Read the following passage and answer the questions.

The economic system of countries such as Japan, Canada, Germany, and the United States is the free enterprise system, which is also known as the private enterprise system. This means that the government does not own most businesses. Individuals and groups own them. People are free to produce, buy, and sell what they want. They are free to start a new enterprise.

Advertising is an important part of the free enterprise system. This is because different businesses are competing for the same market. They all want customers to buy their product. For this reason, they buy advertising space in newspapers or magazines and advertising time on radio or TV. They hope that advertisements will cause more demand for their product.

Advertisers need to decide on a target, which in other words mean possible buyers for their product. For example, what is the age and sex of their target group? Where do people in their target group live? How much education do they have? What are their political beliefs and values? How much money do they make? What are their interests and needs? Some companies (such as McDonald’s) target various groups, so they place advertisements focusing on teenagers, families, and in different languages.

In his book *Market Segmentation*, Art Weinstein explains the importance of target marketing which is advertising to specific “market segments”. These “are groups of individuals or organizations with similar characteristics.” In the past, companies used mass marketing- in other words, the advertising of products to a large, general market. Today, this doesn’t work. These days, advertisers need to target very specific groups. However, “in some consumer markets there is a dual decision-maker.” In other words, two people together decide which product to buy, so it must attract them both. For example, “breakfast cereals must appeal to both the child and the parent.”

After advertisers decide on *who* their target is, they them need to determine *where* they should advertise. What is a good place for their ad? Sellers of toys often advertise during children’s TV programmes. Sellers of expensive clothing advertise in Vogue and other fashion magazines.

Advertisers also need to think about people’s motivation. Motivation is the consumer’s reason for buying something. What makes people buy one product but not another? There are many possible reasons: health, profit, love, entertainment, the need to be part of a group, etc. Clearly, advertisers need to have an understanding of psychology to determine people’s motivation.
1. Why is advertising important in the free enterprise system?

2. Why do you think it is important for advertisers to decide on a ‘target’?

3. Explain “market segments” in your own words.

4. Give an example of “target marketing” from the text.

5. Why should advertisers have an understanding of the psychology of the buyers?

2. Use suitable form of the verb to fill in the blanks.  (20 marks)

1. The Chairman’s vision (was made, made) Sampath Bank become a legend in electronically and technologically driven banking.

2. These goods (were, are) in stock and can be delivered within one week of your order.

3. Oil prices (rise, rises) after Nigerian militants attacked oil facilities in the Niger Delta.

4. A convenient and an innovative method in management (is, are) needed to save this company from crashing.

5. The Chairperson, along with her committee (agrees, agree) that they should raise funds for the new project.

6. Neither the Minister nor his sons (takes, take) the blame for the damage done to the restaurant.

7. A good executive (cares, care) enough about what is going on in his group.

8. Economics (is, are) a difficult subject for many students.

9. Sri Lanka’s central bank (is, are) planning a re-finance to jump-start lending to the war-affected so that they can rebuild their lives quickly.
10. The Managing Director as well as the Director General (was, were) present at the inaugural ceremony.

3. Write a letter to the Head/Manager of your organization requesting leave to attend a seminar on Business Communication which is part of the external degree you are following. (Word limit: 100) (15 marks)

4. Change these sentences from Direct Speech to Indirect Speech. (10 marks)

1. The Manager said, “I will introduce a new security system in the office.”

2. She said, “My mother does not want me to apply for that job.”
3. Uvini says, “I have an interview tomorrow.”

4. Gayathri says, “I left my umbrella in the office yesterday.”

5. The President said, “It is time to rebuild the country as one nation.”

5. Fill in the sentences with suitable prepositions. (20 marks)

1. Management in business is simply the act _____ (for, of, in) getting people together to accomplish desired goals.

2. Planning helps ________ (on, in, of) forecasting the future.

3. The famous book, Wealth of Nations is written ___________ (by, through, to) Adam Smith, the Scottish philosopher.

4. There were two preliminary interviews ___________ (after, before, for) the final interview.

5. It is very difficult _________ (in, to, for) negotiate salaries at interviews.

6. Mohommed comes to work ________ (in, on, for) time always.

7. Krishna has been working for Jetwing company ________ (in, for, on) nearly twenty years.

8. It is not a smart idea in these economic circumstances to deposit money ________ (in, on, to) fixed deposits for very long periods of time.

9. He has been ________ (with, without, for) the company since 1970.

10. I have two years (of, in, to) experience as an Accountant.

6. Write an essay on ONE of the topics below using not more than 250 words. (20 marks)

   a) Importance of time management in business
   b) How to motivate employees in the work place
   c) Importance of reading in the business world
   d) Effective communication in the work place