

## Competition in Business

*“Competition is always a good thing. It forces us to do our best. A monopoly makes people complacent and satisfied with mediocrity” – Nancy Percy*

- What do you think of the quote above? Do you agree?
- Who are your company's main competitors? What do you think of them and their products/services?
- Who is the market leader in your industry (in your country)? Why do you think they are the market leader?
- Are there any industries in your country (such as telecom providers or transport companies) that you think have a monopoly in their field?



 1. Read the text and choose the correct word from the options below for each gap.

Kodak was **founded** (a) by George Easterman in 1888, and was the **market leader** (b) in cameras and film for decades, outperforming their **competition** (c) with ease. They invented one of the first ever handheld cameras, and became a **household name** (d) when they introduced cheap, disposable cameras to the market. They even invented the digital camera, an **achievement** (e) which should have guaranteed Kodak a very bright future. However, Kodak failed to recognise the **implications** (f) of digital photography, and continued to invest heavily in physical film, publicly stating that digital photography was a **niche** (g) market with no real future. By the late 1990s, Kodak's profit and revenue had **declined** (h) sharply, and the company filed for **bankruptcy** (i) in 2012.

- |                      |                  |                   |                |
|----------------------|------------------|-------------------|----------------|
| (a) 1. found         | 2. limited       | 3. founded        | 4. gained      |
| (b) 1. market leader | 2. market judge  | 3. black sheep    | 4. mediator    |
| (c) 1. compete       | 2. competitive   | 3. competition    | 4. comparison  |
| (d) 1. celebrity     | 2. mediator      | 3. household name | 4. subsidiary  |
| (e) 1. undertaking   | 2. elevation     | 3. achievement    | 4. interaction |
| (f) 1. implications  | 2. recollections | 3. manipulations  | 4. weaknesses  |
| (g) 1. integral      | 2. target        | 3. bull           | 4. niche       |
| (h) 1. disrupted     | 2. declined      | 3. deleted        | 4. deterred    |
| (i) 1. assistance    | 2. bankruptcy    | 3. taxes          | 4. bailouts    |

2. Look at the logos below. Which logos do you recognize? Which companies are competitors? Do you know if there is a lot of competition in their industries?

a) *Mcdonalds*



b) *Tesla*



c) *Disney*



d) *Monster*



e) *Adidas*



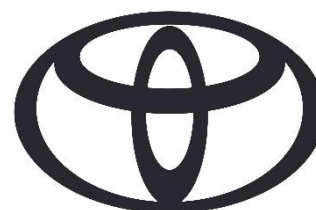
f) *Netflix*



g) *Shell*



h) *Toyota*



i) *KFC*



j) *BP*



k) *Nike*



l) *Pepsi*



3. Read the sentences and decide which form of the word “competition” fits. Which industry from exercise 2 do you think each sentence is talking about?

- In recent years the competitive / *competition* / competitors between beverage companies has been heating up as the barriers to entering the market have decreased.
- The reality is, upmarket American and European auto manufacturers simply can't *compete* / competition / competitively with their Asian counterparts in terms of price.
- Thanks to a much larger retail network, Shell clearly has a competitively / *competitive* / competition edge over BP, and is expected to continue taking market share.
- Two of the main competitions / *competitors* / competes in the media streaming services industry recently offered a 20% discount to all new subscribers.
- Large clothing brands tend to be *competitively* / competing / competition priced, except for high-end sports brands which are all about quality and prestige.
- The fast-food industry is highly competitively / competed / *competitive*, but the bigger players can generally price their food lower because of economies of scale.



#### 4. Ask and answer the questions with a partner.

- Do you think there is a lot of competition in your industry?
- Are the barriers to entering your industry high or low? What would a company need to do to move into your industry?
- Do you think your company's products or services are competitively priced? Are any of your competitors cheaper?
- What is something you think your company needs to do to remain competitive in the future?
- Does your company carefully observe and analyse its competitors?
- Are there any competitors in your industry that are significantly worse than the others? How do you think they stay in business?



#### 5. You are going to watch a video which contains the vocabulary in the box. Use the vocabulary to complete the sentences below.

customer retention	fickle	from scratch	scale down
customer base	revenue	disrupt	

- You can make pasta *from scratch*, but I'm too lazy, I just buy it at the supermarket.
- Our *customer base* is generally very loyal, once we get them, we keep them.
- A lot of start-ups are seeking to *disrupt* the market, but very few actually succeed in challenging the status quo.
- Our factories have been forced to *scale down* their workforce by almost 30% due to the recession.
- The challenge for streaming services isn't gaining new subscribers. It's *customer retention*. Put simply, how can they convince people to stay?
- Sports fans can be very *fickle*. One minute you're a hero, the next, a villain.
- Offering a lot of discounts will certainly increase our *revenue*, but it could also decrease our profits if the discounts are too big.



## 6. Watch the video<sup>1</sup> and answer the questions.

- a) Who is the market leader in the US for meal kits? *Hello Fresh*
- b) Why are traditional grocery stores able to price their food cheaper than most meal kit delivery companies? *They have "economies of scale", basically being a bigger company allows them to do things cheaper and therefore charge less.*
- c) What do meal kit companies use discounts for? *In order to attract new customers.*
- d) What is one reason meal kit companies lose so many customers? *Because they leave after the promotional discount ends.*
- e) How has Blue Apron performed in comparison to Hello Fresh in the past 5 years? *Blue apron has done worse. Hello Fresh has grown while Blue Apron has declined.*
- f) Why are there so many meal kit companies? *Because the barriers to entering the market are low.*
- g) How does Methodology differentiate themselves from other meal kit companies? *They offer very expensive fancy pre-made meals for rich people.*
- h) What is Brian Choi's prediction for the meal kit industry for the next 10 years? *That many of the smaller competitors will go out of business, leaving a few big players.*
- i) Do you think the meal kit industry is particularly competitive? Why?



## 7. Read the brief below and create a proposal for a new meal kit company with your partner or team.

At first glance the meal kit market appears to be quite cut-throat, with multiple large companies engaging in pricing wars. However, we believe that despite the high number of competitors, there may be quite a few gaps in the market for niche meal kit companies. The market leader, Hello Fresh, and the other major competitors seem to have taken a "jack of all trades, master of none" approach, meaning their pricing and meals aim to please the largest number, while leaving some smaller demographics neglected. We believe there may be space in the market for either a "budget" meal kit brand (delivering cheaper meals at a significantly reduced quality) or a high-end meal kit brand (expensive meal kits catering to the latest cuisine trends and dietary needs). However, the options for creating a unique meal kit brand are almost endless, and we would encourage you to use your creativity on this. It could be a brand that does exclusively Asian cuisine, or a brand that focuses more on teaching the subscriber to cook for themselves in the long run. We would like your pitch to include:

- Brand name.
- Basic brand identity (colours, general feel of the brand).
- An explanation of why you think this brand could be competitive in the current market.
- An explanation of how you would attract and retain customers.
- An explanation of what you think the biggest barriers to market would be (sourcing, regulations, etc.).

<sup>1</sup> <https://www.youtube.com/watch?v=89u2Ftt23Sk>