**Read the text and do the reading tasks.**

**Advertising: Tried and tested or tired formula?**

Claire Adler

If you studied the advertisements in any glossy magazine with the logos and company names covered up, how easily could you identify s the brands?

In reality, advertisements for most luxury brands are depressingly similar. According to Mark Tungate, author of Fashion Brands: Branding Armani to Zara, many brands are owned by huge corporations with demanding shareholders, so they can’t afford to take risks.

Luxury brands are expert at creating word-of-mouth advertising through fashion weeks, events and PR. Milton Pedraza, chief executive of New York’s Luxury Institute, however, believes selling reputation and tradition is not enough. He says luxury brands should train then- marketers to focus on customer needs through research and testing, as Procter & Gamble does.

Recently, brands have started using specialist luxury advertising agencies. Dawn Coulter, managing director of McCann Erickson’s Luxury Box, whose clients include Gucci, says a new approach is being driven by the restructuring of many

luxury organisations. Furthermore, there is a greater interest in luxury goods from consumers who mix and match luxury with cheaper products.

In luxury advertising, LVMH is the biggest player. 'The advertising до spend of LVMH alone - «€2bn this year - represents more than half the luxury industry's spend,’ says Antoine Colonna at Merrill Lynch. He predicts a move towards more as frequent campaigns, to prevent losing share of this difficult market. According to Simon Sylvester, the main differences between advertising luxury goods and consumer goods is 'in the luxury market, the benefits and features of a product are not as important as making sure who has them and who doesn’t.’

**Read the text and do the reading tasks.**

**Marketing: Investors adapt to consumer trends**

Jenny Wiggins

When the world's biggest soft drink company starts changing its marketing tactics, investors should ask why. Coca-Cola, which has traditionally promoted itself via the Coke brand, using slogans such as ‘Coke is it’, now wants to inform consumers that Coke is not the only drink it sells. Its most recent campaign, called ‘Make every drop count’, says: 'You’ve always known us as Coca-Cola, the soft drink. Now it’s time you knew us as Coca-Cola the company.’

The television, print and Internet advertisements in the UK come at a time when consumers are ditching foods and drinks that are perceived as unhealthy (such as sugary fizzy drinks and salty crisps) for products that appear to offer some kind of health benefit.

Coke is using the new campaign to impress upon consumers the fact that it sells all kinds of drinks, including bottled water, juices and teas. The campaign is important for the company, because it risks losing money if it does not sell the kinds of drinks consumers now want to buy.

Analysts say that growing demand for healthier kinds of foods and drinks is not a fashion, but a long-term trend

that increasingly affects corporateprofits. Companies which benefit are those that already produce the kinds of products consumers want, or companies that are taking steps to adapt existing products. These include Danone, the French

company, as well as Swiss food company Nestle, which has made nutritional foods a core strategic focus.

Companies that do not meet consumer needs are suffering. In March, Asda took the juice drink Sunny D (previously known as Sunny Delight) off its shelves after finding its customers did not want to buy it.

**Read the text and do the reading tasks.**

**How golf appeals to blue-chip sponsors**

**Jill James**

The current popularity of golf is matched by the number of companies who want to sponsor the game. Banks and motor manufacturers are two big business sectors that have invested billions of dollars in sponsorship.

Honda, Ford, Chrysler, Buick, 10 Nsan and Mercedes all sponsor PGA tournaments. BMW and Volvo feature on the European Tour. Elsewhere, HSBC, Barclays and RBS (Royal Bank of Scotland) have all built on their initial involvement and sponsor either Asian or European tour events.

Even smaller companies are getting involved. OKI Printing Solutions, sponsors of Portsmouth Football Club, decided to enhance its profile in the golf market by announcing a sponsorship of the OKI Castellon Open de Espafia Senior on this season’s European Seniors Tour.

Buick created one of the biggest splashes in sponsorship history in 1999 when it signed Tiger Woods for a reported $20m to $25m for five years. And that was mainly to have its company name on his golf bag. The company says it was definitely worth the money and is sponsoring his current contract.

Businesses sponsor golf competitions for publicity and to attract certain client groups to their products. Golf is still a game played by relatively wealthy people. And that is the main commercial attraction for most companies.

RBS says: ‘Research has shown golf to be the closest to our key target audience of executive-level business people in our geographic priorities of the US and the Europe/UK, and more recently the Asia Pacific countries. Golf was 50 chosen as the only “global” sport that, cost effectively, targets this audience on both sides of the Atlantic.'

**Read the text and do the reading tasks.**

**Yachts: Business and the ultimate pleasure**

**Jill James**

In a world where corporate hospitality and staff incentives are big business, yachts are chartered by many companies, Miriam Cain of Camper & Nicholsons, a company which hires and sells yachts, says companies use them because they offer high levels of security and privacy.

They are like six-star, self- contained private resorts, complete with business and conference facilities and entertainment and relaxation amenities. Their controlled environment is a key selling point, but at €**90,000** a day they may seem too expensive for most companies.

It is important to get professional advice when chartering a yacht. Edmiston is one of the best-known names in the yachting world, with offices in London, Monte Carlo, Los Angeles. Golfe Juan and Mexico. Their expertise and specialist knowledge of large yachts has led to partnerships with such companies as Netjets, Boeing Business Jets and Premier Automotive Group, owners of Aston Martin, Land Rover and Jaguar.

Attention to Detail is the brand name of the company that manages corporate charters for Edmiston's. They will not say who individual clients are, except that a lot of Attention’s business comes from the telecommunications and motors sectors. The company can arrange anything the client wants, including celebrities, guest speakers, music and entertainment.

Yacht company Moody does a lot of business for conferences in Cannes, especially during the film festival. Companies use the yachts for accommodation, meetings and presentations. They also specialise in charters for the Monaco Grand Prix. These are mostly for companies wanting to entertain or 55 impress clients and reward successful employees.

**Read the text and do the reading tasks.**

**Retail banking: Appeal of the softer side of the business**

**Clare Gascoigne**

Retail banking used to be an aspirational career. But as the banks have changed, so has the attraction. ‘Graduates have to be led into thinking about retail banking,' says Terry Jones of the Association of Graduate Career Advisory Services. ‘They think first about the investment banks or accountancy - they think retail is not as interesting as working on mergers and acquisitions or trading.’

He may be right. High-street bank is managers are no longer as respected as they used to be. Staff are much more concerned with selling products and financial services, and much of the го customer contact has moved to big call centres or the Internet. ‘The work feels relatively low status,’ says Mr Jones.

However, the banks don’t feel the same way. 'We are looking for people who are customer driven, who can form good working relationships and lead sales teams,’ says John Morewood, jo senior manager for graduate recruiting at HSBC. 'We look for graduates who have had experience of working with customers. HSBC is typical of the high-street banks in running two main graduate schemes. The executive management scheme is a two-year development programme that aims to put graduates into a leadership role. It takes between 25 and 30 every year, ‘These people have the potential to go very high,’ says Mr Morewood. ‘We are looking for strategic thinkers.’

The second scheme, which is more concerned with retail and commercial banking, takes between **120** and 150 people a year **50** and gives graduates responsibility much earlier.

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**Read the text and do the reading tasks.**

**Cost-effective route to create future managers**

Andrew Taylor

Mike Turner, chief executive of BAE Systems, Europe's biggest defence company, and a member of the Apprenticeships Task Force, is a prime example of how starting at the bottom of the corporate ladder can lead to a top job. ‘I began my working life as an apprentice,’ said Mr Turner, who argues that apprenticeships remain one of the most cost- effective ways of filling skill shortages, as well as developing managers of the future.

According to the task force’s report, published today, BAE expects to save up to £lm a year by training apprentices rather than hiring and retraining outside workers, ‘as apprenticeships cost 25 per cent less than training nonapprentices’.

It is ‘much more attractive to recruit young people as apprentices, as recruitment costs are lower, staff turnover is lower and apprentices quickly identified with company values’, according to the task force. ВТ, the telecommunications group, for example, had ‘calculated a benefit of over £1,300 per apprentice per annum when compared to nonapprentice recruitment’.

Companies, even in industries such as construction and engineering, where training costs were high, found that young people in the later years of their apprenticeships were making ’a high contribution relative to their wage costs', said the task force.

Honda had reported that it took two years to retrain someone trained by another car manufacturer. Apprentices by contrast ’quickly understood their [Honda] company values and practices’.

Apprenticeships were also a ‘cost- effective way of replacing an ageing workforce and ensuring the effective transfer of knowledge'. Xerox, the office equipment group, told the task force.

**Read the text and do the reading tasks.**

**Online advertising**

The volatility of Internet stocks says a lot about what is expected 20 from them. It says rather less about the true health of the online advertising market.

Carat, the media buying group, expects Internet advertising 25 worldwide to grow by 25 per cent this year. In developed markets, growth rates are even faster. US first-quarter online advertising growth, for example, was 38 per 30 cent, and there remains plenty of room for further rapid expansion. Credit Suisse expects US online spending to grow at an annual rate of 22 per cent over five years, but 35 that still leaves it with a total market share of about one-tenth.

Demand from advertisers, however, is strengthened because people believe that online advertising generates a high return on investment. Measurement is never easy, but based on survey data from TNS Media Intelligence, online currently enjoys a return on investment of 26 per cent, compared with 17 per cent for magazines, the next closest category.

Online offers the opportunity for manufacturers to reach a larger number of consumers. A recent study found that US food companies are increasingly using the Internet to target children with interactive games and commercials, which is a concern Ao for anti-obesity campaigners, but an example of the potential of ‘rich media’.

With expected overall advertising market growth of only as 4 to 5 per cent this year, traditional media continue to lose share. In the UK, for example, print media advertising shrank 5 per cent last year, while online grew by almost two-thirds. Share prices of Internet stocks will continue to fluctuate greatly, but it is traditional print media companies that face the toughest future.

**Read the text and do the reading tasks.**

**HP beats forecasts and raises outlook**

Kevin Allison

Hewlett-Packard, the world's second-biggest computer maker, continued to benefit from its $1.9bn cost-cutting drive, after it reported higher profits for the third quarter and raised its outlook for the year. HP reported net earnings of 48 cents a share - sharply higher than the 3 cents a share reported one year ago.

Mark Hurd, who launched the company’s $1.9bn restructuring after he became chief executive last year, said: ‘We remain focused on growth and continue to perform well in the market.’ He said HP was on track to close its latest cost-cutting round by the end of the year, although he added 20 that the company would ‘always be looking for ways to optimise' costs.

Sales grew 6 per cent to $21.9bn as HP expanded in growing Asian markets and saw renewed activity in its core US market. HP shares rose 1.3 per cent to $34.43 ahead of the announcement.

Mr Hurd said that the company’s 30 personal computer division saw margins of 4 per cent - the highest since HP bought Compaq, a rival personal computer maker, for $21bn in 2002. 'We continue to see a competitive environment [in PCs), but 1 would not call it an extraordinarily difficult [environment],’ he said.

HP, which makes products ranging from laptop computers to printers and servers that power corporate data networks, said revenues in the Americas grew 8 per cent year on year to $9.7bn.

Asia also experienced strong growth, with revenue up 7 per cent. Sales in Europe, the Middle East and Africa were behind, however, with revenues up just 2 percent.