with the Customer Relation Management (CRM)

Segmentation is the most effective approach to select the target market, particularly for the new market environment. Nevertheless, the shortcoming is impossible to implement one- by-one interaction. To understand the customer reflection, segmentation should combine the function with the CRM which is also a superior tool to retain the existing customer and attract the potential customer. As the CRM technology could be ensure the conversation with the individual customer, the additional profitable would be easier to achieve, such as cross-selling and up-selling. Therefore, has proposed that segmentation is a tool to group the new target market while the CRM is the appropriate approach to maximize the revenue.

Segmentation should based on life-cycle

The segmentation approaches had been driven by the single defined element through the various demographic and customer behavior characteristics. However, in terms of the changing purchase decision, the immobile segmentations could be no long effective. Analyze the customer life cycle could gain the more accurate data of the customer behavior as well as the purchase tendency. Based on this result, the designed product could match the customer demand most appropriately to achieve selling the right product to the right people in the right time. Even the behavior has been changed, the record still can conclude the new life cycle for the segmentation decision.

CHECK YOUR PROGRESS

1) What is traditional segmentation?

2) How should segmentation look in hotels now?

3) How should segmentation look in hotels in the future?

READING COMPREHENSION TASKS

**Task 1.** **Translate the following word expressions and use them in the context**

1.to categorize customers

2. the most important objective

3. enable hotels to adopt and create specific products and services

4. profile, behavior and needs

5. one- by-one interaction

6. match the customer demand

**Task 2.** **Mach up the words into expressions as they are in the text**

1. precise a) strategy

2. beneficial b) status

3. segmentation c) value

4. user d) segmentations

5. immobile e) customer

**Task 3.** **Give the definition to the following**

1. target

2. reflection

3. expertise

4. effective

5. tendency

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**UNIT 7/ INFORMATION AND COMMUNICATION TECHNOLOGIES**

**Text 1**

VOCABULARY NOTES

1. computation – расчет

2. to shrink – сокращать

WORD EXPRESSIONS

instantaneous communication – мгновенная связь

**COMMUNICATION TECHNOLOGY SIGNIFICANCE**

The communication technology is significant in tourism industry in following ways:

- Results in enhancement of processing capabilities.

- Possibility of handling complex details with increase in speed.

- Enables central control & outsourcing of non-core functions.

- Allows organizations to use their resources more wisely and profitably.

- Most devices result in information power storage and profitability.

- Helps in development of extensive growth between partner organizations and between employees, consumers and organizations. Information technology devices help in linking and sharing data and processes electronically, to build complementary services, expand, reach and enhance collaboration.

- Creates a sense of security amongst tourists and also provides a friendly environment.

- Develops new avenues and new tourist spots.

- Helps in sustaining and promoting the existing ones.

Davis and Meyer (1998) state “Almost instantaneous communication and computation, for example, are shrinking time and focusing us on speed. Connectivity is putting everybody and everything on line in one way or the other and has led to the “the death of distance”, a shrinking of space. Intangible value of all kinds, like services and information is growing explosively reducing the importance of tangible mass”. The above opinion clearly highlights the importance and impact of emerging communication technologies in this highly dynamic industry. The concept of “Global Village” would be very appropriate in this scenario because it is growing communication technologies, which have opened doors for tourists and travelers and have made availability of information only with the press of a button, with the help of several new Information Technologies.

CHECK YOUR PROGRESS

(a) Do you think that a tour operator or travel agent can function without using communication technologies?

(b) In what ways have these technologies helped the Tourism Industry? State at least three benefits?

(c) Do you think these communication technologies are prone to any limitations? If yes, state how?

READING COMPREHENSION TASKS

**Task 1.** **Note down the sentences from the text which contain the given word combinations and phrases. Translate them into Russian**

1. to build complementary services, expand, reach and enhance collaboration

2. “the death of distance”

3. the concept of “Global Village”

**Task 2.** **Make up questions for the following answers**

1. Between partner organizations and between employees, consumers and organizations.

2. In linking and sharing data and processes electronically, to build complementary services, expand, reach and enhance collaboration.

3. Has led to the “the death of distance”, a shrinking of space.

4. The importance and impact of emerging communication technologies.

6. They have made availability of information with the help of several new

Information Technologies.

**Task 3. Give the definition to the following**

1. connectivity

2. information

3. shrinking

4. concept

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 2**

VOCABULARY NOTES

1. to discharge – выполнять

2. savvy – грамотный

3. to facilitate – способствовать

WORD EXPRESSIONS

1. safety record – показатель безопасности

2. to set out on a journey – отправиться в путешествие

**INFORMATION TECHNOLOGY IN THE**

**TRANSPORT, ACCOMMODATION AND ATTRACTION SECTORS**

TRANSPORT SECTOR

Transport provides the essential link between tourism origin and destination areas and facilitates the movement of holidaymakers, business travelers, people visiting friends and relatives and those undertaking educational and health tourism. Before setting out on a journey of any kind, every traveler makes sure which Transport Company has a good safety record. To this effect, airplane coaches and even taxis are equipped with good communication equipment. An Airplane flies with the help of modern information technology equipment, which provides information ranging from weather, altitude and other information to the pilot, to communication made during emergency by the pilot with other airplanes and air traffic control stations. In-flight entertainment is also a product of information technology, video games, video films are examples. In the case of buses/coaches and taxis, in many countries with developed tourism business, they are equipped with radio communication systems for various uses. For example, the driver or the tour guide updates the Tour Company headquarters about the progress of the tour throughout the touring period. This communication ensures the safety of tourists. Fast and easy information flow is of paramount importance to build confidence in the traveling public. In recent years, the confidence built due to the use of modern IT has been demonstrated by a tremendous increase in the number of travelers worldwide.

ACCOMMODATION SECTOR

In the accommodation sector also the contribution of information technology is prominent. Any individual or group wishing to travel to any part of the world now has an easy access to the accommodation service providers. A visitor can access information about the kind of hotels at the destination, their ranges of product, the price and other relevant information without leaving his/her office or home. What one has to do is to ring up a travel agency and get the expert advice. This will help any visitor greatly as to where to stay during any kind of trip away from home. Here the information can be obtained aided by still or moving pictures in order to give an exact feature of an accommodation, facilities and services of one’s choice. At a destination also visitors are at ease during their stay in every respect, in getting information about their business, family or other information back home. They are also at ease to relaxing with the videos and television entertainment programs, which nowadays are part and parcel of many accommodation units.

ATTRACTION SECTOR

In the case of attractions, both man-made and natural the owners need to communicate or inform their customers and potential customers about their product. Information about the kind of attraction, where it is located and how to get there is of vital importance. The attraction owners, particularly the national tourist offices, discharge their duty of promoting their country’s tourist attractions using the information technology products. Information through promotional videos, Internet web Sites, television advertisements and travel documentaries are the main information dissemination tools. There is, in fact, competition amongst tour operation to create better and better sites for the user to enable the tourist to decide in their favor. More and more people around the Globe are getting computer literate or so to say computer savvy, due to which, they have increasingly become information seekers. Before deciding on the desired destination, they not only rely on the sites of tour operators or travel agents, they even take feedback from other travelers to find out about their experiences. In the Attraction Sector communication technologies are thus very significant.

CHECK YOUR PROGRESS

1) What is the significance of IT technologies in each of the sectors of the tourist industry?

2) What sector of the tourist industry is more developed thanks to IT?

READING COMPREHENSION TASKS

**Task 1.** **Translate the following word expressions and use them in the context**

1. a good safety record

2. in-flight entertainment

3. an easy access to the accommodation service providers

4. by a tremendous increase in the number of travelers worldwide

5. aided by still or moving pictures

6. particularly the national tourist offices

7. the main information dissemination tools

8. to say computer savvy

**Task 2.** **Mach up the words into expressions as they are in the text**

1. communication a) seekers

2. paramount b) equipment

3. information c) videos

4. promotional d) operation

5. tour e) importance

**Task 3.** **Complete the following sentences**

1. Transport provides the essential link between…..

2. An Airplane flies with the help of…..

3. For example, the driver or the tour guide….

4. Fast and easy information flow is….

5. In the case of attractions, both man-made and natural the owners need to….

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 3**

VOCABULARY NOTES

1. endeavor – стремление, усилие

WORD EXPRESSIONS

1. to gain momentum – набирать силу

2. to lag behind – отставать

3. to call the shots – задавать тон

4. to kindle the urge – разжечь стремление

**INFORMATION TECHNOLOGY AND GROWTH OF TOURISM WORLD OVER**

It was in 1908 that the first move was made for promoting tourism by only three countries namely Spain, France and Portugal who founded the France Hispano Portuguese. Federation of Tourist Association is considered the first international tourist organization. After the first World War, several other countries realized the need as well, but due to lack of communication technologies, the endeavor could not take off in spite of setting up the International Union of National Tourist Propaganda Organization (IUNTPO) in 1925. After the Second World War, this endeavour was revived from the year 1963. With the revolution in the Information Communication Technologies the world of Tourism, as a joint effort gained momentum. It was in the 1980s that the Tourist did not feel lost or insecure due to lack of information. Interestingly, during the same period, India was perceived as a country, which was backward and inhabited with wildlife and natives because India lagged far behind in growth of communication technologies. It was only the late 1980s due to the advent of computer technology in a big way and satellite network that India could change that perception among foreigners. India also saw tourism increasing due to changed perceptions, advertising, marketing and attracting the tourists using information technologies. Currently, tourist arrivals are predicted to grow by an average 4.3 % a year over the next two decades, while receipts from international tourism will climb by 6.7% a year.

Tourism: Mega Trends for the 21st century.

• Globalization versus localization

• Electronic technology will become all-powerful in influencing destination choice and distribution

• Fast track travel – emphasis will be placed on facilitation and the speeding up of the travel process

• Customers ‘call the shots’ through technology such as CDROM atlases, internet, internet inspection of hotels and other facilities, brokers offering discounted rooms on websites, last minute emails, low fares etc.

• The tourist world shrinking by the day, due to technology, the tourist is nearly reaching ‘space tourism’

• Growing impact of technologies, helping aggressive campaign is kindling the urge for travel consumption.

However, growth and related benefits of tourism cannot be taken for granted.

The competition among countries, tour operators, destinations, etc. is becoming so fierce, that, in order to be a winner the following imperatives will have to be kept in mind by every country

• Development focused on quality and responsibility

• Value for money

• Full utilization of information technology to identify & communicate effectively with market segments and niches.

CHECK YOUR PROGRESS

(a) Which technologies are not directed towards an individual customer?

(b) Name three countries where the offices of Govt. of India have been set

up?

(c) State why growth related benefits of tourism cannot be taken for granted?

READING COMPREHENSION TASKS

**Task 1.** **Note down the sentences from the text which contain the given word combinations and phrases. Translate them into Russian**

1. the endeavor could not take off

2. lagged far behind

3. customers ‘call the shots’

4. cannot be taken for granted

5. is becoming so fierce

**Task 2.** **Make up questions for the following answers**

1. It was in 1908.

2. It was in the 1980s.

3. After the first World War.

4. After the Second World War.

**Task 3. Give the definition to the following**

1. gain

2. localization

3. globalization

4. fierce

5. perception

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**UNIT 8**

**GLOBALIZATION AND TOURISM. PERFORMANCE AND EVALUATION**

**Text 1**

VOCABULARY NOTES

1. instantaneously – мгновенно

2. to expound – истолковывать

3. interlinked – взаимосвязаны

4. dismantling – снятие

5. dilution – ослабление

WORD EXPRESSIONS

1.to cash in– нажиться

2. the pride of place – почетное место

**GLOBALIZATION OF SERVICES**

When we speak about globalization of services, there is a tendency to highlight sectors such as IT, finance or telecom, sectors with high commercial orientation and well recognized players. Increasingly, however, various social services are experiencing growing cross-border transactions and beginning to draw attention. Globalization of these services is more interesting and complex, given their overall non commercial orientation and the associated welfare, equity and public-private considerations. Huge volumes of data and information can be transferred instantaneously at the click of a mouse to entities abroad by corporations, from one country to another. One of the dreaded consequences of globalization is outsourcing - which leads to a shift of jobs from the wealthy West to the East. The developed countries, principal supporters of globalization, who have expounded the principles of free trade in goods and services as well as financial liberalization, find themselves not the only ones benefiting as developing countries have exploited their comparative advantage in price, services and goods. Thus impact of liberalization on tourism needs to be very closely studied. There is a feeling that the developed countries are getting the maximum benefits because of the leakages in the system. The developed countries also feel that they are not getting the full benefits as much as they should of the liberalization process. The consumers are not getting the benefits from all the productivity gains brought about by technology – thus in spite of the best efforts the impact is not as expected.

Tourism is one of the fastest growing sectors of the global economy. In this expanding industry developing countries are attempting to cash in**,** to boost foreign investment and financial reserves. There has been a global tourism boom in recent times. International tourism has been performing better than world trade. Tourism receipts have registered a higher growth than that of world export in services and merchandise exports. The world tourist traffic increased by 3 per cent during 1997 and the regions which benefited the most were Africa with an increase of 9.2 per cent and South Asia with a growth of about 4.9 per cent. It is projected that the international tourist traffic will increase to about 1602 million by registering a growth of about 4.3 per cent during the period up to 2020. The South Asia Region including India is expected to record a higher growth of 6.1 per cent.

The impact of globalization has been seen in the form of increased tourist arrivals in the countries promoting tourism as major source of revenue, employment and international understanding, which also helps in global peace. The impact of globalization has made the world a “global village”. The positive impact of globalization has been seen in respect of direct investments, which helped in developing over all infrastructure, accommodation, aviation, cruise tourism, roads, and automobiles – the segments that are interlinked with tourism. It opened up new opportunities in MICE tourism, Medical tourism, IT sector, Technical and Research fields, which prepare the manpower in tourism to meet the future challenges and prepare human resources for better servicing.

Travel and tourism has become a strategic economic priority, which till now did not get the priority, as it should have. Prior to globalization, unfortunately tourism never found the pride of place in the social economic planning of many countries. This is because the Governments underestimated the economic benefit of tourism, as it was not as visible as in industries such as manufacturing. Liberalization process has helped the growth of outbound tourism from India and today nearly 5 million Indians are traveling abroad. China is emerging as a very important source of outbound tourism in the world. WTO estimates outbound movements from China would generate 100 million tourists by 2050. Such will be the impact of globalization in respect of tourist movements. New markets have also opened up after globalization.

With globalization a number of political changes have taken place like the emergence of European Union and the dismantling of the borders in Europe, the dilution of the visa formalities, constitutions of free zones, disintegration of the Soviet Union, and growth of regional alliances which are going to influence future growth patterns. The perception of the travelers about safety in travel in many Asian countries has changed. In fact Asia-Pacific region is estimated as the highest growth area in the world tourism. East-European and former Soviet citizens are potential travelers after the developments in Soviet Union and Eastern Europe.

With globalization the inbound tourism the main objective of the country has seen a substantial increase. We achieved the 3 million mark in 2004 and the 5 million mark is being targeted by 2007. If the trend continues, the industry is optimistic of achieving the target. But we need to be ready for it when it happens.

CHECK YOUR PROGRESS

1) What is meant by the globalization of services?

2) Why is the globalization of these services more interesting?

3) What are the negative consequences of globalization?

4) What are the principal supporters of globalization and why?

5) What is the impact of liberalization on tourism?

6) Where has the impact of globalization been seen?

READING COMPREHENSION TASKS

**Task 1.** **Translate the following word expressions and use them in the context**

1.there is a tendency to highlight sectors

2. at the click of a mouse

3. comparative advantage in price

4. because of the leakages in the system

5. to boost foreign investment and financial reserves

6. in services and merchandise exports

7. a strategic economic priority

8. the industry is optimistic of achieving the target

**Task 2.** **Mach up the words into expressions as they are in the text**

1. commercial a) liberalization

2. free b) understanding

3. financial c) orientation

4. productivity d) trade

5. international e) gains

**Task 3.** **Complete the following sentences**

1. Various social services are experiencing…..

2. One of the dreaded consequences of globalization is…..

3. The developed countries also feel that…..

4. The world tourist traffic increased by…..

5. The impact of globalization has been seen in…..

6. The perception of the travelers about safety in travel in many Asian countries….

7. Asia-Pacific region is estimated as….

8. With globalization a number of political changes have taken place like….

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 2**

VOCABULARY NOTES

1. hurdles – препятствия

2. fragile – непрочный

3. geared to – направленных на

**THE IMPACT OF GLOBALIZATION ON TOURISM BUSINESS**

The globalization of the tourism business will have an impact in the following areas:

1. Socio – demographic factor: With globalization there has been an increase in the ageing population and declining growth of population in the developed countries. On the other hand, increasing population in the developing countries, as well as share of women in the work force of tourist generating countries is increasing. All these will need different marketing strategies.

2. Changes in the consumer behavior: Tourism in future will be more demanding and more knowledgeable in all respects. This will need more market segmentations, development of quality of services that can sustain the interest of the repeat visitors. Tourism products will need to be tailored both in content and facilities geared to the specific tastes and demands.

3. Technological changes:

- Technological changes in the civil Aviation sector

- Information Technology and revolution in Telecommunications.

- E-ticketing, Internet, smart card, loyalty schemes, online booking via the internet, use of global distribution systems etc. will be the style of tourism. Those countries not devoting their machinery to meet these challenges will be left behind.

4. Human Resource Developments: In addition to all the above mentioned technological areas, training requirements will be an essential component for tourism in the future in order to meet the new challenges.

5. Though the globalization process provides many opportunities to the tourism promoters, it is not free of hurdles. Central Reservation System (CRS) reduces the scope of initiatives to personalize the products and product marketing initiatives.

Travel gents will have to invest heavily in purchasing the operating systems. The huge movements of tourists will raise issues of carrying capacities of each destination. Additional pressure would be put on the fragile eco-system and non-renewable resources. Long term success of tourism will largely depend on its sensitivity to sustainable development issues. Liberalization should be so guided that local skill is upgraded rather than skill brought in from outside. The process of liberalization must recognize heritage and uniqueness of each place. Strength and variety along with infrastructure and service will be the key to the future of tourism.

CHECK YOUR PROGRESS

1) What are the areas of the globalization impact of the tourism business?

2) What does long term success of tourism depend on?

3) What is the role of liberalization process?

4) What is the key to the future of tourism?

READING COMPREHENSION TASKS

**Task 1.** **Note down the sentences from the text which contain the given word combinations and phrases. Translate them into Russian**

1. an increase in the ageing population and declining growth of population

2. sustain the interest of the repeat visitors

3. will be left behind

4. it is not free of hurdles

5. the scope of initiatives

6. to invest heavily

7. sensitivity to sustainable development issues

8. recognize heritage and uniqueness of each place

**Task 2.** **Make up questions for the following answers**

1. It will be more demanding and more knowledgeable in all respects.

2. Both in content and facilities geared to the specific tastes and demands.

3. Training requirements.

4. To personalize the products and product marketing initiatives.

5. On the fragile eco-system and non-renewable resources.

6. Strength and variety along with infrastructure and service.

**Task 3. Give the definition to the following**

1. demographic

2. impact

3. marketing

4. telecommunications

5. challenges

6. requirements

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**Text 3**

VOCABULARY NOTES

1. endowments – пожертвования

2. to avail – чтобы воспользоваться

WORD EXPRESSIONS

1. be propelled – быть в движении

2. clinical trials – клинические испытания

3. debt burden – долговое бремя

**RAPID GROWTH OF TOURISM AND ITS CONSEQUENCES**

It is felt that the uncontrolled growth of tourism industry can have serious consequences. It could result in serious environmental and social problems. It is the contention of world bodies like The United Nations, that such negative effects should be controlled and reduced. They argue that 'tourism needs to be more sustainable' and to ensure a sustainable development there is need to bring together national and local governments, the tourism industry, trade unions and activist groups to realize this goal. It is yet to be seen, whether the global tourism industry can really be propelled towards sustainability given the current international and political environment.

To get the best way out of the system of globalization one has to look at the main areas i.e. process of liberalization must not adversely affect local employment, or local skills are not replaced by manpower from outside and the liberalization process must respect cultural heritage, uniqueness of each place and variety which are linked to the success of tourism. There should be sincerity to meet the challenges of development with a sense of purpose and determination. One should be ready to adopt new strategies to be able to meet the future challenges in competitive global environment.

One of the important affect of globalization has been on medical tourism. The healthcare sector is among the most rapidly growing services in the world economy, estimated at $4 trillion yearly in the OECD countries alone. The sector has seen new and rapidly evolving forms of cross-border transactions, spurred by factors as wide-ranging as technology, demographics, and costs, skills, growing private sector participation, natural endowments, culture and geography. Globalization of health services involves various modes of transaction. It involves cross-border electronic delivery, such as tele-diagnosis, tele-consultations, and transmission of medical images. As well as traditional shipments of medical reports and samples and, more recently, outsourcing of clinical trials. It also involves cross-border movement of consumers to avail of healthcare services in another country, often because such treatment is not available, or is too expensive in the patient’s home country.

The other important affects of globalization on tourism has been on ecotourism, adventure tourism, cultural tourism and pilgrimage tourism. On the other hand many developing countries, facing debt burdens and worsening trade terms, have turned to tourism promotion in the hope that it brings foreign exchange and investment. Simultaneously, leading international agencies such as the World Bank, United Nations agencies and business organizations like the World Travel and Tourism Council (WTTC) have been substantially involved in making tourism a truly global industry. Travel and tourism has emerged as one of the world's most centralized and competitive industries, and hardly any other economic sector illustrates so clearly the global reach of transnational corporations (TNCs). Over recent years, the industry has increasingly pressured governments around the world to liberalize trade and investment in services and is likely to benefit tremendously from the General Agreement on Trade in Services (GATS) - a multilateral agreement under the World Trade Organization (WTO). GATS aim to abolish restrictions on foreign ownership and other measures which have so far protected the services sector in individual countries. For the hotel sector, for example, GATS facilitates franchising, management contracts and licensing. Moreover, foreign tourism companies will be entitled to the same benefits as local companies in addition to being allowed to move staff across borders as they wish, open branch offices in foreign countries, and make international payments without restrictive regulations. The WTTC has recently presented its 'Millennium Vision' on travel and tourism, including the following key areas:

- Get governments to accept travel and tourism as a strategic economic development and employment priority;

- Move towards open and competitive markets by supporting the implementation of GATS, liberalize air transport and deregulate telecommunications in international markets;

- Eliminate barriers to tourism growth, which involves the expansion and improvement of infrastructure - e.g. the increase of airport capacity, construction and modernization of airports, roads and tourist facilities.

It is already a well-established fact that in some developing countries, more than two-thirds of the revenue from international tourism never reaches the local economy because of the high foreign exchange leakages. Now, as the new free trade and investment policies are being implemented, their balance sheets may even worsen because the profits and other income repatriated by foreign companies is likely to grow larger than the inflow of capital. That means, the claims that globalization and liberalization of tourism will bring wealth, progress, social achievements and improved environmental standards to developing countries need to be seriously questioned.

CHECK YOUR PROGRESS

1. Speak about two effects of globalization on tourism?

2. Talk to your father or any elderly person as well as to a friend about their travel itinerary. Was their travel confined domestically or was it outbound? Write down your observation.

READING COMPREHENSION TASKS

**Task 1.** **Translate the following word expressions and use them in the context**

1.the contention of world bodies

2. must not adversely affect local employment

3. with a sense of purpose and determination

4. to abolish restrictions on foreign ownership

5. to move staff across borders

6. because of the high foreign exchange leakages

7. need to be seriously questioned

**Task 2.** **Mach up the words into expressions as they are in the text**

1. cultural a) trials

2. cross-border b) burden

3. clinical c) agreement

4. debt d) transactions

5. multilateral e) heritage

**Task 3.** **Give the definitions to the following abbreviations**

1. OECD

2. WTTC

3. TNCs

4. GATS

5. WTO

**Task 4. Find and say the key sentences in the text**

**Task 5. Give a summary of the text**

**Task 6. Retell the text in details**

**GLOSSARY**

1. **accommodation** - lodging

2. **Аmerican** **plan** - the guest pays for bed and board, or in other words for

accommodation and all meals. In modified American plan the guest pays for

accommodation with breakfast and inner (lunch, own arrangements)

3. **ambience** – environment, surrounding

4. **aquatic** - a plant that lives in or on water

5. **benefit** - a good or helpful result or effect

6. **boom** - a rapid increase in growth or economic success

7. **cash** - money in the form of coins and bills

8. **challenges** - difficult tasks or problems

9. **charter** - specially hired aircraft that takes a group of people on a package rate

to a certain destination, and then flies them back is a charter. It works out

cheaper because it is generally fully loaded both ways

10. **circular flow of money** - is a schematic representation of money flows in an

economy between different entities like households, firms and the Government

11. **communication** - a message that is given to someone : a letter, telephone call,

etc.

12. **compatible** - able to exist together without trouble or conflict : going together

well

13. **concept** - an idea of what something is or how it works

14. **connectivity** - the ability to link to and communicate with other computer

systems, electronic devices, software, or the Internet

15. **cuisine** - a style of cooking

16. **counterproductive** - not helpful

17. **contribution** - something that is done to cause something to happen

18. **demand** - the quantity of a commodity or service wanted at a specified price

and time

19. **demographic** - a single vital or social statistic of a human population, as the

number of births or deaths

20. **destination** - the place to which a person or thing travels or is sent

21. **development** - the act or process of growing or causing something to grow or

become larger or more advanced

22. **domestic market** - the commercial market within the geographical boundaries

of a country

23. **dormitory** - sleeping room with several beds

24. **effective** - producing a result that is wanted

25. **earnings** - money earned; wages; profits

26. **efficacy -** the power to produce a desired result or effect

27. **employment** - activity in which one engages

28. **enterprise** - a unit of economic organization or activity; a business organization

29. **expenditure** - an amount of money that is spent on something

30. **expertise** - special skill or knowledge

31. **european plan** - the guest pays solely for rooms and services, not for meals.

One pays for every meal.

32. **fit** - to be adapted to or suitable for (a purpose, object, occasion, etc.)

33. **fierce** - furiously eager or intense

34. **flexible** - easily changed

35. **forex** - foreign exchange

36. **gain** - to get (something wanted or valued)

37. **generator** - a person or thing that generates

38. **globalization -** worldwide integration and development

39. **global warming** - there has been a noticeable increase in the average

temperature in the world, which is believed to have been caused by air pollution

40. **GSA** - General Sales Agent (GSA) who represents an airline or a hotel as its

sole sales gent in a given area

41. **htelier -** a person who owns or operates a hotel

42. **host -** a person who receives or entertains guests at home

43. **impact** - influence; effect

44. **inception** - beginning, start

45. **income** - the monetary payment received for goods or services, or from other

sources, as rents or investments

46. **inflow** **-**  a new idea, device, or method

47. **information** **-** knowledge communicated or received concerning a particular

fact or circumstance; news

48. **innovation -**  a flow or movement of something into a place, organization, etc.

49. **intangible** - something that you can only feel

50 **internal** - existing or located on the inside of something

51. **international debt** - international debt is the net borrowing outstanding of

country towards the rest of the world

52. **itinerary** - is designated to identify all portions of the travel from the original

point to the final destination. It includes all the stopping points en route, along

with transportation, accommodation and other services on a traveler’s trip

53. **inventory** - a supply of goods that are stored in a place

54. **invest** - to put (money) to use, by purchase or expenditure, in something

offering potential profitable returns

55. **investment -** the act of using money to earn more money

56. **labor** - the services performed by workers for wages

57. **lean period** - off season time

58. **linkages** - when one industry, area or aspect influences the other and in turn is

influenced by it as well

59. **localization** **-** keeping (something) within a limited area

60. **loss -** failure to keep or to continue to have something

61. **management** - the person or persons controlling and directing the affairs of a

business

62. **manpower -** the number of people who are available to work

63. **marketing -** the total of activities involved in the transfer of goods from the

producer or seller to the consumer or buyer, including advertising, shipping,

storing, and selling

64. **micro enterprises**-small enterprises

65. **NGOs** - Non Government Enterprises which operate on non profit motives and

primarily for developmental work

66. **outlet** - a market for goods

67. **perception** - immediate or intuitive recognition or appreciation

68. **personnel** - a body of persons employed in an organization or place of work

69. **perspective** - the state of one's ideas, the facts known to one, etc., in having a

meaningful interrelationship

70. **planning** - the act or process of making a plan to achieve or do something

71. **price** - the amount of money given or set as consideration for the sale of a

specified thing

72. **promotion** - the act or fact of being raised in position or rank

73. **public relations** - it is a marketing term used when a positive image is created

about the product or service in the mind of the consumer.

74. **quality** **promotion** - degree of excellence

75. **quantum** - a particular amount

76. **prominent** **-** easily noticed or seen, important and well-known

77. **recipient** - a person who receives something

78. **reflection** - something that shows the effect, existence, or character of

something else

79. **reliance** - the state of needing someone or something for help, support, etc.

80. **remittance** - the act of sending money as a payment for something

81. **renovation** - changes and repairs to (an old house, building, room, etc.) so that

it is back in good condition

82. **reputation** - the common opinion that people have about someone or

something : the way in which people think of someone or something

83. **requirements** - something that is needed or that must be done

84. **resident** - one who resides in a place

85. **saving** - an amount of something that is not spent or used

86. **segmentation** - the process of dividing something into parts or segments

87. **self-sufficient** - able to live or function without help or support from others

88. **service** - the supplying or supplier of utilities or commodities, as water,

electricity, or gas, required or demanded by the public

89. **shortage** - a state in which there is not enough of something that is needed

90. **shrinking** - getting smaller in amount, size, or value

91. **skilled** - having acquired mastery of

92. **spectrum** - a complete range of different opinions, people, etc.

93. (a) **stay** - an occasion in which you spend time at a place as a guest or visitor

94. **store** - to supply or stock with something, as for future use

95. **substantial** - of ample or considerable amount, quantity, size, etc.

96. **succeed** - to attain a desired object or end

97. **supply** - to provide for

98. **sustainable** - the term sustainability is used to describe the effect on the natural

environment. Hence, sustainability implies a rate of such effects that can be t

tolerated by the environment.

99. **tangible** - something that you can touch and see

100. **target** - a goal to be reached

101. **taste** - the feelings that each person has about what is appealing, attractive, tc.:

the feelings that cause someone to like or not like something

102. **telecommunications** - the technology of sending and receiving signals,

images, etc., over long distances by telephone, television, satellite, etc.

103. **tendency** - a way of behaving, proceeding, etc., that is developing and

becoming more common

104. **tourism** - the business or industry of providing information, accommodations,

transportation, and other services to tourists.

105. **tour operator** - a person or company that provides package holidays

106. **turnover** - the amount of money that is received in sales by a store or

company

107. **unique** - very special or unusual

108. **underemployment** - the condition in which people in a labor force are

employed at less than full-time or regular jobs or at jobs inadequate with

respect to their training or economic needs

109. **valuable** - worth a good price

**2.**

**УЧРЕЖДЕНИЕ ОБРАЗОВАНИЯ «БЕЛОРУССКИЙ ГОСУДАРСТВЕННЫЙ ЭКОНОМИЧЕСКИЙ УНИВЕРСИТЕТ»**

**С.Н. Березовская Е.В. Климук**

**FOCUS ON TRADE**

**Учебно-методическое пособие**

**по профессионально-ориентированному**

**английскому языку**

**для студентов**

**факультета экономики и управления торговлей**

**Минск: БГЭУ, 2008**

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**I. Selling**

**Starting up**

**Discuss the following questions:**

* 1. Have you ever made any sales? If yes, what kinds of them?
  2. What tips can you give to anybody who wants to start face-to-face selling?
  3. What makes a good seller? Choose the three most important factors from those given below:

*fluency of language an extensive vocabulary being a good listener*

*physical appearance a sense of humour grammar accuracy*

*not being afraid of mistakes an awareness of body language*

*product knowledge visual gestures*

4. What other factors are important for communication?

**Reading**

1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **extend (v.) -** expand | **crack (n.) -** break |
| **confine (v.) -** limit | **initial (adj.) -** preliminary |
| **gain (v.) -** increase | **forecast (v.) -** predict |
| **representative (n.) -** agent | **brush up (v.) -** polish up |
| **frequently (adv.) -** often | **well-thought-out -** considered |
| **deliver (v.) -** distribute | **continuing (adj.) -** lasting |
| **warn (v.) -** inform | **store (v.) -** keep |
|  |  |

1. **Read and decide whether these statements are true (T) or false (F).**
2. If you do not make any sales you do not have a business.
3. You will need to keep records of your present customers as well as keeping track of your negotiations with potential ones.
4. You will not need to know week by week what the likely level of your sales is so that you can forecast what working capital you will need to fund.
5. It could well be worthwhile to spend some time acquiring some training in selling skills by attending a specialized training course.
6. A business will prosper on current customers alone.
7. In selling you need to give prompt attention to any problems or criticisms.
8. If you are doing the selling, it would be a mistake to think that you do not need to organize and plan because you have stored it all in your head.
9. **Now read the text and check your answers to the statements from ex. II.**

The simple truth is that if you do not make any sales you do not have a business. However, one important rule for you to remember is that every part of your business will beinvolved in selling, in the search for more sales. This extends free answering the telephone to your notepaper and literature, to any person or activity in your business which may one day come into contact with an existing or potential customer. Train everyone who answers the telephone to do it in the correct way; they must be prompt, polite, friendly and helpful. If necessary, provide them with a script to follow. You should not think of selling as confined to your sales representative or whoever does the direct selling.

The first step in gaining sales is to plan and organize. You will need to keep records of your present customers as well as keeping track of your negotiations with potential ones. If you do not record what has happened, possible sales can drop through the cracks, for example, if you fail to follow up an initial contact or forget to provide something which is promised.

Sales records are needed for another reason to help in business planning. For example, you will need to know week by week what the likely level of your sales is so that you can forecast what working capital you will need to fund.

The second step for effective selling is to brush up personal selling skills. If you are going to do the selling, and it has not been your job previously, it is vital to have well thought out dialogues and presentations. It could well be worthwhile to spend some time acquiring some training in selling skills by attending a specialized training course.

Probably the quickest and easiest way to increase sales is to persuade existing customers to buy more products and more frequently. You may even be able to convince them to buy other products you offer. But a business will not prosper on current customers alone, you must be able to broaden your base and sell to new businesses or buyers.

Then a new customer signs an order and this is not the end of the selling story. You should aim to build up a long-term relationship because in most businesses you will be hoping for repeat orders or for additions to the original order. These will not come to fulfilment, if you do not follow up orders, sеe if they are delivered on time or if they are going to be late, warn your customer in advance you need to give prompt attention to any problems or criticisms.

When you are first starting your business, or if it is a very small one,it is more than likely that you will be selling yourself. If you have not previously worked on this rule, the prospect may be fairly daunting. But you are likely to start with one major advantage complete product knowledge which is very important for selling. It is possible to acquire and develop many of the personal selling skills which you need. There are many courses available which can help you do this.

If you are doing the selling, it would be a mistake to think that you do not need to organize and plan because you have stored it all in your head. You need the same information, sales systems and records as any sales representative.

**Text Comprehension**

**IV. Read the text again and answer the following questions.**

1. What happens if you do not make any sales?

2. What is one important rule for you to remember?

3. What is the first step in gaining sales?

4. What are your duties as an organizer?

5. How can possible sales drop?

6. Why are sales record needed?

7. What is the second step for effective selling?

8. What is vital if you are going to do the selling?

9. What is the quickest and easiest way to increase sales?

10. Why should you aim to build up long-term relationships with a new customer?

1. **Read the text and find the words in it which mean the following.**

§1 quick, §2 path, §3 probable, §5 persuade, §7 discouraging.

1. **Find the definitions of these words and phrases in the text**.
2. that part of the capital of a business enterprise available for operations
3. a discussion set up or intended to produce a settlement or agreement
4. the process of teaching (to do something), as by subjecting to various exercises or experiences
5. a commission or instruction to produce or supply something in return for payment
6. a person who sells merchandise or services either in a shop or by canvassing in a designated area
7. **Look for details in the text and choose the proper option.**
8. ***Everyone who answers the telephone they must be …………***

i punctual, well-bred, open and conservative

ii slow, impatient, rude and forgetful

iii prompt, polite, friendly and helpful

1. ***If you fail to follow up an initial contact …………***
2. You will prosper
3. You will forget to provide something which is promised.
4. You will find another contact
5. ***Sales records are needed for another reason to help in…………***
6. business planning
7. business records
8. management
9. ***If you are going to do the selling and it has not been your job previously it is vital ……….***
   1. to have well-thought out dialogues and presentations
   2. to have well-prepared shows
   3. to have well-organized workplace
10. ***You may even be able to convince your clients …………*** 
    1. to sell everything
    2. to buy your competitors’ products
    3. to buy other products you offer
11. ***If the goods are going to be late …………*** 
    1. make a repeat order
    2. warn your customer in advance
    3. call to the police
12. ***When you are first starting your business, it is very important for selling to have………..*** 
    1. complete product knowledge
    2. a license
    3. an outlet
13. **Which of the three is the key message of the text?**
    1. If you are starting your business your main task will be in the search for more sales and clients. You should follow some steps in gaining sales. The first step is to plan and organize and keep records of customers and deals. The second step for effective selling is to brush up personal selling skills. You should aim to build up a long-term relationship for repeat orders. Complete product knowledge is very important for selling.
    2. The simple truth is that if you do not make any sales you do not have a business. However, one important rule for you to remember is that every part of your business will beinvolved in selling, in the search for more sales. If you are doing the selling, it would be a mistake to think that you do not need to organize and plan because you have stored it all in your head. You need the same information, sales systems and records as any sales representative.
    3. If you are starting your business your main task will be in the search for more sales and clients. You should follow some steps in gaining sales. You should aim to build up a long-term relationship for repeat orders. Complete product knowledge is very important for selling.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Noun** | **Verb** | **Adjective** |
|  |  | active |
|  | negotiate |  |
| efficiency |  |  |
|  |  | broad |
|  | represent |  |

1. **Match the halves of the phrases.**

|  |  |
| --- | --- |
| 1. keep | 1. more sales |
| 1. in the search for | 1. your head |
| 1. come into contact with | 1. track |
| 1. confined to | 1. personal selling skills |
| 1. the first step in | 1. current customers alone |
| 1. to brush up | 1. a potential customer |
| 1. prosper on | 1. any problems or criticisms |
| 1. to give prompt attention to | 1. gaining sales |
| 1. store it all in | 1. fruition |
| 1. come to | 1. your sales representative |

1. **Paraphrase the phrases *in italics* using the expressions from ex. X.**
2. He *refreshed* his skills by reading all necessary books.
3. The armament firms *thrive on* war.
4. All her plans will *be fulfilled* if she is promoted.
5. They passed through towns slowing down in the *restricted* zones.
6. To keep up the pace for a company is to *follow the progress of* IT.

**A springboard for discussion**

What are the merits and demerits of our state and private shops? Think about their product assortment, shelf space and customer service.

**Commerce**

**Starting up**

**Discuss the following questions:**

1. What is commerce?

2. Are commerce and trade similar activities?

3. What branches of economy are connected with commerce?

3. How are you related to commerce?

4. What is the difference between foreign and home trade?

**Reading**

1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **transaction** (n.) - deal | **merchant (n.)** - tradesman |
| **barter(n.)** - exchange | **insurance (n.)** - cover |
| **purchase(v.)** - buy | **warehousing (n.)** - storage |
| **commodity(n.)** - goods | **available (adj.)** - obtainable |
| **branch(n.)** - division | **ancillaries (n.)** - aids |
| **stock(n.)** - supply | **efficient (adj.)** - well-organized |
| **commerce(n.)** - trade | **facilities (n.)** - services |

1. **Read and decide whether these statements are true (T) or false (F).**

1. Any transaction is commercial in character if it involves exchange, whether of goods for goods which we call barter or of goods for money.

2. Many retailers obtain their stock from manufactures.

3. Import trade and export trade are the branches of commerce.

4. Commerce embraces much more than trade.

5. The expansion of trade owes a great deal to the development of manufacturing.

**III. Now read the text and check your answers to the statements from ex. II.**

Commerce is concerned with the distribution of commodities of all kinds – raw materials, foodstuffs, manufactured goods. Under modern conditions the business of distribution has become as complex as production.

The work of commerce can be illustrated by a simple commercial transaction. Any transaction is commercial in character if it involves exchange, whether of goods for goods which we call barter or of goods for money.

Suppose that John Smith requires a carpet. He will seek out a shop which deals in such goods, and expect to be shown a selection of carpets from which he can make his choice. After examining them he decides to purchase one. This, the final stage in the business of distribution, enablesthe commodity to reach the person who actually wants it for their own use that isthe consumer. This is the function of retail trade. Most people's commercial transactions are limited to deals with retailers. This, then, is one branch of commerce.

Many retailers obtain their stock from wholesalers. The retailer who sold a carpet to John Smith probably obtained it from a wholesale carpet merchant. This is a commercial transaction involving a retailer and a wholesaler. Wholesale trade is thus the second branch of commerce. The wholesaler in his turn bought his stock of carpets from manufacturers in Halifax or Kidderminster.

Here, then, is the third commercial transaction, this time involving the wholesaler and the manufacturer. The manufacturer bought some raw wool from which the carpet was made at a wool auction in London or Melbourne. If the wool was sold at a London auction it would be consigned to an importer in London, who would have to arrange for its warehousing between the time when it was unloaded from the ship which had boughtit from Australia and the time of its sale at the wool market. At the wool auction the carpet manufacturer probably employed a specialist, buying broker, to act for him. The importer would employ a selling-broker to undertake the sale too. All these people are engaged in commercial occupation. Import trade forms, then, the third branch of commerce.

Since a country cannot import goods from abroad unless it can sell some of its own products to other countries, there must also be another group of merchants, those who are engaged in export trade, the fourth branch of commerce.

The four branches of commerce which we have considered so far are all concerned with buying and selling of goods and so comprise different kinds of trade. The basic commercial activity therefore is trade but commerce embraces much more than trade. Some other certain services are necessary to carry on trade. The first of these is transport. Transfer of goods from one place to another would clearly be impossible without some means of transport. Indeed the extent of both home and foreign trade depends upon the efficiency of the means of transport available. Expansion of trade has gone hand in hand with the development of transport. Before the coming of the railway and the steamship, the volume of world trade was of very small proportions compared with what it is today. Transport is vital to trade and so it forms an important branch of commerce.

There are also two financial services which are important ancillaries to commerce: banking and insurance. Banks assist commerce by providing businessmen with convenient means of payment for both internal and international transactions. They also help merchants and others to finance holding of stocks. Insurance relieves those engaged in all kinds of business of many of the risks associated with the movement and holding of stocks of goods. Sales are often stimulated by advertising. The expansion of trade owes a great deal to the development of efficient banking, insurance and advertising facilities. Thus, these are all important commercial occupations.

The four kinds of trade together with transport, banking, insurance and advertising form the main divisions of commerce.

**Text Comprehension**

**IV. Read the text again and answer the following questions.**

1. What is commerce concerned with?

2. Who do most people deal with in their everyday life?

3. What is the second branch of commerce?

4. What branches of commerce are connected with home and foreign markets?

5. What does the extent of both home and foreign trade depend upon?

6. How does the development of transportation influence commerce?

7. What forms the main divisions of commerce?

8**.** What are the two important ancillaries to commerce?

1. **Read the text and find the words in it which mean the following.**

§1unprocessed, §2substitute, §3empower, §4obtain, include; §7consist; amount

1. **Find the definitions of these words and phrases in the text**.

a) goods or services sold to a foreign country or countries

b) the business or system of transporting goods

c) the activity embracing all forms of the purchase and sale of goods and services

d) the act, system, or business of providing financial protection for property, life, health

e) the act of obtaining and paying for an item or service

f) goods or services that are bought from foreign countries

g) an article of commerce

1. **Look for details in the text and choose the proper option.**
   1. ***Under modern conditions the business of distribution has become ……….. .***
      1. as complex as production
      2. as complex as IT
      3. as complex as business
   2. ***Any transaction is commercial in character if it involves ……….. .***
      1. a buyer and a seller
      2. exchange of goods
      3. manufacturing
   3. ***Wholesaling is ………….. .***
      1. selling in bulk
      2. selling at a discount price
      3. buying in large quantities
   4. ***The manufacturer employs ………… to sell its goods.***
      1. an insurance agent
      2. a selling broker
      3. a logistics officer
   5. ***Transfer of goods from one place to another would clearly be impossible……………… .***

i. without a manager

ii. without special documents

iii. without some means of transport

***6. Banks assist commerce by providing businessmen ………….. .***

i. with convenient means of payment

ii. with all the necessary documents

iii. with different kinds of information

1. **Which of the three is the key message of the text?**
2. The four kinds of trade, retailing, wholesaling, exports and imports together with transport, banking, insurance and advertising form the main divisions of commerce.
3. There are four branches of commerce: retailing, wholesaling, exports and imports.
4. Exports and imports comprise different kinds of trade together with other ancillaries to commerce.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Nouns** | **Verbs** | **Adjectives** |
|  | manufacture |  |
| commerce |  |  |
|  | import |  |
| export |  |  |
|  | expand |  |
| efficiency |  |  |
| consignee |  |  |
|  | occupy |  |
|  |  | distributive |

1. **Match the halves of the phrases.**

|  |  |
| --- | --- |
| 1. to be concerned with | a) trade |
| 2. to owe | b) the distribution |
| 3. to be vital to | c) the movement |
| 4. to be associated with | d) convenient means of payment |
| 5. to provide businessmen with | e) a great deal |
| 6. to deal with | f) character |
| 7. to obtain their stock from | g) such goods |
| 8. to be engaged in | h) wholesalers |
| 9. to deal in | i) an importer |
| 10. be consigned to | j) retailers |
| 11. to be commercial in | k) the export trade |

1. **Paraphrase the following phrases *in italics* using the expressions from ex. X.**
2. A bank *makes available* the sum of money to a client in excess of any deposit.
3. He *interests himself with* other people's affairs.
4. Books *are essential for* any study.
5. Paul *was obliged for* his success to chance.
6. Bertrand Russell *was related to* the peace movement.

**A springboard for discussion**

What branches of commerce are the most developed in our country?

Describe any transaction which follows all branches of commerce. Do it as John Smith did.

**Consumer Goods**

**Starting up**

**Discuss the following questions:**

1. How often do you usually shop for food? And where do you go shopping (to a supermarket or a small shop nearby)?
2. What are the most important factors which influence your decision when you are buying durable goods?
3. How often do you buy goods you haven’t planed to buy at the start?

**Reading**

1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **convenience (adj.)** - day-to-day | **worn out (adj.) -** shabby |
| **durable (adj.)** - long-lasting | **disposable (adj.) -** not reusable |
| **staple (adj.)** - principal goods | **impulse (adj.)** – at a point of purchase |

1. **Read and decide whether these statements are true (T) or false (F).**
2. Shopping goods can be divided into two subcategories: staple and impulse.
3. Impulse items are convenience goods that are purchased without planning.
4. Impulse items are usually placed at checkout stands and other high-traffic areas.
5. There is a clear distinction among convenience, shopping and specialty goods.
6. Shopping goods seem unique and unusual to buyers.
7. The classification of goods to convenience, shopping and specialty is based on consumers’ buying habits.
8. A person can find specialty goods in every store.
9. While buying specialty goods the chief consideration is price.
10. **Now read the text and check your answers to the statements from ex. II.**

Consumer goods are goods that are bought from retail stores for personal, family, or household use. They are grouped into three subcategories on the basis of consumer buying habits: convenience goods, shopping goods, and specialty goods.

Consumer goods can also be differentiated on the basis of durability. Durable goods are products that have a long life, such as furniture and garden tools. Nondurable goods are those that are quickly used up, or worn out, or that become outdated, such as food, school supplies, and disposable cameras.

*Convenience Goods.*Convenience goods are items that buyers want to buy with the least amount of effort, that is, as conveniently as possible. Most are nondurable goods of low value that are frequently purchased in small quantities. These goods can be further divided into two subcategories: staple and impulse items.

Staple convenience goods are basic items that buyers plan to buy before they enter a store, and include milk, bread, and toilet paper. Impulse items are other convenience goods that are purchased without prior planning, such as candy bars, soft drinks, and tabloid newspapers.

Since convenience goods are not actually sought out by consumers, producers attempt to get as wide a distribution as possible through wholesalers. To extend the distribution, these items are also frequently made available through vending machines in offices, factories, schools, and other settings. Within stores, they are placed at checkout stands and in other high-traffic areas.

*Shopping Goods.*Shopping goods are purchased only after the buyer compares the products of more than one store or looks at more than one assortment of goods before making a deliberate buying decision. These goods are usually of higher value than convenience goods, bought infrequently, and are durable. Price, quality, style, and color are the typical factors in the buying decision. Televisions, computers, lawnmowers, bedding, and camping equipment are all examples of shopping goods.

Because customers are going to shop for these goods, a fundamental strategy in establishing stores that specialize in them is to locate those stores near similar stores in active shopping areas. Ongoing strategies for marketing shopping goods include the heavy use of advertising in local media, including newspapers, radio, and television. Advertising for shopping goods is often done cooperatively with the manufacturers of the goods.

*Specialty Goods.*Specialty goods are items that are unique or unusual at least in the mind of the buyer. Buyers know exactly what they want and are willing to exert considerable effort to obtain it. These goods are usually, but not necessarily, of high value, and they may or may not be durable goods. They differ from shopping goods primarily because price is not the chief consideration. Often the attributes that make them unique are brand preference (*e.g.*, a certain make of automobile) or personal preference (*e.g*., a food dish prepared in a specific way). Other items that fall into this category are wedding dresses, antiques, fine jewelry, and golf clubs.

Producers and distributors of specialty goods prefer to place their goods only in selected retail outlets. These outlets are chosen on the basis of their willingness and ability to provide a high level of advertising and personal selling for the product. Consistency of image between the product and the store is also a factor in selecting outlets.

The distinction among convenience, shopping, and specialty goods is not always clear. As noted earlier, these classifications are based on consumers’ buying habits. Consequently, a given item may be a convenience good for one person, a shopping good for another and a specialty good for a third. For example, for a person who does not want to spend time shopping, buying a pair of shoes might be a convenience purchase. In contrast, another person might buy shoes only after considerable thought and comparison: in this instance, the shoes are a shopping good. Still another individual who perhaps prefers a certain brand or has an unusual size will buy individual shoes only from a specific retail location; for this buyer, the shoes are a specialty good.

**Text Comprehension**

1. **Answer these questions using the active vocabulary of the text.**
2. Why do producers of shopping goods prefer to place their goods only in selected shopping areas?
3. What is the difference between staple and impulse goods? Give some examples.
4. Why do sellers prefer to place convenience goods in high-traffic areas?
5. What is the fundamental strategy in establishing stores selling shopping goods? Why?
6. Why can any goods (for example, dress, shoes and so on) be considered as shopping goods by one person and as convenience goods by another?
7. What is the difference between these three categories of goods?
8. **Choose the phrases from the box and insert them into the proper sentence below.**

|  |
| --- |
| planning retail outlets vending machines assortment  distinction buying habits deliberate |

1. To extend the distribution, the items can be sold through ……….. .
2. Impulsive items are purchased without prior …….….. .
3. Consumer goods can also be grouped into three subcategories on the basis of consumer ……. .
4. To make a ……… buying decision a customer is advised to look at more than one …….... of goods.
5. The goods which relate to specialty goods should be placed only in selected …………… .
6. Sometimes it’s not so easy to find the …..…. between convenience, shopping and specialty goods.
7. **Which of the three is the key message of the text?**
   1. Consumer goods are grouped into three subcategories on the basis of consumer buying habits.
   2. Consumer goods are goods that are unique or unusual – at least in the mind of a buyer.
   3. Consumer goods are divided into two subcategories: staple and impulse items.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Noun** | **Verb** | **Adjective** |
| consumer |  |  |
|  |  | durable |
|  | purchase |  |
|  | shop |  |
| specialization |  |  |
|  |  | different |

1. **Paraphrase the following expressions *in italics* using the phrases from the text.**

1. Specialty goods differ from shopping goods primarily because price is not the *main point*.

2. Producers of specialty goods prefer to place their goods only in *particular stores*.

3. Convenience goods are items that buyers want to buy with a *feeble attempt*.

4. Within stores, convenience goods are placed at checkout stands and *other places of full view*.

5. *The main principles* for marketing shopping goods include the heavy use of advertising in local media, including newspapers, radio and TV.

1. **Match the words and phrases in the left column with their synonyms in the right one.**

|  |  |
| --- | --- |
| 1. durability | a. well-considered |
| 1. wear | b. favour |
| 1. staple | c. rag |
| 1. impulsive | d. basic |
| 1. tabloid newspaper | e. conformity |
| 1. deliberate | f. differentiation |
| 1. preference | g. therefore |
| 1. consistency | h. damage |
| 1. distinction | i. longevity |
| 1. consequently | j. spontaneous |

**A springboard for discussion**

a. Think over your own classification of consumer goods. Is it possible to create exact classification with clear distinctions? Give some examples.

b. Think over the most effective ways of product advertising.

**Pricing And Sales**

**Starting up**

**Discuss the following questions:**

* + - 1. Do you know how the prices are formed?
      2. What factors influence the prices? In what way?
      3. Who, do you think, is in charge of quoting the price?

**Reading**

* 1. **Go through the following vocabulary notes to avoid difficulties in understanding**

|  |  |
| --- | --- |
| **quote a price(v.)** – set a price | **invoice (n.) -** proof of purchase |
| **overall cost** (n.) - total cost | **statement (n.) -** financialreport |
| **profit margin (n.) -** the size of profit | **shipping (n.) -** delivery |
| **costing sheet (n.) –** calculation (expenses list) | **overall costs (n.) -** total cost |
| **unit cost (n.) -** the actual cost of producing one article |  |

* 1. **Read and decide whether these statements are true (T) or false (F).**

1. When the price is quoted, only profit margin is taken into consideration.

2. After the model has been produced or exported, the company starts to calculate their overall costs.

3. An average profit margin for the companies, which they build in the price, accounts for 10%.

4. There are many factors, which influence the price quotation, but the main role is taken by the law of supply and demand.

5. The Sales Department deals with all the forms involved in selling goods.

6. The invoice is the bill for the goods, which have been delivered to the Buyer and have to be paid by him, and is sent by the Sales Department.

7. One can find all the information about the transactions in the statement.

8. The order is a request for the goods and is sent to the Sales Department by the Buyer.

9. Making goods in large quantities requires more expenditure and as a result the company quotes a higher unit price.

10. According to the law of supply and demand, if the demand is high and the competition on the market is low, the company can charge a higher unit price.

* 1. **Now read the text and check your answers to the statements from ex. II.**

Before a company can quote a price (or give a quotation) for goods, they must take into consideration all their costs: the production costs, shipping, insurance, etc. The total of all these costs is called the overall cost. The costing is usually done before a model is produced or exported, so the company must calculate (or work out) their overall costs in advance. From these figures they can work out the cost of each model (the unit cost). All the calculations are written on the costing sheet. The company also takes into consideration their profit. They will usually allow a profit margin of at least 10%. So when a company gives a quotation for a model, they have built into the price their overall costs and profit margin.

There are other factors which affect the price of goods, for example, the law of supply and demand. If a product is in demand (many people want to buy it) and not many firms can supply the product, then the company can charge a higher unit price. On the other hand, making goods in large quantities is comparatively cheaper than producing goods in small quantities. If there is a big demand for a model, a company can produce it in large quantities they should bе able to quote a lower unit price.

Two of the departments in a company which deal with pricing and selling goods are the Sales Department and the Accounts Department. The Sales staff handle the basic forms involved in selling goods (the order and the delivery or advice note) and the Accounts staff handle the forms involved in charging for goods (the invoice and the statement). The form sent by the buyer requesting goods is the order. The form which accompanies the goods or which is sent to the buyer to tell him to expect the goods is the delivery note (or advice note). The buyer signs the delivery note which is then a receipt for the seller to prove the buyer received the good. The Sales Department then gives the signed delivery note to the Accounts Department which sends the buyer a bill for the goods. The bill is called an invoice. Usually the Accounts Department will send the buyer and account each month which shows details of all the transactions that month. The account is called a statement. The transactions are allthe invoices the seller has sent and the money received.

**Text Comprehension**

* 1. **Answer these questions using the active vocabulary of the text.**

1. What must a company take into consideration before it can quote a price for goods?

2. What is the overall cost?

3. Why must the overall costs be calculated in advance?

4. Where are all the calculations written?

5. What other factors affect the price of goods?

6. What is the essence of the law of supply and demand?

7. What departments deal with pricing and selling goods in a company?

8. What does the term "transactions" mean?

* 1. **Find the definitions of these words and phrases in the text.**

|  |
| --- |
| a) the difference between the price and the production costs |
| b) the document, which accompanies the goods and is sent to the Buyer to prove the goods have been sent |
| c) the bill for the goods, which has to be paid by the Buyer |
| d) the document, which shows the calculations when price is quoted |
| e) the complex of all the costs, which occur during the production process and the process of delivering goods to the customer |
| f) all the invoices the Seller has sent and the money received |

**VI. Find the equivalents of these Russian words and phrases in the text.**

|  |
| --- |
| a) накладная |
| b) официальный отчет |
| c) размер прибыли |
| d) устанавливать цену |
| e) cчет-фактура |
| 1. cмета расходов |

1. **Which of the three is the key message of the text?** 
   * + 1. The law of supply and demand has its impact on the price quotation and the whole distributing process.
       2. The process of price quotation and the process of making other transactions relate to sales in the organization.
       3. The price structure, the impact of the law of supply and demand on the price and the organizational units which are in charge of the control over the price and other transactions, conducted in the organization.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Nouns** | **Verbs** | **Adjectives** |
|  |  | quotable |
| cost |  |  |
|  | charge |  |
| comparison |  |  |
|  | produce |  |
| demand |  |  |
|  |  | profitable |

1. **Use a word from the left column and a word from the right one to make two-word expressions that complete the sentences below.**

|  |  |
| --- | --- |
| overall | note |
| profit | costs |
| unit | a price |
| delivery | margin |
| quote | costs |

1. All the costs, which experience the company during the production process and the process of delivering goods to the consumer, are called ……….. .

2. The company usually allows a ….… of at least 10%.

3. The majority of the companies calculate their overall costs in advance in order to work out …… .

4. When the company …… for a model, it puts into the price the overall costs and profit margin.

5. The form, which accompanies the goods, is….… .

1. **Study the following pricing strategies and use them in proper sentences below. Consult the dictionary if necessary.**

***PRICING STRATEGIES:***

|  |  |
| --- | --- |
| Absorption pricing  Creaming or skimming  Competition-based pricing  Contribution margin-based pricing  Cost-plus pricing  Dynamic pricing  Limit pricing  Loss leadership  Marginal-cost pricing | Market-oriented pricing  Penetration pricing  Premium pricing  Predatory pricing  Price discrimination  Price leadership  Psychological pricing  Target pricing |

1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is setting the price based upon prices of the similar competitor products.

2) The firm calculates the cost of producing the product and adds on a percentage (profit) to that price to give the selling price. This pricing strategy is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

3) Selling a product at a high price, sacrificing high sales to gain a high profit is \_\_\_\_\_\_\_\_\_\_\_\_\_.

4) \_\_\_\_\_\_\_\_\_\_\_\_\_ is a kind of pricing, when the price is set by a monopolist to discourage economic entry into a market, and is illegal in many countries.

5) \_\_\_\_\_\_\_\_\_\_\_\_\_ can be similar to predatory pricing or cross subsidizing; both seen as anticompetitive practices.

6) \_\_\_\_\_\_\_\_\_\_\_\_\_ is setting a price based upon analysis and research compiled from the targeted market.

7) \_\_\_\_\_\_\_\_\_\_\_\_\_ is a strategy when the price is deliberately set at low level to gain customer's interest and establishing a foot-hold in the market.

8) \_\_\_\_\_\_\_\_\_\_\_\_\_ is setting a different price for the same product in different segments to the market.

9) \_\_\_\_\_\_\_\_\_\_\_\_\_ is the practice of keeping the price of a product or service artificially high in order to encourage favorable perceptions among buyers, based solely on the price.

10) \_\_\_\_\_\_\_\_\_\_\_\_ - aggressive pricing intended to drive out competitors from a market.

11) \_\_\_\_\_\_\_\_\_\_\_\_ maximizes the profit derived from an individual product, based on the difference between the product's price and variable costs (the product's contribution margin per unit), and on one’s assumptions regarding the relationship between the product’s price and the number of units that can be sold at that price.

12) \_\_\_\_\_\_\_\_\_\_\_\_ is pricing designed to have a positive psychological impact.

13) A flexible pricing mechanism made possible by advances in information technology, and employed mostly by Internet based companies. By responding to market fluctuations or large amounts of data gathered from customers - ranging from where they live to what they buy to how much they have spent on past purchases - \_\_\_\_\_\_\_\_\_\_\_\_\_ allows online companies to adjust the prices of identical goods to correspond to a customer’s willingness to pay.

14) \_\_\_\_\_\_\_\_\_\_\_\_\_ is an observation made of oligopoly business behavior in which one company, usually the dominant competitor among several, leads the way in determining prices, the others soon following.

15) \_\_\_\_\_\_\_\_\_\_\_\_\_ is pricing method whereby the selling price of a product is calculated to produce a particular rate of return on investment for a specific volume of production.

16) \_\_\_\_\_\_\_\_\_\_\_\_\_ is a method of pricing in which all costs are recovered. The price of the product includes the variable cost of each item plus a proportionate amount of the fixed costs.

17) \_\_\_\_\_\_\_\_\_\_\_\_\_ is the practice of setting the price of a product to equal the extra cost of producing an extra unit of output.

**A springboard for discussion**

1. Give some more examples on how the law of supply and demand influences the pricing.
2. What impact does the law of supply and demand have on different branches of economy?
3. The third paragraph of the text gives the detailed information on how the sales process is organized. Please, give the description of the pricing process in an organization. Do it in compliance with the *third* paragraph of the text.

**How to Set a Price**

**Starting up**

**Discuss the following questions:**

1. The price of the product consists of different elements. Can you name them?
2. What does the price mean for a seller and for a buyer?
3. How do prices influence sales?
4. What do prices of goods show?
5. Does the price reflect the quality of the goods? In what way?

**Reading**

1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **notion –** opinion, belief | **fixing price** **(n.) -** set price |
| **reduce (v.) -** decrease | **straightforward (adj.) -** direct |
| **fraught -** filled or charged; attended | **drawback (n.) -** disadvantage |
| **product mix -** product assortment | **negotiation (n.) -** talks |

**II. Read and decide whether these statements are true (T) or false (F).**

1. There are four ways to increase your profit: you can reduce your costs, you can sell more, you can change your product mix or you can increase your assets.
2. The company should set the price first of all on the basis of the level of costs.
3. For the seller the price means at least a minimum of his profit and for the buyer - the sum of money he can afford for the product.
4. Calculation is considered to be the best way of setting the price.

**III. Now read the text and check your answers to the statements from ex. II.**

There are four ways you can increase your profits. You can cut your costs, you can sell more, you can change your product mix or you can increase your prices. Clearly your aim should be to set your prices - initially at the level which gives you your highest profits possible. Needless to say as with everything else to do with your business it is easier said than done. There is no clear-cut or agreed method of establishing a price for your product or service.

Some people use the level of costs as a way of fixing a price. This may seem a fair straightforward calculation, but it has drawbacks. For example, if your costs are very low, does it automatically mean that your prices should be low too? And even working out the cost of your product can be fraught with possible errors.

Other people argue that the price should be set by what the market can bear. But there are no quick and simple calculations which can tell you what this should be. Instead you have to establish the price by looking at the market you are in and the particular part of it your product appeals to. How does your product rate against others competing products in the same marketplace? There are also different strategies you can adopt depending on whether your product is a new or an old one. Often overriding all yourplans can be the effect your competitors' pricing policy has on you.

It is probably more realistic to think in terms of a range of prices. The lowest price you should consider setting will be fixed by the cost. On the whole, you should not go below the price; if you have to, it would be better not to be in business at all. There are a couple of exceptions, of course, where temporarily it may make sense. The highest price will be the highest the market can bear without sales disappearing altogether. Between the two will be the price which will give the highest possible profits.

The right price for any business does not exist as a theoretical calculation. The only price which is right is the price which both the buyer will pay and the seller will accept. It isall down to negotiation. This may bear no relation to the prices calculated as a result of the value of the assets or the earnings potential which the business gives you. The first step is to reject all notions about need value. The second step is to throw out of the window all notions that the price given in the agent's details, for example, is the price you will have to pay. Negotiation is everything.

However, you should enter any negotiation with two prices in mind. If you are the buyer, thelower price will be the price you use to open the negotiations; the higher price is the maximum you will be willing to pay. You should not start negotiating unless you have a clear idea of this maximum price. If you are the seller, the lower price is the minimum you will accept for the business and the higher price, the one you adopt initially.

Nevertheless it is vital to have used a number of methods of arriving at a price. These can give you establishing lower and upper prices. You must have а point to work from. The accountant who is advising you should carry out these calculations for you, but you should know the basis for the figures.

**Text Comprehension**

**IV. Answer these questions using the active vocabulary of the text.**

1. What are the ways of increasing your profits?

2. Is there any clear-cut method of establishing a price?

3. What are the drawbacks of a straightforward calculation?

4. What are the ways of setting the price?

5. Why should not you go below the lowest price?

6. What is the only price which is 'right'?

7. Is negotiation important?

8. How should you enter any negotiation?

9. What is the difference between the lower price and the higher price?

10. Are there any methods of arriving at a price?

1. **Read the text and find the synonyms of the following words.**

§2 computation, §3 cost, §5 purchaser, §7 maintain, §5 resources

1. **Find the definitions of these words and phrases in the text.**

the sum in money or goods for which anything is or may be bought or sold

the price paid or required for acquiring, producing, or maintaining something, usually measured in money, time, or energy; expense or expenditure; outlay

the property and claims against debtors that a business enterprise may apply to discharge its liabilities

the profits of an enterprise

a discussion set up or intended to produce a settlement or agreement

1. **Look for details in the text and choose the proper option.**
2. ***There is one of the ways to increase your profit ……. .***
3. to bring down the cost price
4. to decrease your purchases
5. to enlarge the assets
6. ***The price should be set………. .***
7. by what the customer can buy
8. by what the market can bear
9. by what the rivalry can stand
10. ***The higher price is the……… .***
11. minimum you can pay for
12. maximum you can afford
13. the sum of money you are going to spend
14. ***Several methods of arriving at a price can give you the possibility to…….. .***
15. choose the pricing policy
16. set the lower and higher prices
17. beat the competitors

***5. Some people use the level of costs as a way of……… .***

1. fixing profit
2. fixing income
3. fixing price
4. **Which of the three is the key message of the text?**
5. There are 4 ways to increase your annual income through the pricing policy and looking for the marketplace for your product.
6. There are 4 ways to change your pricing policy and the methods of setting the price.
7. There four ways to increase your annual profit with the help of the right pricing policy in the company.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Nouns** | **Verbs** | **Adjectives** |
| price |  |  |
|  |  | political |
|  | produce |  |
|  | buy |  |
| calculation |  |  |
|  | cost |  |
|  |  | basic |

1. **Match the halves of the phrases.**

|  |  |
| --- | --- |
| 1. drawbacks of  2. to override  3. to be fixed by  4. assets  5. to open  6. methods of  7. isall down  8. go below | * + 1. the coat     2. the plan     3. value     4. the price     5. arriving at a price     6. the calculation     7. the price     8. to negotiation |

1. **Paraphrase the following phrases *in italics* using the expressions from the text.**
2. The lowest price you should consider setting *will be set by the charge*.
3. Often *cancelling all yourtactics* can be the effect your competitors' pricing policy has on your.
4. On the whole, you should not go below the price; if you have to, it would be better not to be in business at all.
5. The price which both the buyer will pay and the seller will accept *is all thanks to talks.*

**A springboard for discussion**

* + - * 1. Imagine that you are at a meeting in the company. The agenda of the day is the pricing policy of this company. Choose any product you are going to launch and name the factors, which can influence its price.
        2. Give the analysis of the price on the chocolate bars:
* The company’s chocolate price is $3. The competitors’ price range is $0.9-2.5.
* The pricing policy in the company is based on straightforward calculation.
* The company has the highest product quality on the market.
* The company started to sell the chocolate a month ago.
  + - * 1. How would you change the pricing policy in our country? Give your suggestions.

1. **Modern-day Retailing**

**Starting up**

**Discuss the following questions:**

1. Why does retailing play a great role in trade?
2. What is the level of retailing in our country nowadays?
3. Are there any problems in modern retailing in the country?

**Reading**

1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **hardware** - metal lines | **adjacent (adj.)** - closest |
| **ultimate (adj.)** - final | **house wares** - household things |
| **franchise (n.)** - authorization granted by a manufacturing enterprise to a distributor to market the manufacturer's products | **outlet (n.)** - shop |

1. **Read and decide whether these statements are true (T) or false (F).**
2. Catalogue showrooms provide good service that’s why they couldn’t offer low prices to the customers.
3. Each retail unit in a retail chain has its own strategy.
4. Franchising is an agreement according to which the franchiser grants the franchisee the right to use its trade-name as well as certain business systems and processes, to produce and market a good or service according to certain specifications.
5. Catalogue retailing doesn’t require much equipment.
6. Off-price retailers specialize in fashion-oriented soft goods and brand-name assortment at higher prices.
7. **Now read the text and check your answers to the statements from ex. II.**

Over time, different types of retailers have emerged and prospered because they have attracted and maintained a significant customer base. A retail institution is a group of retailers that provide a similar retail mix designed to satisfy the needs of a specific segment of customers.

The most basic characteristic of a retailer is its retail mix, which includes decisions and strategies regarding the type of merchandise sold, the price of the merchandise, the assortment of the merchandise, and the level of customer service.

The traditional general-merchandise retail stores are specialty stores, department stores, and discount stores. Since about 1970, a number of new types of general merchandise retailers have emerged and are becoming increasingly important to consumers. These include category specialists, home-improvement centers, off-price retailers, catalogue showrooms, warehouse clubs, and hypermarkets. A traditional specialty store focuses on a limited number of complementary merchandise categories and provides a high level of service in an area typically smaller than 8,000 square feet.

Department stores are retailers that carry a broad variety and deep assortment, offer considerable customer service, and are organized into separate departments for displaying merchandise. A home-improvement center is a category specialist that combines the traditional hardware store and lumberyard. It focuses on providing material and information that enable do-it-your-selves to maintain and improve their homes. A warehouse club is a general merchandise retailer that offers a limited merchandise assortment with little service at low prices to ultimate consumers and small businesses; stores are large and located in low-rent districts, and the goods usually include food and general merchandise. Off-price retailers offer an inconsistent assortment of brand-name, fashion-oriented soft goods at low prices, in exchange for not utilizing the manufacturer's promotional allowances, return privileges, and delayed-payment options.

A catalogue showroom is a retailer whose showroom is adjacent to its warehouse. These retailers typically specialize in hard goods such as housewares, jewelry, sporting goods, garden equipment, and consumer electronics. Catalogue showrooms can offer low prices because they minimize the cost of displaying merchandise, provide minimal service, and are located in lower-rent areas rather than regional malls.

A retail chain is a company operating multiple retail units under common ownership and usually having some centralization of decision making in defining and implementing its strategy. Some retail chains are divisions of larger corporations or holding companies.

Franchising is a contractual agreement between a franchiser and a franchisee that allows the franchisee to operate a retail outlet using a name and format developed and supported by the franchiser. Approximately one-third of all U.S. retail sales are made by franchisees. Some of the most well known franchises in America are McDonald's, Subway, and Dunkin Donuts.

The mail-order retailing of the late 1800s has developed into two types of nonstore retailing: general-merchandise and specialty catalogue retailers and direct-mail retailers. General-merchandise catalogue retailers offer a broader variety of merchandise in catalogues that are periodically mailed to their customers, while specialty catalogue retailers focus on specific categories of merchandise. Direct-mail retailers typically mail brochures and pamphlets to sell a specific product or service to customers at one point in time. Direct-mail and catalogue retailing are attractive business opportunities because a business can be started with minimal inventory and can use existing mailing lists to tailor its mailings to a targeted market.

**Text Comprehension**

1. **Answer these questions using the active vocabulary of the text.**
2. What is a retail institution?
3. What are the most basic characteristics of a retailer?
4. What is a home-improvement centre focused on?
5. What is the specialization of a catalogue showroom?
6. Why can catalogue showrooms offer low prices for their products?
7. What is franchising?
8. What are the most well known franchises in America?
9. Why are direct-mail and catalogue retailing considered attractive business opportunities?
10. **Read the text and find the synonyms of the following words.**

§1 intend, §2 supply, §3 range, §5 realize, §6 equipment.

1. **Find the definitions of these words and phrases in the text.**
2. the sale of goods or commodities in small quantities directly to consumers
3. to come into existence
4. a room in which goods for sale, esp. cars or electrical or gas appliances, are on display
5. to put into practice
6. one that is granted a franchise, as to market a company's goods or services in a certain local area
7. **Look for details in the text and choose the proper option.**
   1. ***A retail institution is a group of retailers that provide a similar retail mix designed to satisfy the needs of…….. .***
8. all the customers
9. a specific segment of customers
10. a restricted part of customers
    1. ***Since about 1970, a number of new types of general merchandise retailers have emerged and are becoming………. .***
11. important to consumers
12. numerous
13. necessary to consumers
    1. ***Catalogue showrooms can offer low prices because they minimize….. .***
14. salaries
15. delivery cost
16. cost of displaying merchandise
    1. ***Some retail chains are divisions of ….. .***
17. larger companies
18. smaller companies
19. corporations
    1. ***The mail-order retailing of the late 1800s has developed into…… .***
20. two types of nonstore retailing
21. three types of nonstore retailing
22. four parts of nonstore retailing
23. **Which of the three is the key message of the text?**
24. There are different types of retailing which depend on type of selling, kind of goods, level of service.
25. Retailing and wholesaling are two kinds of trade.
26. More than a half of modern U.S. retail sales are made by franchisees.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Nouns** | **Verbs** | **Adjectives** |
| specialty |  |  |
|  | corporate |  |
| attract |  |  |
|  |  | retail |
|  |  | consumer |
|  | product |  |
|  | define |  |
|  |  | focused |
|  | merchandise |  |
| equipment |  |  |

1. **Match the halves of the phrases.**

|  |  |
| --- | --- |
| 1. to provide | a) a significant customer base |
| 2. to specialize | b) a broad variety and deep assortment |
| 3. to concentrate on | c) the needs of a specific segment of customers |
| 4. to attract | d) the traditional hardware store and lumberyard |
| 5. to satisfy | e) the manufacturer’s promotional allowances |
| 6. to carry | f) a similar retail mix |
| 7. to combine | g) the cost of displaying merchandise |
| 8. to utilize | h) a limited number of complementary merchandise categories |
| 9. to minimize | i) a retail outlet |
| 10. to operate | j) in hard goods |

1. **Paraphrase the following phrases *in italics,* use the expressions from ex. X.**
2. The company *reduced**its expenses* because of the introduction of new technologies.
3. The main function of wholesale companies is *to provide vending with commodities*.
4. This store *makes an emphasis on*selling sporting goods.
5. A good seller knows how *to involve as much purchasers* as possible.

**A springboard for discussion**

1. What kind of retailing is the most prospective nowadays? Why?
2. What are the advantages of retail sales?
3. Give an example of a franchisee in our country.
4. **Wholesale Trade**

**Starting up**

**Discuss the following questions:**

* + - 1. What do wholesalers, distributors, resellers and dealers have in common? Give examples of such companies.
      2. Are middlemen considered useful?
      3. What are the advantages and disadvantages of wholesalers?

**Reading**

1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **induce (v.) -** persuade | **bulk (n.) -** mass |
| **fluctuation (n.) -** instability | **dispatch (v.) -** send |
| **storage space (n.) -** warehouse capacity | **entail (v.) -** cause |
| **insufficient (adj.) -** scarce, not enough | **split up (v.) -** divide |
| **undertake (v.) -** launch | **dispose (v.) -** incline |
| **accumulate (v.) -** store, save up | **commodities (n.) -** goods |
| **smoothly (adv.) -** without difficulty |  |

1. **Read the text again and decide whether these statements are true (T) or false (F).**
2. Manufacturers prefer to sell in large quantities.
3. Retailers prefer to buy in large quantities.
4. Wholesalers reduce transport costs by splitting up goods into smaller units.
5. Producers prefer not to dispose of their output as soon as possible.
6. The wholesaler doesn’t want to help the retailer.

**III. Now read the text and check your answers to the statements from ex. II.**

The retailer can buy his stock from either the wholesaler or the manufacturer. The fact that he will pay alower price if he buysfrom the manufacturer may induce a retailer to buy from this source, but generally it is to his advantage to resist this temptation to buy more cheaply. Manufacturers prefer to sell in large quantities, and since most retailers’ businesses are small this would mean their stocking a large quantity of one line of goods and probably having insufficient capital even if they had the storage space to buy other lines. Only by purchasing his stock from a wholesaler can the retailer buy in quantities to suit his turnover and obtain that variety of stock which is an essential feature of this branch of distribution.

Firms engaged in large-scale retail trade, such as multiple shops, chain shops and departments stores can afford to buy direct from the manufacturer, since their turnover is large enough to make it possible for them to buy in large quantities. What actually happens is that these large concerns undertake their own wholesaling.

The importance of the work of the wholesaler can best be judged from the consideration of his functions as a distributor.

1) *The breaking of bulk.* The wholesaler buys stock from the manufacturer, in large quantities and sells in small quantities to the retailer. This business of breaking bulk is perhaps the main function of the general wholesaler. If the manufacturer dealt directly with all his retail customers he would have to dispatch a large number of very small parcels, many of which would have to travel long distances, and this would entail a great deal of trouble and expense. The more convenient situation of wholesalers reduces the number of parcels to be sent out by manufacturers, and whenthese have been split up by wholesalers they have to go only relatively short distances, thereby reducing transport costs.

2) *Warehousing.* The holding of stocks is another important function of the wholesaler. Producers prefer to dispose of their output as soon as possible, since they do not generally make provision for the storage of large quantities of stock. The production of many commodities, too, is irregular, especially farming products, many of which have only one short harvest period each year. Retailers, on the other hand, have to try to satisfy a steady demand. Someone, therefore, must accumulate large stocks when the commodity is available and release it gradually to themarket as demand requires, thereby helping to make the economic system run more smoothly. This is one of the most important functions of a wholesaler. Another important economic consequence of the holding of stocks is that it tends to reduce price fluctuations.

3) *The wholesaler as a financier.* The holding of stocks costs money, but besides acting in a financial capacity in this connection, the wholesaler also helps to finance the retailer by allowing him credit, for many retailers operate on only a small amount of capital. Thus, the wholesaler who holds stocks requires much more capital than the average retailer.

4) *The state of the market.* Through the retail customers the wholesaler is in close touch with the market, and he can, therefore, assist the manufacturer by keeping him informed of the demand for his commodity.

5) *Expert buying and selling.* In the case of imported goods which pass through organized produce markets expert knowledge of the commodities and their market is required as well as the ability to assess their quality. Expert buyers and sellers, therefore, are needed.

6) *Preparation of commodity for sale*. Sometimes the wholesaler packs, grades or brands the goods he buys before passing them on to the retailer. This, however, is not strictly a wholesale function.

**Text Comprehension**

1. **Answer these questions using the active vocabulary of the text.**
2. Where can the retailer buy his stock from?
3. What are the advantages and disadvantages of buying from the manufacturer?
4. Who can afford to buy directly from the manufacturer?
5. What is the main function of the general wholesaler?
6. Why do wholesalers reduce the number of parcels to be sent out by manufacturers?
7. Why do producers prefer to dispose of their output?
8. What do retailers have to try to satisfy?
9. Who must accumulate large stocks?
10. What other economic consequence is concerned with warehousing?
11. How does the wholesaler help the retailer?
12. Who keeps the manufacturer informed of the demand for his commodity?
13. What are the wholesalers for in the market?
14. What function does not strictly belong to a wholesaler?
15. **Read the text and find the synonyms of the following words and phrases.**

§1 a person who buys in bulk, §1 luggage compartment, §2 multiple store, §3dispenser, §3 tradesman, §3 producer, §4 storehouse, §5 assortment of goods

1. **Find the definitions of these words and phrases in the text.**
2. the amount of business, usually expressed in terms of gross revenue, transacted during a specified period
3. carrying charges
4. the amount produced, as in a given period
5. space or area reserved for storing
6. willingness and ability to purchase goods and services
7. **Look for details in the text and choose the proper option.**
   * + 1. ***Buy in quantities to suit turnover and obtain that variety of stock is …………. .***
   1. an essential feature of transportation
   2. an essential feature of distribution
   3. not compulsory

***2. Firms engaged in large-scale retail trade is large enough …………………. .***

i. to buy in large quantities

ii. to buy what they want

iii to sell in bulks

***3. The wholesalers reduce the number of parcels ……………………… .***

i. to be transported by agencies

ii. to be sold by retailers

1. to be sent out by manufacturers
2. ***Someone must accumulate large stocks when the commodity is available and release it gradually to the market as demand requires, thereby …………………… .***
3. helping to make the economic system run more smoothly

ii. helping retailers to sell successfully

iii. helping wholesalers to redistribute goods

1. ***The wholesaler who holds stocks ……….. than the average retailer.***

i. requires less capital

ii. requires no capital

1. requires much more capital
2. ***………………………… is required as well as the ability to assess their quality.***
3. Expert knowledge of the commodities and their market
4. Expert knowledge of goods and services
5. Audit knowledge of the commodities and their market
6. **Which of the three is the key message of the text?**
   * 1. The wholesaler buys stock from the manufacturer, in large quantities and sells in small quantities to the retailer. The holding of stocks is an important function of the wholesaler. The wholesaler also helps to finance the retailer by allowing him credit, for many retailers only operate on a small amount of capital. The wholesaler is always in close touch with the market. The wholesaler sometimes provides retailers with supplementary services such as packaging, grading and so on.
     2. The main functions of the general wholesaler are the breaking of bulk, the holding of stocks, financing, expert knowledge of commodities, markets and demand and preparation of commodities for sale.
     3. Firms engaged in large-scale retail trade can afford to buy direct from the manufacturer. The wholesalers reduce the number of parcels to be sent out by manufacturers. The important economic consequence of stock holding is that it tends to reduce price fluctuations. Expert buyers and sellers are needed to the retail customers. The wholesaler is in close touch with the market, the wholesaler who holds stocks requires much more capital than an average retailer.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Nouns** | **Verbs** | **Adjectives/Adverbs** |
|  | manufacture |  |
|  | distribute |  |
| relate |  |  |
|  |  | fluctuating |
| judgement |  |  |
|  | disposition |  |
|  | store |  |
|  | consider |  |

1. **Match the halves of the phrases.**

|  |  |  |
| --- | --- | --- |
| 1. passing them on | a) by wholesalers | |
| 2. keeping him | b) informed | |
| 3. to be in close touch | c) for the storage | |
| 4. operate on | d) with the market | |
| 5. acting in | e) a steady demand | |
| 6. release it | f) to the retailer | |
| 7. accumulate | g) gradually | |
| 8. satisfy | h) a financial capacity |
| 9. make provision | i) large stocks | |
| 10. to be split up | j) only a small amount of capital | |

1. **Paraphrase the following phrases *in italics,* use the expressions from ex. X.**
   1. He died without a will, though he *had gathered* three thousand pounds.
   2. They are easily *divided* into parties by intrigue.
   3. I wish to *be freed* from my contract.
   4. Many retailers *function* on only a small amount of capital.
   5. The wholesaler *copes with* the market.
   6. The wholesaler *notified* the manufacturer about the demand for his commodity.

**A springboard for discussion**

1. What would happen if there were no wholesalers?
2. What does the process of delivery of final produce include? Follow all the steps.

*For example, a factory produces windows and then builders take them to a construction site and install them. This process also includes wholesale firms, shops, advertising agencies, companies testing the quality of glass and plastic, a transportation company and construction firms, to say nothing of subcontractors who serve the entire team.*

**Credit Sales**

**Starting up**

**Discuss the following questions:**

1. What is the difference between retailers and wholesalers?
2. Why do some people prefer to buy on credit?
3. What are the drawbacks of receiving credit?

**Reading**

* 1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **net (n.) -** pure profit | **delay (n.) -** hold-up |
| **drawback (n.) -** obstacle | **accumulation** (n.) **-** capital formation |
| **inducement (n.) -** motive |  |

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

1. Cash discount is the way to encourage retailers to pay promptly.

2. A wholesaler helps to finance a retailer.

3. Credit widens the retailer’s profit margin.

4. Accumulation of bad debts is the chief danger in allowing credit.

5. There are three main groups of people who prefer to buy on credit.

6. Nowadays it is usual for retailers to offer their customers a cash discount.

7. It is impossible to secure payment of all accounts.

**III. Now read the text and check your answers to the statements from ex. II.**

Retailers frequently purchase goods from wholesalers on credit, the most common period being for one month. In order to encourage retailers to pay promptly a wholesaler may offer a cash discountpayment which is made within seven days on monthly accounts he may possibly allow a smaller discount but if permit the delay beyond one month it will require the full amount to be paid, that is, will then be net.

A retailer who can obtain goods on credit will be able to run his business with a smaller amount of capital than would otherwise be possible. Since in such circumstances the wholesaler is helping to finance the retailer, he will, on the other hand, require a much greater amount of capital.

The drawback to receiving credit is that it narrows the retailer's profit margin, since in effect he has to pay a higher price for his stock. From the point of view of the trader allowing the credit the chief danger lies in the accumulation of bad debts plate allowing credit to his customers. Many retailers, especially those operating on a large scale, insist upon all sales being on a cash basis. In competition with these firms others can offer their customers an extra service in the form of credit. There are two main groups of people, who prefer to buy on credit 1) those who spend their wages quickly and so find themselves temporarily short of cash between pay days 2) those who find it more convenient - perhaps because they are paid monthly to pay at a longer interval, probably by cheque.

Thus, by granting credit the retailer hopes to enlarge his circle of customers, and so increase his turnover. Nowadays it is not usual, however, for retailers, unlike wholesalers, to offer their customers a cash discount as an inducement to pay promptly, although at onetime it was not uncommon for a small discount to be allowed on customers’ monthly accounts. Indeed, those customers who pay for what they buy at the time of purchasing often have to pay rather more at a shop which grants credit than they would pay at one where all transactions are for cash. The reason is that the retailer who grants credit charges slightly higher prices than other retailers in order to cover himself against bad debts. However careful he may be in his selection of customers to whom to allow credit he will find it impossible to secure payment of all his accounts.

**Text Comprehension**

1. **Answer these questions using the active vocabulary of the text.**

How can a wholesaler encourage retailers to pay promptly?

What does buying on credit give to retailers?

What are the drawbacks to receiving credit?

What kind of people prefer to buy on credit?

What is the reason for the retailer to grant credit?

1. **Read the text and find the English equivalents to the following Russian words.**

|  |  |
| --- | --- |
| a. маржа | f. оптовая фирма |
| b. сразу | g. добывать, приобретать |
| c. главный | h. закупать |
| d. запас товаров | i. стимул |
| e. предоставлять | j. скопление |

1. **Find the definitions of these words and phrases in the text.**

1. to reduce (the regular price, cost, etc.) by a stated percentage or amount

2. the continuous growth of capital by retention of interest or earnings

3. an obligation to pay or perform something; liability

4. the minimum return below which an enterprise becomes unprofitable

5. to acknowledge the validity of smth.

1. **Look for details in the text and choose the proper option.**

***1. In order to encourage retailers to………… a wholesaler may offer a cash discount.***

i. order more goods

ii. pay promptly

iii. be loyal

***2. A retailer who can obtain goods on credit…… .***

i. runs his business with a smaller amount of capital

ii. doesn’t feel the difference

iii. needs a bigger amount of capital

***3. Many retailers especially …… insist upon all sales being on a cash basis.***

i. operating on a large scale

ii. operating on a foreign market

iii. private-owned

***4. The retailer who grants a credit… than other retailers.***

i. charges the same prices

ii. charges slightly lower prices

iii. charges slightly higher prices

1. **Which of the three is the key message of the text?**
   * + - 1. The reason for obtaining goods on credit is the wish to run the business with a smaller amount of capital.
         2. It is impossible to secure payment of all accounts.
         3. Advantages and disadvantages of buying goods on credit.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Nouns** | **Verbs** | **Adjectives** |
|  | retail |  |
| accumulation |  |  |
|  | obtain |  |
| finances |  |  |
|  |  | receivable |
| profit |  |  |
|  |  | operating |
|  | increase |  |
| inducement |  |  |

1. **Match the halves of the phrases.**

|  |  |
| --- | --- |
| 1. encourage | a. debts |
| 2. obtain | b. discount |
| 3. profit | c. turnover |
| 4. run | d. retailers |
| 5. bad | e. credit |
| 6. cash | f. payment |
| 7. grant | g. business |
| 8. secure | h. goods |
| 9. increase | i. margin |
| 10. pay | j. promptly |

1. **Paraphrase the following phrases *in italics* using the expressions from ex. X.**
2. In order to encourage retailers to *pay at once*a wholesalermay offer a cash discount.
3. A retailer can *get merchandise*on credit.
4. Receiving credit narrows the retailer’s *return on sales***.**
5. By *giving credit* the retailer hopes to enlarge his circle of customers.
6. Some retailers insist upon all sales being *paid in cash***.**

**A springboard for discussion**

1. Think over retailers in Belarus. Who grants credit to their customers? What retailers offer a cash discount in our country?
2. Is it popular among people in our country to buy goods on credit? (If yes, then what goods?)
3. **Market**

**Starting up**

**Discuss the following questions:**

1. What kind of markets do you know? Give examples.
2. What products can we buy there?
3. How can you characterize the behavior of the buyer and the seller in the market?

**Reading**

* + - 1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **intermediaries (n) -** mediators | **conceivable (adj.) -** believable |
| **stalls (n) -** outlets | **precise (adj.) -** exact |
| **exceed (v.) -** go over, surpass | **bid (v.) –** offerby stating more favourable terms |
|  |  |

* + - 1. **Read and decide whether these statements are true (T) or false (F).**
         1. A market is a set of arrangements by which buyers and sellers are in contact to exchange goods or services.
         2. Antique auctions force buyers to bid againsteach other with the seller taking a passive role.
         3. Price and quantity can be considered separately.
         4. Demand is the quantity of goods buyers wish to purchase at each conceivable price.
         5. Supply is the quantity of goods sellers wish to sell at each conceivable price.
         6. When the demand for football tickets exceeds their supply some people will not get into the ground.

**III. Now read the text and check your answers to the statements from ex. II.**

Earlier we defined markets in a very general way as a set of arrangements through which prices guide resource allocation. We now adopt a narrower definition. A market is a set of arrangements by which buyers and sellers are in contact to exchange goods or services.

Some markets (shops and fruit stalls) physically bring together the buyer and the seller. Other markets (the London Stock Exchange) operate chiefly through intermediaries (stockbrokers) who transact business on behalf of clients. In supermarkets, sellers choose the price, stock the shelves, and leave customers to choose whether or not to make a purchase. Antique auctions force buyers to bid againsteach other with the seller taking a passive role.

Although superficially different*,* these markets perform the same economic function; they determine prices that ensure that the quantity people wish to buy equals the quantity people wish to sell. Price and quantity cannot be considered separately. In establishing that the price of a Rolls Royce is ten times the price of a small Ford, the market for motor cars simultaneously ensures that production and sales of small Fords will greatly exceed the production and sales of Rolls Royce. These prices guide society in choosing what, how, and for whom to purchase.

To understand this process more fully, we require a model of a typical market. The essential features on which such a model must concentrate are demand, the behaviour of buyers, and supply, the behaviour of sellers. It will then be possible to study the interaction of these forces to see how a market works in practice.

*Demand* is the quantity of goods buyers wish to purchase at each conceivable price. Thus demand is not a particular quantity, such as, six bars of chocolate, but rather a full description of the quantity of chocolate the buyer would purchase at each and every price which might be charged.

*Supply* is the quantity of goods sellers wish to sell at each conceivable price. Again, supply is not a particular quantity but a complete description of the quantity that sellers would like to sell at each and every possible price.

Notice the distinction between demand and the quantity demanded. Demand describes the behaviour of buyers at every price. The term ‘quantity demanded’ makes sense only in relation to a particular price. A similar distinction applies to supply and quantity supplied.

In everyday language, we would say that when the demand for football tickets exceeds their supply, some people will not get into the ground. Economists must be more precise. At the price charged for tickets, the quantity demanded exceeded the quantity supplied. Although the size of the ground sets an upper limit on the quantity of tickets that can be supplied, higher tickets prices would have reduced the quantity demanded, perhaps leaving empty space in the ground. Yet there has been no change in demand, the schedule describing how many people want admission at each possible ticket price. The quantity demanded has changed because the price has changed.

**Text Comprehension**

**IV. Answer these questions using the active vocabulary of the text.**

1. What is a market?
2. What difference does the writer point to between a fruit stall and the London Stock Exchange?
3. Do different markets carry out different economic functions?
4. What do markets determine?
5. What makes sure that the quantity people want to buy is the same as the quantity people want to sell?
6. What influence does price have on society?
7. What are the essential features of a typical market?
8. What is demand?
9. What is supply?
10. What is the distinction between demand and the quantity demanded?
11. **Read the text and find the synonyms of the following words.**

§1 preparations, §2 mediators, §3 at the same time, §4 relations, §7 peculiarity,

§8 decrease

1. **Find the definitions of these words and phrases in the text.**

1. a person who purchases goods

2. to offer (an amount) in attempting to buy something

3. the sum in money or goods for which anything is or may be bought or sold

5. the amount of a commodity that consumers are willing and able to purchase at a specified price

6. the amount of a commodity that producers are willing and able to offer for sale at a specified price

1. **Look for details in the text and choose the proper option.**

***A market is a set of arrangements by which buyers and sellers are in contact ………… .***

1. to see each other
2. to fight with each other
3. to exchange goods or services

***Intermediaries (stockbrokers) who transact business …………… .***

on behalf of clients

themselves

on behalf of customers

***Markets determine prices that ensure that the quantity people wish to buy***

***equals …… .***

the quantity people wish to sell

the quantity people wish to negotiate

the number people don’t wish to sell

***Demand describes ……………. at every price***.

the position of a product

the behaviour of sellers

the behaviour of buyers

***Higher tickets prices will reduce …………….. .***

the quantity demanded

the quantity supplied

the quantity sold

1. **Which of the three is the key message of the text?**

Markets determine prices that ensure that the quantity people wish to buy equals the quantity people wish to sell.

The prices in the market guide society in choosing what, how, and for whom to purchase.

Demand describes the behaviour of buyers at every price. The term ‘quantity demanded’ makes sense only in relation to a particular price. A similar distinction applies to supply and quantity supplied.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Nouns** | **Verbs** | **Adjectives/Adverbs** |
|  | supply |  |
| demand |  |  |
|  | reduction |  |
|  |  | distinct |
| charge |  |  |
|  | exceed |  |
|  |  | simultaneous |
|  |  | intermediate |
| equality |  |  |
|  | arrange |  |

1. **Match the halves of the phrases.**

|  |  |
| --- | --- |
| 1) to guide  2) a set of  3) to be in contact  4) to operate chiefly  5) to take  6) to equal  7) ten times  8) to study  9) to purchase  10) to get  11) to set | a) resource allocation  b) into the ground  c) through intermediaries  d) at each and every price  e) to exchange goods or services  f) the price  g) a passive role  h) the interaction of these forces  i) the quantity people  j) an upper limit on  k) arrangements |

1. **Paraphrase the following phrases *in italics* using the expressions from ex. X.**

1. Buyers and sellers *are going* *to replace* goods or services.

2. Antique auctions force buyers to bid againsteach other with the seller *stepping aside*.

3. Buyers wish to *give any possible charge.*

4. He *is looking for a vacant spot* in the ground.

5. We defined markets as *a range of preparations* through which prices guide resource allocation.

**A springboard for discussion**

Answer the following questions about the market that you know or would like to work for:

* *What competitors are there in the market?*
* *Is competition in the market strong?*
* *Who is the market leader?*
* *Who are the key players?*
* *Who mainly makes up the competition from the market leader’s point of view?*
* *If one competitor increases its market share can the others keep their market share at the same level?*

1. **The Role of the Market**

**Starting up**

**Discuss the following questions:**

1. When you want to have a snack what kind of café do you choose? Think about price, location and food.
2. How do you suit the whole picture of producing products for this café?

**Reading**

1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **adjustment (n.) -** correction | **reconcile (v.) -** settle |
| **consumption (n.) -** use |  |

1. **Read and decide whether these statements are true (T) or false (F).**
2. A market forms decisions about what and how to produce.
3. Much of economics devoted to the study of how markets and prices enable society to solve the problems of what, how and for whom to produce.
4. Society is allocating resources - meat, buildings, and labour - into hamburger production through the tax system.
5. If cattle contracted a disease, thereby reducing the economy's ability to produce meat products, competition to purchase more scarce supplies of beef would bid up the price of beef; hamburger producers would bе forced to reduce prices, and consumers would buy more meat sandwiches for lunch.
6. The cafe owner is part of the local wholesale meat market and the local market for rented buildings.

**III. Now read the text and check your answers to the statements from ex. II.**

Markets bring together buyers and sellers of goods and services. In some cases, such as a local fruit stall, buyers and sellers meet physically. In other cases, such as the stock market business can be transacted over the telephone, almost by remote control. We need not go into these details. Instead, we use a general definition of markets.

A market is a shorthand expression for the process by which households' decisions about consumption of alternative goods forms decisions about what and how to produce, and workers decisions about how much and for whom to work are all reconciled adjustment of prices**.**

Prices of goods, such as labour, machinery and land, adjust these goods and services to ensure society’s demands.

Much of economics devoted to the study of how markets and prices enable society to solve the problems of what, how and for whom to produce. Suppose you buy a hamburger for your lunch. What does this have to do with markets and prices? You chose the café because it was fast, convenient and cheap. Given your desire to eat, and your limited resources, the low hamburger price told you that this was a good way to satisfy your appetite. You probably prefer steak but that is more expensive. The price of steak is high enough to ensure that society answers the 'for whom' question about lunchtime steaks in favour of someone else.

Now think about the seller’s viewpoint. The café owner is in the business because, given the price of hamburger meat, the rent and the wages that must be paid, it is still possible to sell hamburgers at a profit. If rents were higher, it might more profitable to sell hamburger in a cheaper area or to switch to luxury lunches for rich executives on expense accounts. The student behind the counter is working there because it is a suitable part-time job which pays a bit of money. If the wage were much lower it would hardly be worth working at all. Conversely, the job is unskilled and there are plenty of students looking for such work, so owners of cafés do not have to offer very high wages.

Prices are guiding your decision to buy a hamburger, the owner's decision to sell hamburgers, and the student's decision to take the job. Society is allocating resources - meat, buildings, and labor - into hamburger production through the price system. If nobody liked hamburgers, the owner could not sell enough at a price that covered the cost ofrunning the cafe and society would devote no resources to hamburger production. People's desire to eat hamburgers guides resources into hamburger production. However, if cattle contracted a disease, thereby reducing the economy's ability to produce meat products, competition to purchase more scarce supplies of beef would bid up the price of beef, hamburger producers would bе forced to raise prices, and consumers would buy more cheese sandwiches for lunch. Adjustments in prices would encourage society to reallocate resources to reflect the increased scarcity of cattle.

There were several markets involved in your purchase of a hamburger. You and the café owner were part of the market for lunches. The student behind the counter was part of the local labour market. The café owner was part of the local wholesale meat market and the local market for rented buildings. These descriptions of markets are not very precise. Were you part of the market for lunches, for prepared food, or the market for sandwiches to which you would have turned if hamburgers had been more expensive? That is why we have adopted a very general definition of markets which emphasizes that they are arrangements through which prices influence the allocation of scarce resources.

**Text Comprehension**

1. **Answer these questions using the active vocabulary of the text.**

1. What example is given of a market where sellers and buyers actually meet?

2. How are households' decisions on what to buy reconciled?

3. Why do prices adjust?

4. What problems do markets and prices solve for society?

6. Why don’t café owners have to pay high wages?

7. What makes society put resources into hamburger production?

8. What would consumers do if hamburger prices rose?

9. How many markets does the writer say you are involved in if you buy a hamburger?

10. Does the writer give an exact description of a market?

1. **Read the article and find the synonyms of the following words.**

§2 domestic; use §3 work §5 offer; temporary; senior managers §6 shortage

1. **Find the definitions of these words and phrases in the text.**

a) expenditure on goods and services for final personal use

b) the social science concerned with the production and consumption of goods and services and the analysis of the commercial activities of a society

c) inadequate supply

d) payment in return for work or services, esp. that made to workmen on a daily, hourly, weekly, or piece-work basis

e) a system of dividing overhead expenses between the various departments of a business

1. **Look for details in the text and choose the proper option.**
   * + 1. ***A market is the process by which households' decisions about consumption of alternative goods, forms decisions about …………. .***
   1. how much and for whom to work
   2. what and how to produce
   3. for whom to produce

***2. The low hamburger price was a good way to satisfy your appetite………. .***

1. because of your desire to eat
2. because of your limited resources
3. because of your desire to eat, and your limited resources
4. ***You and the café owner were part of ………… .***
   1. the market for lunches
   2. the market for studying
   3. the market for launching a new product
5. ***Much of economics devoted to the study of how markets and prices enable society to solve the problems …………………….. .***
   1. of what, how and for whom to produce
   2. of what products to produce
   3. of manufactures, owners and consumers
6. **Which of the three is the key message of the text?**

How markets and prices enable society to solve the problems of what, how and for whom to produce.

How owners and consumers enable society to solve the problems of what, how and for whom to produce.

Prices of goods such as labor**,** machinery and land, adjust these goods and services to ensure society’s demands.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Nouns** | **Verbs** | **Adjectives** |
|  | consume |  |
|  |  | luxurious |
|  | allocate |  |
|  | adjust |  |
| stock |  |  |

1. **Match the halves of the phrases.**

|  |  |
| --- | --- |
| 1. influence the allocation of  2. encourage society to  3. purchase more  4. guide resources into  5. devote no resources to  6. switch to  7. reconcile  8. go into  9. sell hamburgers | a) reallocate resources  b) luxury lunches  c) scarce supplies  d) scarce resources  e) adjustment of prices  f) hamburger production  g) these details  h) at a profit.  i) hamburger production |

1. **Paraphrase the following sentences *in italics,* use the expressions from ex. X.**
2. It is still possible to *vend* hamburgers *successfully.*
3. If nobody liked hamburgers, the owner could not sell enough at a price that covered the cost ofrunning the cafe and society would *offer no capital* to hamburger production.
4. Adjustments in prices would *persuade people to move funds* to reflect the increased scarcity of cattle.
5. They make arrangements through which prices *control the distribution of limited assets*.

**A springboard for discussion**

Give an example of any product and examine it from the viewpoints of a seller and a customer as it is given in the text about a hamburger.

1. **Marketing and Promotion**

**Starting up**

**Discuss the following questions:**

1. What ways of promotion do companies use?
2. Does marketing play an important role for any company?
3. Can you give any examples of the ways to promote a new product used by the famous companies?
4. How do you get information about new products?
5. What helps you to make choice in buying goods of one or another company?

**Reading**

1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **preliminary (adj.) -** prior | **feasibility (n.)** – ability to be done |
| **viable (adj.) -** possible | **enquiry (n.) -** request |

1. **Read and decide whether these statements are true (T) or false (F).**
2. The market research is done to assess the market potential.
3. A Trade Fair is a form of publicity.
4. Trade Fairs are organized only for preferred customers.
5. Launching a product means starting an advertising campaign.
6. Taking a stand at a Trade Fair is not the best way to win new orders for a company.
7. The aim of publicity is to attract new customers.
8. **Now read the text and check your answers to the statements from ex. II.**

When a company starts to sell goods in a new market, it often does some market research or a preliminary study to see if the project is feasible. They research (investigate) the market potential or do a feasibility study to see if they will make money by selling in the new market (i.e. to see if the product is viable).

One way to assess the market potential is to take a stand at a Trade Fair where companies can exhibit samples of their products and see what response they get from prospective customers. The Trade Fair is an exhibition of goods, and a company exhibits a sample of its product at its stand. This is also a form of publicity (or advertising) and the company representative will probably hand out publicity brochures to advertise (or promote) the product further. Often journalists (the press) write about the Trade Fair and sometimes companies hold a press conference if they want to promote a particular model or range. Each different type of car, bike etc. is a model. All the different models, made by a company make up its range. The full range of goods is normally displayed in the company’s catalogue. The catalogue is a booklet or brochure.

Another way of promoting (or publicizing) a new product is to place advertisements in magazines or newspapers. Advertisements are also called adverts or ads for short. A plan to do a lot of advertising of one product is called a campaign. Starting an advertising campaign on a new product is known as launching the product.

The aim of publicity is to interest customers (or buyers, or clients) in the product. Initially customers must make enquiries about the product they decide to buy, they place an order. At a Trade Fair companies are trying to win (obtain) as many orders as possible. However, before a client places an order he wants to know many things: how long delivery takes, whether the company can supply replacements and spare parts, what the after sales service is like, etc. All the individual parts in a model are called components. If one of the components breaks the customer will want a replacement spаrе part. If the product is complicated, skilled workers might be needed to fit spare parts or to service or maintain the machinery. Any maintenance or servicing the company does after it has sold the product is called after sales service.

**Text Comprehension**

1. **Answer these questions using the active vocabulary of the text.**
   1. Why is market research done?
   2. How can one assess the market potential?
   3. Where can companies exhibit samples of their products?
   4. What are the forms of publicity?
   5. Why are press conferences held?
   6. What is a catalogue?
   7. What is the aim of publicity?
   8. When is the order placed?
   9. Why are companies trying to obtain аs many orders as possible?
   10. What things is the customer interested in?
2. **Read the text and find the English equivalents to the following Russian phrases in it.**
3. послепродажное обслуживание
4. предварительное исследование
5. оценивать рыночный потенциал
6. делать запросы
7. потенциальный клиент
8. обоснованный (целесообразный) проект
9. запускать продукт
10. поставлять запасные части
11. **Find the definitions of these words and phrases in the text.**
12. the study of influences upon customer and consumer behaviour and the analysis of market characteristics and trends
13. servicing the company does after it has sold the product
14. activities or techniques intended to create consumer demand for a product or service
15. the provision of goods or services to meet customer or consumer needs
16. the promotion of goods or services for sale through impersonal media, such as radio or television
17. the technique or process of attracting public attention to people, products, etc., as by the use of the mass media
18. **Look for details in the text and choose the proper option to fill in the blanks.**

|  |
| --- |
| sales service launch the product catalogue  company representative press conference market potential |

1. During the Trade Fair our company hold a ……. …….. to represent our new model.
2. Next month we are planning to ……. ….. ………., so the advertising campaign is being worked out.
3. ……. …….. is one of the main facts in successful management of sales.
4. Our marketing department has worked out ……… with new models.
5. Every company uses different methods to assess…….. ………. .
6. She was appointed as a …….. …….. at the International Trade Fair.
7. **Which of the three is the key message of the text?**
8. Every wholesale company should take a stand at a Trade Fair to increase its sales.
9. Promotion of a new product plays a very important role for every company.
10. It is impossible to launch the product without successful advertising campaign.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Noun** | **Verbs** | **Adjectives** |
| advertisement |  |  |
|  | exhibit |  |
| representative |  |  |
|  |  | complicated |

1. **Match the halves of the phrases.**

|  |  |
| --- | --- |
| 1. to sell goods | a) the market potential |
| 2. to assess | b) publicity brochures |
| 3. to promote | c) an advertising campaign |
| 4. to hand out | d) in a new market |
| 5. to start | e) replacements and spare parts |
| 6. to supply | f) a model |

1. **Paraphrase the following sentences *in italics.***
2. Our company has started to*publicize a new product***.**
3. Companies take a stand at a Trade Fair in order *to define the response they get from prospective customers.*
4. It is quite difficult *to widen market*share because of hard competition between companies.
5. The company is going *to launch the promotion plan* for a new product.
6. Customers prefer to deal with companies which can *deliver all the individual parts and components.*

6) At the Trade Fair our company representative *gave out promotion booklet* representing our goals.

**A springboard for discussion**

1. Your company is going to exhibit a new product. Suggest your ideas about the ways of promotion. Should the company invite any marketing agency?
2. Your company is going to take part in the international Trade Fair. In groups or pairs discuss what should be done. Think about your exposition, booklets, brochures, and so on. How are you going to appeal to prospective customers?
3. **Trade Restrictions**

**Starting up**

**Discuss the following questions:**

* + - 1. How can the governments help their start-up companies?
      2. How can the governments protect their producers?
      3. What is the role of the Customs and Excise department?

**Reading**

1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **impose (v.) -** enforce | **consulate (n.) -** the business premises or residence of a consul |
| **infant (adj.) -** undeveloped | **loan (n.) -** credit |

1. **Read and decide whether these statements are true (T) or false (F).**
2. One way a country can control its economy is by imposing import restrictions.
3. Taxes on imported goods are called duty or tariffs.
4. Trade restrictions are enforced by the Finance department.
5. Importers don’t fill out customs declaration form which declares the value of the goods.
6. Under trade agreements certain goods from certain countries may be exempt from some of the taxes, or they may be allowed bigger quotas.

**III. Now read the text and check your answers to the statements from ex. II.**

One way a country can control its economy is by imposing import restrictions (or controls). If an industry is just starting up (when it is called an infant industry) the government may help it because it makes the country richer and provides employment. The government сan help аn infantindustry by subsidizing it or by imposing import restrictions. To subsidize an industry means to give it grants or loans. Import controls can protect it from competition by stopping or limiting the importation of the goods the infant industry produces. The government might also impоse taxes on imported goods. These taxes are called duty or tariffs.

Import controls may only be selective or temporary. If they only apply to certain goods or certain countries, they are selective. If they only apply for a limited time, they are temporary. Traders may require a licence to import goods. A licenceis a certificate which gives permission to do something. Traders may also be limited to a quota of goods. A quota is a maximum number.

Trade restrictions are enforced by the Customs and Excise department. Importers have to fill out customs declaration form which declares the value of the goods so that the customs men can calculate the tariffs (taxes) they must pay. To make the job of the customs department easier, the invoice for the goods is sometimes certified by the consulate of the importing country before the goods leave the exporting country. The invoice is then called a consular invoice. The consular invoice is sometimes also used as a certificate of origin (although this may be a separate document).

The certificate of origin is a certificate, which shows where the goods come from originally (this is necessary if they have traveled through another country). It can be important to show the origin of goods when the importing and exporting countries have special trade agreements, because traders may pay less duty. A government often makes trade agreements with its trading partners (countries with which it trades regularly). Under trade agreements certain goods from certain countries may be exempt from (they do not have to pay) some of the taxes, or they may be allowed bigger quotas.

**Text Comprehension**

1. **Answer these questions using the active vocabulary of the text.**
2. How can a country control its economy?
3. What is an "infant industry"?
4. How canthe government help "infant industry"?
5. What may import controls be?
6. What is the difference between selective and temporary controls?
7. Why are taxes imposed on imported goods?
8. Who are trade restrictions enforced by?
9. How can the job of the customs department be made easier?
10. What is "the certificate of origin"?
11. Why is it important to show the origin of goods?
12. **Read the article and find the synonyms of the following words.**

§1 newborn, §2 restricted, §3 obligatory, §4 precise, §5 free from

1. **Find the definitions of these words and phrases in the text.**
2. a tax levied by a government on imports or occasionally exports for purposes of protection
3. a certificate which gives permission to do something
4. a maximum number
5. a document which declares the value of the goods
6. a document issued by a seller to a buyer listing the goods or services supplied and stating the sum of money due
7. a document stating the name of the country that produced a specified shipment of goods: often required before importation of goods
8. **Look for details in the text and choose the proper option.**
9. ***If an industry is just starting up (when it is called an infant industry) the government may help it because ………….. .***

it makes the country richer and provides employment

it makes the country better-off

it makes the country at an advantage

1. ***If tariffs only apply to certain goods of certain countries, …………. .***
   1. they are short-term
   2. they are temporary
   3. they are selective
2. ***It can be important to show the origin of goods when the importing and exporting countries have special trade agreements, because …………..*** .
   1. businessmen may pay less taxes
   2. traders may pay less duty
   3. traders may pay no duty
3. ***Under trade agreements certain goods from certain countries may be ………. .***
   1. exempt from some of the taxes, or they may be allowed bigger quotas.
   2. free from some of the taxes
   3. imposed extra tariffs on
4. **Which of the three is the key message of the text?**
5. By imposing import restrictions the government сan help аn infantindustry to develop. When the importing and exporting countries have special trade agreements, traders may pay less duty.
6. The government might also impоse taxes on imported goods. These taxes are called duty or tariffs.
7. Trade restrictions are enforced by the Customs and Excise department. Importers have to fill out customs declaration form which declares the value of the goods so that the customs men can calculate the tariffs (taxes) they must pay.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Nouns** | **Verbs** | **Adjectives** |
|  |  | restrictive |
| enforcement |  |  |
| consulate |  |  |
|  |  | original |
|  | select |  |
| subsidiary |  |  |

1. **Match the halves of the phrases.**

|  |  |
| --- | --- |
| 1. limit  2. impоse taxes on  3. apply for  4. apply to  5. fill out  6. declare  7. be allowed  8. the invoice | a**)** certain goods  b) for the goods  c) imported goods  d) a limited time  e) the importation of the goods  f) the value of the goods  g) bigger quotas  i) customs declaration form |

1. **Paraphrase the following phrases *in italics* using the expressions from ex. X.**
   1. The government might also *set duties* *on foreign wares*.
   2. If duties only *relate for a restricted moment*, they are temporary.
   3. Traders may also be *partial to a share of commodities*.
   4. Importers have to *complete an application which declares goods.*
   5. If tariffs *are relevant to a short time* they are temporary.

**A springboard for discussion**

1. Imagine that you want to import some goods *(e.g*., IT, food, cars, etc.). What imposed restrictions will you encounter?
2. How does our government help our producers?

## Sales Jobs

**Starting up**

**Discuss the following questions:**

1. What is trade?
2. Are trade and sales similar activities?
3. What is the level of sales development in the country nowadays?
4. Have you ever had job experience in sales?
5. What are the advantages of international sales worldwide?

**Reading**

1. **Go through the following vocabulary notes to avoid difficulties in understanding.**

|  |  |
| --- | --- |
| **complementary (n**.**) -** additional | **boost (n.) -** increase |
| **schedule (v.) -** arrange |  |

1. **Read the text and decide whether these statements are true (T) or false (F).**
2. Primary duties of sales representatives depend on the type of the product they sell.
3. Sales representatives have to emphasize unique qualities of their products and services in order to sell them.
4. Sales representatives always work alone.
5. The only duty of sales representative is to sell the product.
6. Sales engineers specialize in sales of technical products and services.
7. **Now read the text and check your answers to the statements from ex. II.**

Sales representatives are an important part of manufacturers’ and wholesalers’ success. Regardless of the type of product they sell, their primary duties are to interest wholesale and retail buyers and purchasing agents in their merchandise and to address clients’ questions and concerns. Sales representatives represent one or several manufacturers or wholesale distributors by selling one product or a complementary line of products. Sales representatives demonstrate their products and advise clients on how using these products can reduce costs and increase sales. They market their company’s products to manufacturers, wholesale and retail establishments, construction contractors, government agencies, and other institutions. [Retail salespersons](http://www.bls.gov/oco/ocos121.htm) who sell directly to consumers and [sales engineers](http://www.bls.gov/oco/ocos123.htm) who specialize in sales of technical products and services. Depending on where they work, sales representatives have different job titles. Those employed directly by a manufacturer or wholesaler often are called sales representatives. Manufacturers’ agents or manufacturers’ representatives are self-employed sales workers or independent firms who contract their services to all types of manufacturing companies. Many of these titles, however, are used interchangeably.

Sales representatives spend much of their time traveling to and visiting with prospective buyers and current clients. During a sales call, they discuss the client’s needs and suggest how their merchandise or services can meet those needs. They may show samples or catalogs that describe items their company stocks and inform customers about prices, availability, and ways in which their products can save money and boost productivity. Because a vast number of manufacturers and wholesalers sell similar products, sales representatives must emphasize any unique qualities of their products and services. Manufacturers’ agents or manufacturers’ representatives might sell several complementary products made by different manufacturers and, thus, take a broad approach to their customers’ business. Sales representatives may help install new equipment and train employees in its use. They also take orders and resolve any problems with or complaints about the merchandise.

Obtaining new accounts is an important part of the job. Sales representatives follow leads from other clients, track advertisements in trade journals, participate in trade shows and conferences, and may visit potential clients unannounced. In addition, they may spend time meeting with and entertaining prospective clients during evenings and weekends.

In a process that can take several months, sales representatives present their product to a customer and negotiate the sale. Aided by a laptop computer connected to the Internet, or other telecommunications device, they can make a persuasive audiovisual sales pitch and often can answer technical and nontechnical questions immediately.

Frequently, sales representatives who lack technical expertise work as a team with a technical expert. In this arrangement, the technical expert - sometimes a sales engineer - attends the sales presentation to explain the product and answer questions or concerns. The sales representative makes the preliminary contact with customers, introduces the company’s product, and closes the sale. The representative is then able to spend more time maintaining and soliciting accounts and less time acquiring technical knowledge. After the sale, representatives may make follow-up visits to ensure that the equipment is functioning properly and may even help train customers’ employees to operate and maintain new equipment. Those selling consumer goods often suggest how and where merchandise should be displayed. Working with retailers, they may help arrange promotional programs, store displays, and advertising.

Sales representatives have several duties beyond selling products. They analyze sales statistics; prepare reports; and handle administrative duties, such as filing expense account reports, scheduling appointments, and making travel plans. They read about new and existing products and monitor the sales, prices, and products of their competitors.

Manufacturers’ agents who operate a sales agency also must manage their business. This requires organizational and general business skills, as well as knowledge of accounting, marketing, and administration.

**Text Comprehension**

1. **Answer these questions using the active vocabulary of the text.**
2. What are the primary duties of sales representatives?
3. Who do sales representatives usually represent?
4. What do the job titles of sales representatives depend on?
5. What are the types of sales representatives?
6. What is the main idea of sales calls?
7. Name the advantages of a computer presentation of the product.
8. What are the particularities of a technical expert’s job?
9. Do representatives keep in contact with their customers after the sale?
10. Name the duties of a sales representative beyond selling the product.
11. What skills should an agent possess in order to be successful?
12. **Read the text and find the synonyms of the following words.**

§1 main, §3 profitable, §3 to increase, §3 to underline, §4 to debate

1. **Find the definitions of these words and phrases in the text.**
2. somebody that follows so as to further an end or increase effectiveness
3. likely or expected to happen
4. to stress, single out as important
5. intending or having the power to induce action or belief
6. forming a complete or balanced whole
7. **Look for details in the text and choose the proper option.**
8. ***The primary duties of sales representatives are …… .***
9. to get the higher profit from the sales
   * + - 1. to interest the buyers in the product and to address customer’s questions and concerns
         2. to handle the administrative studies
10. ***The job titles of sales representatives are the following……. .***
    1. sales representatives and self-employees
    2. sales representatives and independent workers
    3. sales representatives and manufacturer’s agents
11. ***Manufacturers’ agents or manufacturer’s representatives …… .***
    1. are selling products made by the same manufacturer
    2. might sell several complementary goods made by different manufacturers
    3. might sell their own-made products
12. ***Obtaining new accounts is the main part of the job of ……. .***
    1. sales representatives
    2. top managers
    3. technical expert
13. ***The follow-up visits to the customer are …… .***
    1. always planned beforehand and made by sales representatives accurately
    2. inadequate
    3. sometimes made in order to install the equipment and check whether everything works properly
14. **Which of the three is the key message of the text?**
15. Sales representatives form an important part of the manufacturers’ success.
16. The primary and additional duties of sales representatives.
17. The process of sales.

**Vocabulary Focus**

1. **Fill in the table with the missing derivatives from the text.**

|  |  |  |
| --- | --- | --- |
| **Nouns** | **Verbs** | **Adjectives** |
| representative |  |  |
|  | merchandise |  |
|  |  | complementary |
|  | retail |  |
| quality |  |  |
| approach |  |  |
|  |  | persuasive |
|  | display |  |
| accounting |  |  |
|  | announce |  |

1. **Match the halves of the phrases.**

|  |  |
| --- | --- |
| 1. to reduce | a) with prospective buyers |
| 2. to be employed by | b) costs |
| 3. to visit | c) unique qualities |
| 4. to emphasize | d) company's product |
| 5. to introduce | e) expense account reports |
| 6. to fill | f) a manufacturer |
| 7. to arrange | g) from other clients |
| 8. to make a persuasive | h) promotional programs |
| 9. to follow leads | i) follow-up visits |
| 10. to make | j) sales pitch |

**XI.Paraphrase the following phrases *in italics* using the expressions from ex. X.**

1. The manager *visited the* *customer* once again after the product had been sold.
2. The company always *makes stress on* its advantages.
3. Paul *works for* a successful international company.
4. We *hold a meeting with*our key customers every 2 months.
5. The company *made a presentation* of its new product several weeks ago.

**A springboard for discussion**

1. In what areas is the help of sales representatives mostly used?
2. In your opinion, can the computers (Internet) replace human sales representatives in trade in the future?
3. Do you see any differences between sales representative’s work and the process of net marketing?