BEC PRELIMINARY PRACTICE TEST
READING

PART FIVE

Questions 23 – 28

- Read the article below about Yum! Brands, a fast-food company.

- For each question **23 – 28** on the opposite page, choose the correct answer.

- Mark one letter (**A, B** or **C**).

YUM! BRANDS

YUM! is one of the biggest fast-food companies in America, yet few of its customers have ever heard of it. Its brand names - KFC, or Pizza Hut, or Taco Bell - are found along the high streets of the world. From its modest base in Louisville, Kentucky, it oversees the opening of three new restaurants, one of them in China, every day.

Yum! Brands, the parent of these well-known fast-food chains, has 34,000 (mostly franchised) restaurants around the world, 2,000 more than McDonald's. At home in America it accounts for about 4% of all restaurant-industry sales, behind only McDonald's at 6.5%. With 1,378 KFC restaurants in China, and 201 Pizza Huts at mid-2005, Yum! owns two of the best-known brand names in the world's biggest market.

The company used to belong to Pepsi Cola but was sold by them in 1997 because they were not interested in running restaurants. However, David Novak, the boss of Yum!, who used to work for Pepsi, loves being in the restaurant industry. Mr Novak, who became chief executive in 1999 and chairman in 2001, believes in a more relaxed way of management than Pepsi. He wants people to feel that work should be fun and employees respond to his accessible style.

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READING PART FIVE (continued …)

Mr Novak declared that he was going to "love" the franchisees, who owned 60% of Yum!'s restaurants when Pepsi sold it (the proportion is now about 75%) and whom Pepsi had not always treated gently. Restaurant managers got stock options. The logic: if the managers were happy, they were more likely to treat the "crew" members working the kitchen and the counter well, as their efficiency and cheerfulness is vital to the restaurants' success. This philosophy has been partly successful. The average American kitchen employee stays with Yum! for one year, almost twice as long as in 2000.

Yum! benefits from economies of scale across the restaurant brands which all work together instead of acting as rivals as they had done under Pepsi. Advertising media-buying was unified through a single agency, for example. Collectively they are one of the top five buyers in America.

International operations are in a single division, a trend started under Pepsi. This concentrated the resources needed to penetrate new markets, a strategy that has been very successful in China. There, KFC has gone after the fast-food market, whereas Pizza Hut has positioned itself more as a place for casual dining, while Taco Bell is just beginning to test the market.

BEC PRELIMINARY PRACTICE TEST READING PART FIVE (continued …)

23   According to the article, Yum! Brands is

    A   one of the largest companies in America.

    B   opening three restaurants every day in China.

    C   hardly recognized by most of its customers.

24   According to the article, compared with McDonald's, Yum!

    A   has more outlets.

    B   has more restaurants in China.

    C   has a higher turnover.

25   What does the article say about Pepsi Cola?

    A   Yum! Brands was once owned by Pepsi Cola.

    B   David Novak was once Pepsi Cola's Chairman.

    C   Pepsi has changed its management style.

26   David Novak gave the franchisees the opportunity to buy

    A   60% of the company's outlets.

    B   the Pepsi Cola company.

    C   shares in Yum! Brands.

27   Under Yum! Brands, the three companies KFC, Taco Bell and Pizza Hut

    A   work together to improve purchasing power.

    B   are more competitive with each other.

    C   run similar advertising campaigns.

28   What does the article say about Yum! Brands' international operations?

    A   The three companies are targeting the same market share.

    B   They are structured the same as they were under Pepsi.

    C   Each company is focusing on a different country.