

INDUSTRY DOWNTURN REVEALED

Car companies are **disagreeing** about what caused the recent downward business **trend**. Some argue that it is due to bad management, while others blame the overall decrease in public **spending**. Yet in spite of this disagreement, the statistics reveal it as a fairly simple issue. Indeed, it seems to be a classic case of **supply** and **demand**.

Statistics show that the number of **consumers** looking to buy new cars this year was about the same as in previous years. The **price** of cars was also relatively the same. However, there was a large difference in the **quantity** of new cars manufactured. More specifically, there was a huge **overproduction** of them. Usually, companies can accurately **anticipate** the impact on demand if they choose to produce more **goods** relative to previous years. Nonetheless, this year the automobile industry made a serious mistake in its calculations.

As the companies **supplied** dealerships with an overproduction of cars, dealerships had to figure out a way to sell these extra cars. So, they lowered prices. Yet even with the general **elasticity** of demand in auto **sales**, the price cuts did not increase sales enough to eliminate the **surplus**. Most manufacturers took huge losses, which then caused the industry-wide **downturn**. Thus, car companies learned the hard way how the quantity of a good can **determine** its price.

I. READING

Read the newspaper article. Then, mark the following statements as true or false.

- _____ The article claims decreased spending caused the downturn.
- _____ Manufactures produced fewer cars than usual.
- _____ Lower prices slightly increases sales.

II. VOCABULARY

Match the words (1-8) with the definitions (A-H)

1. _____ price	5. _____ trend
2. _____ sale	6. _____ elasticity
3. _____ consumer	7. _____ supply
4. _____ spending	8. _____ determine
A. An exchange of money for goods.	
B. A general course of action that repeats.	
C. The effect of a change in one variable on another	
D. To have an effect on an outcome	
E. The amount of money required to buy something	
F. A person who makes a purchase	
G. To provide something	
H. The act of using money for purchasing	

III. VOCABULARY

Write a word that is similar in meaning to the underlined part.

- The available amount of steel is low this year.

- What amount did the factory produce?

- These products for sales are too expensive?

- Low sales created an extra amount of wheat.

- Many jobs were lost during the decrease in economic activity. _____
- The amount wanted by costumers for coast increases in the winter. _____

IV. VOCABULARY

Complete the sentences with the correct word from the list: price, sales, spending, goods and supply.

- The _____ of raw materials has decreased due to the global shortage.
- Consumer _____ on luxury items has increased over the past year.
- The _____ of the new smartphone was reduced during the promotion.
- _____ of eco-friendly products have risen as more people become environmentally conscious.
- The company increased its production to meet the growing _____ of the market.

marketing

A	R	D	R	A	E	D	Y	E	W	U	E	U	L
E	E	I	Y	I	T	N	D	L	O	S	D	D	A
E	E	S	T	E	A	E	N	A	R	D	P	E	N
C	D	A	I	E	P	R	A	S	G	O	Y	T	I
P	E	G	T	E	I	T	M	T	A	O	A	E	C
D	I	R	N	C	C	P	E	I	P	G	U	R	O
O	L	E	A	I	I	U	D	C	E	Y	M	M	N
W	P	E	U	R	T	E	U	I	P	P	E	I	S
N	P	I	Q	P	N	P	A	T	I	A	S	N	U
T	U	N	S	Q	A	T	D	Y	P	W	M	E	M
U	S	G	E	S	S	U	R	P	L	U	S	T	E
R	T	E	L	Y	L	P	P	U	S	L	E	L	R
N	A	A	A	G	N	I	D	N	E	P	S	N	S
I	G	C	S	S	E	N	M	E	C	G	G	S	D

V. Pronunciation

a) Pronounce the sentences in activity IV VOCABULARY.

1. _____
2. _____
3. _____
4. _____
5. _____

b) Pronounce the following words.

1. Price _____
2. Sale _____
3. Consumer _____
4. Trend _____
5. Elasticity _____
6. Supply _____
7. Determine _____
8. Spending _____