

## **Part A. Reading Comprehension.**

**Read the following text:**

### **STORE BRANDS LIFT GROCERS IN TROUBLED TIMES**

As the economy plunges into a deep recession, grocery stores are one of the few sectors doing well. That is because cash-short consumers are eating out less and stocking up at the supermarket. And store brand products, which tend to be cheaper than national brands and more profitable for grocers, are doing especially well.

Led by chains like *Kroger*, *Wegmans* and *Safeway*, grocers have expanded their store brands beyond cheap generics and simple knockoffs of Cheerios, Oreos and Coca-Cola. Now, retailers are increasingly adding premium store-brand items like organics, or creating products without direct competition.

In this economic climate, many shoppers are willing to try the newly developed store brands. They also say it is hard to resist the low prices of store brands for staple goods like milk, sugar and cheese.

Jan-Benedict E. M. Steenkamp, marketing professor at the University of North Carolina, said past recessions had given consumers a reason to trade down from national brands. This time, he said, the gains may stick because the quality and consistency of store brands have improved.

Besides the weak economy, the growth of store brands reflects a historic shift in the balance of power between packaged food manufacturers and grocery retailers. As these grocery retailers have consolidated and grown bigger, they are increasingly able to stock their shelves with their own store brands, which bring higher profits and drive customer loyalty — all to the detriment of major food brands.

Of course, major branded food companies dispute the idea that store brands are just as good as their products and they argue that branded products offer better taste, consistency and innovation, justifying a premium price.

Source: Andrew Martin, *The New York Times*

**I. Answer the following questions using your own words but taking into account the information in the text. (2 points: 1 point each)**

a. According to the text, why are grocery stores, nowadays, successful in comparison to other businesses?

b. On what basis do food companies justify the higher price of their brand-name products?

**II. Are the following statements true (T) or false (F)? Identify the part of the text that supports your answer by copying the exact passage on the answer sheet. (1.5 point: 0.5 each)**

- a. National brands are usually more profitable for grocers than store brands.
- b. Shoppers find it difficult to resist buying store brand milk and sugar.
- c. Major food manufacturers claim their products are as good as store brands.

**III. Find a synonym for each of the four words below from these six options: (1 point: 0.25 each)**

***Plunges retailers staple trade down stick products***

- a. merchants who sell goods directly to the consumers
- b. stay, remain
- c. drops steeply
- d. basic, essential, necessary

**IV. Choose a, b, or c, in each question below. Only one choice is correct. (1.5 points: 0.5 each)**

- 1. Nowadays, consumers are short of cash; as a result, they...
  - a. line up at supermarkets to get groceries.
  - b. go to restaurants less frequently.
  - c. eat less than before the recession.
  
- 2. Food chains like *Wegmans*...
  - a. are introducing more quality store-brand products.
  - b. are expanding by opening more stores.
  - c. have decreased the amount of generics.
  
- 3. According to the text, the growth of store brands reflects
  - a. the consolidation of grocery retailers in detriment of major food manufacturers.
  - b. customers' loyalty to national brands.
  - c. the power of national manufacturers.

**Part B. Write a 130 to 150-word composition. (4 points)**

How has the financial crisis affected daily life in Spain?

## STORE BRANDS LIFT GROCERS IN TROUBLED TIMES

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points: 1 point each)

a. According to the text, why are grocery stores, nowadays, successful in comparison to other businesses? **PAR. 1**

b. On what basis do food companies justify the higher price of their brand-name products?

**PAR. 6**

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copying the exact passage on the answer sheet. (1.5 point: 0.5 each)

a. National brands are usually more profitable for grocers than store brands. **F**

*And store brand products, which tend to be cheaper than national brands and more profitable for grocers, are doing especially well.*

b. Shoppers find it difficult to resist buying store brand milk and sugar. **T**

*They also say it is hard to resist the low prices of store brands for staple goods like milk, sugar and cheese.*

c. Major food manufacturers claim their products are as good as store brands. **F**

*...major branded food companies dispute the idea that store brands are just as good as their products*

III. Find a synonym for each of the four words below from these six options: (1 point: 0.25 each)

**plunges retailers staple trade down stick products**

a. merchants who sell goods directly to the consumers \_ retailers

b. stay, remain \_ stick

c. drops steeply \_ plunges

d. basic, essential, necessary \_ staple

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**a. the consolidation of grocery retailers in detriment of major food manufacturers.** ✓

b. customers' loyalty to national brands.

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