

BEC Practice Test – Vantage

READING TEST PART TWO

Questions 8 – 12

- Read the article below about the company Unilever.
- Choose the best sentence below to fill each of the gaps.
- For each gap **8 – 12** mark one letter (**A – G**).
- Do not use any letter more than once.
- There is an example at the beginning (**0**).

- A** At present, Unilever spends 14.5% of sales on ads.
- B** In margarine, for instance, retailers' own brands now have as much as one-fifth of the market.
- C** It also reduced its number of branches from 1,600 to 450.
- D** Analysts think the main problem is too little investment in advertising and marketing.
- E** Soon after that, another company, Nestlé, disappointed investors with its latest results.
- F** But the plan failed to deliver on many of its promises.
- G** This is one of the main difficulties staff at the company face.

Path to no growth

Niall Fitzgerald, the co-chief executive of the Anglo-Dutch consumer-goods group Unilever, was one of those involved in the company's 'Path to Growth' strategy of focusing on its brands, which was launched five years ago.

(0) ... **F**... On September 20th last year, Unilever warned that it would not report its promised profits.

It's a difficult time for producers of branded consumer goods. Unilever and its competitors have to deal with pressure on prices from the supermarkets' own brands. Colgate-Palmolive warned of lower profits. **(8)** ... However, Unilever admits it has caused many problems itself. The 'Path to Growth' strategy aimed to make the firm more efficient. Unilever saved about 4 billion (\$4.9 billion) in costs over a period of five years. **(9)** ... But Unilever still failed to meet its targets for profit and sales; it reported a sales decline of 0.7% for the second quarter of 2004.

(10) ... Perhaps it is also due to unrealistic performance targets. Unilever cut its advertising and marketing budget at the worst moment, says Andrew Wood at Sanford Bernstein, an investment-research firm. Unilever has also suffered from competition from retailers' own brands. **(11)** ... Unilever also over-publicised some successful brands, for instance, Bertolli's olive oils and pasta sauces. According to Mr Wood, Unilever can sustainably grow its business at about 3% a year. It was aiming for 5–6%.

Rudy Markham, Unilever's chief financial officer, thinks that consumers look first for a product and then, from the brands available for that product, choose one. The company has decided it needs to focus on promoting its brands. However, ad spending at Unilever is supposed to remain at current levels.

(12)

But even Mr Markham admits the company has 'issues of competitiveness'. After seven quarters of disappointing performance, it needs to please its investors again. Over the second half of 2004, management thought again about its strategy for the next five-year plan. Patrick Cescau, a Frenchman who will take over running the company, will not have an easy time.

Adapted from The Economist by Louise Pile

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