

## Supermarket power

In the UK, retailers are wondering if the growth of supermarket giants signals the end of the high street store.

1 Where do you usually prefer to buy the following products? Mark them with a letter S (for 'supermarket'), or R (for 'retailer' e.g. clothes shop, record shop etc). Compare and discuss your answers with a partner.

CDs___	DVDs___	electrical products___	clothing___	groceries___
meat	bread	fruit and vegetables	shoes	books

2 Read and complete the Tesco Fact Box. Scan the letters to a retail magazine to find the missing information (a–d).

Tesco plc.: Fact Box			
CEO	Sir Terry Leahy	UK sales	(b) _____
UK competitors	(a) _____ / _____ / Sainsbury's	UK profits	(c) _____
Headquarters	Hertfordshire, UK	International sales	£7.6 billion
Largest overseas market	Korea	International profits	(d) _____

March 2006

Dear Sir

I am a grocer and own a small shop. My profits are falling and soon I will be forced to close. There is no doubt that the big shops are driving local stores out of business. Last year, Tesco made a UK profit of £1.6 BILLION pounds! It will be very sad if these smaller shops have to shut down. They are important for the local communities. People will lose their jobs. Supermarkets are using 'below-cost' pricing methods. This is not fair – and I believe competition should be fair. It's all very well for Tesco to announce they have made £370m profits overseas, but it's the UK market they are distorting!

Having everything under one roof means that people are tempted to 'impulse-buy' CDs, DVDs, books – and now even electrical products like televisions. It will be a black day when smaller retailers disappear – what choice will people have then? There should be an investigation into fair trading practices.

Yours faithfully, Bruce McAdams

March 2006

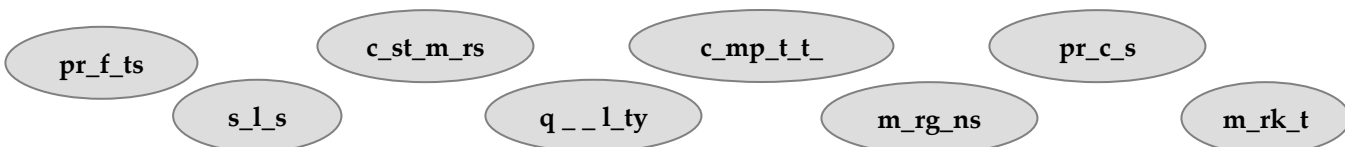
Dear Editor

I am delighted to have this opportunity to state the case for the supermarkets. Tesco, the biggest UK supermarket, has recently announced UK sales of £29 billion – strong sales benefit the customer, and also allow growth overseas. The supermarkets have reduced prices, increased choice and improved quality. We all know that the retail market is fiercely competitive, but I believe that consumers are benefiting from this strong competition. I do not think that small shops are at risk. The other big supermarkets Asda and Morrisons are the *real* competition for Tesco, not the family-owned corner shops. Yes, people enjoy shopping at different places. At the same time it is very convenient to have everything under one roof. For the supermarkets, non-food goods offer the chance of higher prices and therefore, higher margins. Surely, the big stores give people what they really want – cheaper prices.

Yours, Margaret Smythe (Industry spokesperson)

3 Read the two letters. Make a list of the arguments used by the writers to support their viewpoints.

4 Replace the missing vowels in the words below. Create sentences about your own company using these words.



5 Discuss the following questions in small groups. Be ready to report your ideas to the class.

- (a) Which letter in ex 3 do you agree with most? Why?
- (b) Do you think that smaller shops or high street stores will eventually go out of business in the UK?
- (c) Describe the situation regarding supermarkets in your own country. How will this develop in the future?