

Student's name: _____ B2.2

COMPETITION

READING – Head-to-head Competition

A Have you heard about Starbucks and McDonald's and tasted their food??

Yes, I have

No, I haven't

B Read the first two paragraphs of the article. Which company is focusing more on the international market?

- ☐ Starbucks
- ☐ McDonald's

McDonald's stirs up battle with Starbucks

by James Quinn

Starbucks' Chief Executive Jim Donald – who has presided over a 50 per cent decline in the retailer's share price in the last 12 months – is to be replaced by founder and Chairman Howard Schultz.

His appointment comes after a dark 12 months for Starbucks, which has seen it lose out to rivals such as Dunkin' Donuts and McDonald's, who have begun to replicate its success. Schultz is now set to slow the expansion of the retailer's growth in the US, closing underperforming stores in direct response to the slowing North American economy. Instead, he will focus on the company's international plans, using money originally earmarked for US store openings for its global expansion plans.

Fast-food giant McDonald's is set to take on Starbucks in the competitive coffee market,

with plans to open coffee bars across the United States. McDonald's, until now better known for Big Mac burgers than its beverages, yesterday detailed plans to roll out coffee bars complete with their own 'baristas' in its near-14,000 North American stores.

Although there is no fixed timescale for the roll-out, trials are already under way, and it is believed the push could add \$1bn a year to McDonald's \$21.6bn of annual sales. The aim is to compete head-to-head with Starbucks in the ever-increasing brewed coffee market.

The trial involves recruiting 'baristas' – a term made famous by Starbucks – to stores, where espresso machines are displayed at the counter, so allowing customers to actually see the drinks being made. This is in direct contrast to McDonald's traditional



approach, where products tend to be made out of sight from the consumer.

McDonald's is also trying to demystify the at times confusing Starbucks approach to coffee, replacing sizes such as 'venti' and 'grande' with a simplistic small, medium and large.

In a direct side-swipe at its coffee-focused rival, it is even going so far as to use the difficulties customers often have in pronouncing words like 'latte' in consumer advertising in

Kansas City, where one of the trials is taking place.

A McDonald's spokesman told the Daily Telegraph that the push is part of the company's global focus on offering 'great products at great value', suggesting the price point will be somewhat lower than that of Starbucks. The move follows on from a previous roll-out of its coffee products, and is part of a wider re-imaging of many of its stores.

C Read the whole article, and then look at these company plans. Write **"M"** (McDonalds) or **"S"** (Starbucks) for each one.

- | | |
|--|-------|
| 1. Start competing in the coffee-bar market | _____ |
| 2. Replace their Chief Executive | _____ |
| 3. Slow expansion in the US | _____ |
| 4. Introduce coffee bars with 'baristas' | _____ |
| 5. Close under-performing stores | _____ |
| 6. Focus on international plans | _____ |
| 7. Allow customers to see drinks being made | _____ |
| 8. Use simple sizes for coffees | _____ |
| 9. Probably offer coffee at a lower price than their major competitors | _____ |

D Reread the article's headline and first three paragraphs and **find the prepositions** that go with these verbs and **match** them with their **meanings** (a-e)

- | | |
|------------------|--|
| 1. Stir _____ | a) to not get something because someone else gets it instead |
| 2. Replace _____ | b) to compete or fight against someone |
| 3. Lose _____ | c) to give all your attention to a particular thing |
| 4. Focus _____ | d) to take something else's place |
| 5. Take _____ | e) to deliberately cause problems |

F Match the phrasal verbs with *take* (1-5) with the meanings (a-e).

- | | |
|-------------------|------------------------------|
| 1. Be taken aback | a) grow rapidly |
| 2. Take off | b) give employment to |
| 3. Take on | c) be surprised |
| 4. Take out | d) gain control of a company |
| 5. Take over | e) arrange (of money) |

G Complete the sentences with an appropriate form of *take* and a preposition.

1. We were going to _____ five new staff next month, but then the economy crashed.
2. They pretended it was a merger, but it feels like we were _____
3. We were _____ when the president announced his resignation.
4. After the new product launch, sales are expected to _____.

H Answer the questions.

1. Do you think that McDonald's strategy will be successful?

2. How do you think Starbucks will respond?

LISTENING- The Competition Commission

A Rory Taylor is Media Relations Manager for the UK's Competition Commission. Listen to the first part of the interview and answer the questions.

1. What does the Competition Commission do?

It carries out investigations into particular mergers and markets in the UK and into regulated industries.

It carries out investigations into customers and rivals in the UK and into competition industries

2. Why are they investigating the ownership of UK airports?

To see if the market is interested in the new trends of the brand.

To see if the ownership structure is in the interests of costumers.

B Listen to the second part and decide whether the statements are **true (T)** or **False (F)**.

1. For the Competition Commission, the most important thing is the number of providers in the market.
2. In static markets, there is not much competition.
3. The UK grocery market is dominated by a few companies.
4. The grocery market is not competitive.

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C Listen to the third part and complete the extract.

We found a far more _____ market. Er, we found that customers were not _____ between the companies, the companies were not _____ with each other, erm, and consequently we were finding higher _____, less _____ and less _____.