

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.

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

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.

1. The available amount of steel is low this year.
2. What amount did the factory produce?
3. These products for sales are too expensive.
4. Low sales created an extra amount of wheat.
5. Many jobs were lost during the decrease in economic activity.
6. The amount wanted by costumers for coats increases in the winter.

IV. VOCABULARY

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

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

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 _____