

**Listen to two people, Allan and Brown, from a company who manufacture sports shoes discussing a flowchart and talking about their competitors.**

**Optional exercise:** Which person, Allan or Brown, says things which mean the following? (Answers below).

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| <ol style="list-style-type: none"><li>1. We aren't selling as many shoes now as before.</li><li>2. The international political situation isn't stable.</li><li>3. We can't do anything about the international political situation.</li><li>4. People think that a recession is going to happen.</li><li>5. We have some very important competitors.</li><li>6. We shouldn't spy on our competitors!</li></ol> |  |
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Allan: So, the first thing, then, as you know, is that we've seen our market share slowly declining over the last few years. The figures aren't disastrous, so I don't think there's any need to panic, but we do need to think carefully about why this is happening, and do what we can to reverse the trend as soon as possible.

Brown: Hmmm...looking at these figures I see what you mean. So the first thing to do is look at the overall context...

Allan: Have you drawn up a PEST analysis?

Brown: Yes – here it is...as you can see, we feel the political situation to be fairly stable at the moment in this country, though the international climate is, obviously something different...

Allan: ...and there's not much we can do about that!

Brown: No, and the problem is here...where it starts to effect the economy. There are no real signs that this is happening yet, but people may perceive that an economic downturn is coming...

Allan: Which leads to the social factors...

Brown: Yes, families are spending less. However, most of our customers, and our target market, are young single people, not families.

Allan: So, next we should do a SWOT.

Brown: Sure, our strengths are still the level of recognition of our brand, which is increasing. We were moving from a niche market into a mass one, but now that process seems to have stopped...

Allan: A weakness?

Brown: Perhaps we aren't properly prepared for such a move...

Allan: We are up against some major competitors – Nike, Adidas...

Brown: Yes, that's obviously, the biggest threat here.

Allan: Can we compete with these names?

Brown: Do you think they are worried about us?

Allan: ...and how can we find out?

Brown: Well, there are several ways...we could use some industrial espionage...

Allan: You mean spying on them!? I hope you're joking....!!!

Brown: Mmmm, yesssss...Well, I suggest the best thing to do is to commission some market research. We can never really know what our competitors are doing, but if we understand the market better, at least we can make informed decisions about them.

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**Answers:** 1A, 2B, 3A, 4B, 5A, 6A