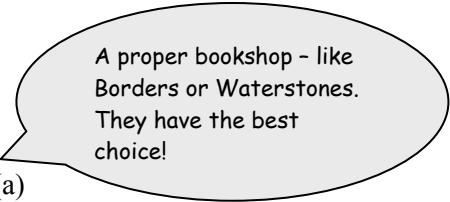


## Profit ... or loss?

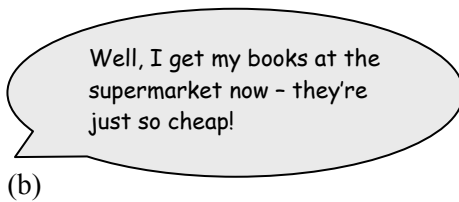
Competition in the book-selling business is strong. Increasingly, customers are buying on the Internet.

1 If you wanted to buy a book, where would you go? Which speaker do you agree with most – (a), (b) or (c)?

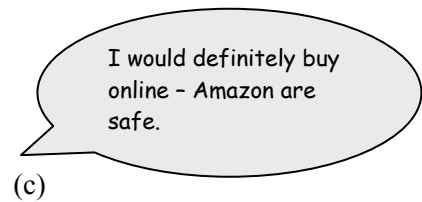
(a)



(b)



(c)



2 Scan the article and complete the two company Fact Boxes below.

W.H. Smith	
Founded in	
Founded by	William Henry Smith
Annual pre-tax loss	
Number of stores	
Website	www.whsmith.co.uk

Amazon	
Founded in	
Founded by	Jeff Bezos
Third quarter profits	
Company HQ	
Website	www.amazon.com

**From retail to e-tail** The famous UK stationery shop, W.H. Smith, which was founded in 1848, has announced its worst loss in the history of the company. For years, the high street shop was Britain's most popular stationer, bookseller and newsagent. The company, which has over 670 stores, has reported an annual pre-tax loss of £135 million. Fierce competition from supermarkets and internet retailers has eaten into its core business.

Meanwhile, profits at Amazon.com have soared as sales increase in all its world markets. The company has announced third quarter profits of \$54 million. It started as a

US-based online book retailer in Seattle, 1995, and now has operations in Japan, the UK, Germany, France and Canada. The group has changed from an internet bookseller and now offers clothes, DVDs and more.

In the world of books, price competition is intense. Supermarkets discount aggressively, selling the latest best-sellers at incredibly low prices – with some books going for even below cost price! US book retailer Borders has just joined forces with ... guess who? Amazon! ... to launch its first website for UK customers. It follows a similar move by Waterstones to launch its website through Amazon in 2001. Retail is fast becoming e-tail.

3 Read the whole article. Summarise the trends in the market.

4 Find one word in each line which does not form a collocation with the noun at the end.

- |                |                   |              |             |             |                    |
|----------------|-------------------|--------------|-------------|-------------|--------------------|
| 1 (a) fierce   | (b) intense       | (c) high     | (d) price   | (e) strong  | <b>competition</b> |
| 2 (a) domestic | (b) international | (c) foreign  | (d) city    | (e) healthy | <b>competition</b> |
| 3 (a) big      | (b) monthly       | (c) thin     | (d) healthy | (e) large   | <b>profit</b>      |
| 4 (a) gross    | (b) net           | (c) post-tax | (d) pre-tax | (e) tax     | <b>profit</b>      |

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

- (a) Do you think that buying online from Amazon is 'secure' nowadays?
- (b) What other kinds of goods or services do you buy online?
- (c) Do you think that ordinary shops are suffering due to an increase in online sales? Give examples.
- (d) Can companies like W.H. Smith do anything to avoid making more losses in the face of online competition?