

## 2

# Future uncertainty

## 2.1 Theory: STEEP analysis

### Learning outcomes

- Understand how business deals with future uncertainty.
- Learn language of future certainty and uncertainty.
- Prepare a macro-environmental STEEP analysis.

### Introduction

“Nothing can be certain except death and taxes.”

Benjamin Franklin, scientist and one of the founding fathers of the USA

**1** Are you optimistic or pessimistic about the future of your country? Give some examples.

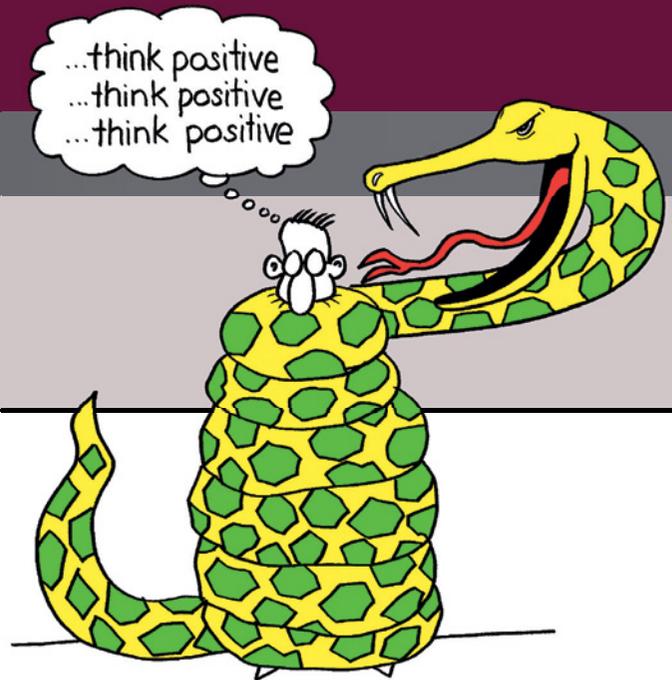
**2** Imagine that the following changes happen in your country over the next five to ten years. Which of them might affect your future career or your company the most? Explain why.

- 1 A law is passed to reduce the average working week to 30 hours.
- 2 Friends see each other far less, online friendship is the norm.
- 3 Immigration increases dramatically.
- 4 Bank interest rates go down 50 percent.
- 5 The price of oil rises 100 percent.
- 6 Your government refuses to sign international agreements to limit carbon emissions.
- 7 The cost of using internet-enabled mobile phones falls to almost nothing.
- 8 Clouds of volcanic dust regularly stop all air travel.
- 9 Your country joins/leaves an international trading bloc (EU, ASEAN, NAFTA, etc.).
- 10 Higher broadband speeds lead to a big increase in online distance-learning courses.

**3** How much do you think individuals and companies are able to control their own future?

### Reading: STEEP analysis

A STEEP analysis is a commonly used tool in business that companies and organisations use to make sense of their wider macro-environment. The theory is widely taught in business schools.

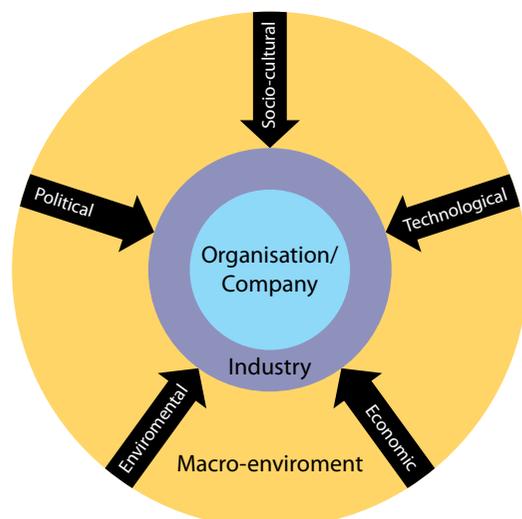


**1** Read the first part of a text on STEEP analysis from [learn marketing.net](#) on page 19, and find words which have the same meaning as these:

- 1 influence (*verb*) \_\_\_\_\_
- 2 buy \_\_\_\_\_
- 3 very large \_\_\_\_\_
- 4 natural foods grown without chemicals \_\_\_\_\_
- 5 on the other hand \_\_\_\_\_
- 6 insufficient supplies \_\_\_\_\_
- 7 thinking again \_\_\_\_\_

**2** Answer the following questions according to the text.

- 1 Why are people joining health clubs and buying organic food?
- 2 What factor will lead to increased competition?
- 3 What are the two results of a rising world population?



A STEEP analysis is used to identify the external forces affecting how individual companies compete within their industry sector. These external forces within the wider macro-environment consist of Socio-cultural, Technological, Economic, Environmental and Political factors.

**Socio-cultural**

This aspect focuses its attention on forces within society such as family, friends, colleagues, neighbours and the media. Social forces affect our attitudes, interests and opinions. These forces shape who we are as people, the way we behave and ultimately what we purchase. For example, in many countries in the world, people’s attitudes are changing towards their diet and health. As a result, these countries are seeing an increase in the number of people joining fitness clubs and a massive growth in the demand for organic food.

Population changes also have a direct impact on organisations. Changes in the structure of a population will affect the supply and demand of goods and services within an economy. Falling birth rates will result in decreased demand and greater competition as the number of consumers fall in developed countries. Conversely, an increase in the global population is currently leading to calls for greater investment in food production. Due to food shortages African countries, such as Uganda, are now reconsidering their rejection of genetically modified foods.

**3 Work in groups of four.**

- Student A will read about technological factors – see page 137.
- Student B will read about economic factors – see page 142.
- Student C will read about environmental factors – see page 145.
- Student D will read about political factors – see page 146.

After reading the text carefully, close your books and tell each other about what you have read.

**4 As a group, categorise the changes in exercise 2 of the Introduction into the relevant STEEP factor.**

Example: 1 *Political*

**Listening 1: STEEP factors**

1.08

**Business view**



Dr Hans-Martin Beyer is Professor and Associate Dean at ESB Business School Reutlingen University, Germany and former project manager for New Business Development at the Ford Motor Corporation (Europe).

**1 Listen to Dr Hans-Martin Beyer describe five long-term trends in the macro-environment that he believes will have an impact on business in the future. Write the STEEP factors 1–5 in the table below in the order you hear them.**

	STEEP factor	Notes
1		
2		
3		
4		
5		

**2 Listen again and note down some of the details mentioned for each of these factors.**

**3 How might some of these factors impact directly or indirectly on an industry such as the global automotive or computer industry? Are they opportunities or threats for the industry?**

**4 What other trends do you think will be important for these two industries? Will they present new opportunities or be a threat?**

**Listening 2: How industries plan for the future**

1.09

**Listen to the second part of the interview with Dr Hans-Martin Beyer, in which he talks about how industries plan for the future. Answer the following questions.**

- 1 How long does it take to develop a new car?
- 2 What do manufacturers of ‘complex products’ need to do?
- 3 In what way was Bill Gates right about the future?
- 4 How does Apple manage to get the future right?
- 5 In what way have some automotive companies ‘not made the right decisions’ about the future?
- 6 Where are the decisions made ‘at the end of the day’?
- 7 How important are the methods used by companies to forecast the future?

**Critical analysis**

- 1 Do you think Apple and Microsoft are still ‘getting it right’ about the future? Why/Why not?
- 2 Which car manufacturers do you think are ‘getting it right’? Which ones aren’t? Why?

**Language focus: Future certainty and uncertainty** 

**1** Look at the following sentences from Listening 1 and place them on the scale below.

- 1 I think people will be more mobile ...
- 2 We will need to look to Asia ...
- 3 We may even see Russia join the EU ...
- 4 It'll probably be the dominating subject ...



**1.10**

**2** Listen to the following pairs of predictions from meetings. Which prediction in each pair (A or B) seems the most certain? Why? Think about the words and the intonation.

- 1 A I guess they may come back to me.  
 B We may subcontract that to a partner.
- 2 A Noel will stop on Thursday as well, won't he?  
 B Things will change.
- 3 A We will definitely sign the contract.  
 B We might well find a solution during the meeting.
- 4 A You're going to need a firewall.  
 B I suppose it's how many you think you might need in Ireland.

**1.11**

**3** Listen to 1B again. This time the intonation is very different. Which word is stressed in the less certain version? Practise saying this.

**4** Look at the predictions in exercise 2 and underline the verbs that are used to talk about the future.

**5** Put the following words and phrases in the table below:

could looks probable that is highly unlikely that must

possible	probable	certain

Now add the words you underlined in exercise 2 in the table above.

**6** Which of the following companies and industries might

benefit or lose the most, if the changes in the Introduction came true? Explain why.

Example: *Leisure industries such as cinemas and theatres might well benefit from a shorter working week as people would have more leisure time.*

- leisure industries, e.g. cinemas and theatres
- companies with high debts
- tourism
- publishers of educational textbooks
- pizza home-delivery companies
- online advertising industry
- global car manufacturers
- e-marketing consultancies

**Output: Conduct an industry sector STEEP analysis**

You are going to conduct a brief STEEP analysis of different segments of the automotive industry and then report your findings to another group.

**Stage 1**

In small groups, think about the following types of car which represent market segments. Future sales of these cars will depend on STEEP factors.

- luxury cars
- sports cars
- family cars
- small city cars
- low-priced budget cars
- SUVs
- people carriers
- electric cars
- hybrid cars

Example: *A rising middle class in emerging economies, especially in Asia, will really push the demand for budget cars as people sell their motorcycles and trade up to their first car.*

Think about the situation in your country and then globally over the next five to ten years. Discuss the questions below in your group and make notes.

- Which segment do you think will grow fastest/slowest?
- Do you predict that sales might decline for certain segments? Why/Why not?
- Which STEEP factors are pushing sales up or down?
- How are they doing this?

**Stage 2**

Present your findings to another group and discuss together how these changes might affect competition within the industry both globally and in your own countries.

## 2.2 Practice: Global consumer goods industry

### Learning outcomes

- Understand the scope and future trends of the consumer goods industry.
- Use speed-reading techniques.
- Present the launch of a consumer product in a new country market.

### Profile: The global consumer goods industry

The global consumer goods industry is a huge industry consisting of manufacturers and retailers of different industry sectors covering a vast range of products from milk to washing machines. The biggest of these sectors is FMCG (Fast Moving Consumer Goods) which itself takes in massive sectors, such as food and drink, homecare, and health and beauty. These products are generally of low value and sold on a daily basis, very quickly in large quantities. A large number of sales of these products in many countries in the world are made through large supermarket chains.



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### Introduction

**1** Do you tend to shop in small shops or supermarkets? What are the advantages and disadvantages of both?

**2** What changes have happened during your lifetime in the way people shop for food?

**3** Products such as mobile phones and washing machines are also now sold in large supermarkets in many countries in the world. In the past, these types of product were considered 'consumer durables', which customers kept for a long time and were not available in supermarkets. Why do you think this has now changed?

### Language focus: Consumer goods sectors

**1** Look at the table and match the companies to the industry sectors and sub-sectors they are most associated with.

Example: Tesco, Walmart, Carrefour, Metro → 4 supermarket retail → f most (or all) of the above product sectors

Multinational companies	Industry sector	Sub-sector
Procter & Gamble	1 food and drink	a kitchen care, laundry care, bathroom care
Tesco, Walmart, Carrefour, Metro	2 consumer electronics	b hair care, skin care, cosmetics, dental care, fragrance
Johnson & Johnson	3 home care	c small electrical appliances, small kitchen appliances, large kitchen appliances
Sony, Samsung, LG, Philips	4 supermarket retail	d mobile phones, computing, TV and audio
Nestlé, Kraft	5 health and beauty / personal care	e bakery, frozen, dairy, confectionery
Whirlpool, Bosch, Electrolux	6 home electrical	f most (or all) of the above product sectors

**2** Brainstorm examples of as many products as possible for these sub-sectors within a time limit of 3 minutes. Try to identify at least two products per sub-sector.

**3** In which countries do the companies in the table have their headquarters? Have you ever used any of their products? Which ones?

### Transferable skill: Speed-reading

Speed-reading enables you to increase your speed and improve your comprehension. Read through the four phases of this process and answer the questions about the text which follows. Compare your answers with a partner after each phase.

#### Phase 1: Text orientation and prediction (time limit – 2 minutes)

**1** Check the source of the article → How will this affect how the text is written and will it favour a particular point of view?

**2** Read the title carefully → What do you think this text will be about?

**3** Read the first paragraph carefully. It often contains the key to the organisation of the text → How will the text be structured?

#### Phase 2: Skim-reading (time limit – 3 minutes)

**1** Read the text quickly (don't read every word) → Were the predictions that you made in phase 1 correct or not?

**2** Build a 'map of the text' by skim-reading it again to understand better the structure of the text so you know where blocks of information are located. How many blocks (or sections) does the text contain?

**3** Put the following section titles in the text to divide it correctly into four sections.

- a A rise in incomes and consumption
- b Urbanisation
- c Serving the needs of low-income consumers
- d The ageing population

After this phase you should have a reasonably good *general* understanding of what the text is about.

#### Phase 3: Scan-reading (time limit – 2 minutes)

Scan a section of the text looking for *specific* information to answer a question. We are *not* concerned at this stage with what the answer is, we want to know *where* it is.

Without looking at the text, read the following questions. What section will you find the answers in?

- 1 What kind of flavours will older people be demanding from food producers?
- 2 What partners does the global consumer goods industry need to work with to reach the poorest people in Asia?
- 3 How many people will migrate to the cities over the next few decades in Asia?
- 4 What has been the result of higher incomes in India?

#### Phase 4: Detailed reading (time limit – 3 minutes)

Finally, read only the section of the text you identified in phase 3 to answer the questions (1–4) above.

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978-0-521-13217-6 – Business Advantage Upper-intermediate

Michael Handford Martin Lisboa Almut Koester and Angela Pitt

Excerpt

[More information](#)**Reading: The trends that will change Asia**

1 Urbanisation and a growing elderly population are clear global trends. These two demographic swings are also apparent across most Asian countries, along with the polarisation between the new middle class and the poor.

2 Projections indicate that more than 500,000,000 Asians will move to cities in the next 25 years – almost 2,000,000 people per month. This movement is placing a huge strain on already inadequate transport, electricity, water and sanitation systems.

3 Improved health care is resulting in the elderly living longer. The increase in the elderly population is particularly significant in Japan, where more than 20% of the population is over 65.

4 In Japan, unlike many other markets including much of the West, Japanese pensioners have economic security and considerable buying power. They also command a great deal of respect from society.

5 This growing demographic group presents unique physical and emotional needs and requires different product design, packaging, marketing and retail distribution. Over the next ten years this group will trigger a surge in products that focus on the elderly, from preserving health and wellness to spicier foods to stimulate aged palates. But these Japanese senior citizens of the future will also be spending money on their grand- and great-grandchildren, creating a market for premium children's products.

6 In most Asian countries, average household incomes are increasing significantly. This is particularly so in cities: urban households in China have over three times more disposable income than rural households, according to the National Bureau of Statistics of China.

7 India, in particular, has experienced dramatic income growth for a large segment of the population in the last two decades. This prosperity has revolutionised consumer aspirations.

8 At the same time as average income is rising, there is still a vast segment of Asian households that live on very low incomes, particularly in India but also in rural China too. This income disparity has implications for the grocery industry, which needs to rise to the challenge of serving the needs of low-income consumers. To deliver this, our industry will need to work together and with governments and communities to develop innovative products and services.

Source: GCI (Global Commerce Initiative), Global Consumer Goods Industry Association Industry Report (Spotlight on Asia)

**In what other ways do you think that urbanisation, a rising middle class, continuing poverty and ageing population could impact on the consumer goods industry in Asia?**

**Output: Launching a new consumer product**

You are going to launch new consumer products on the Japanese market. Your target market is the over-50s. Read the information below. Work in four groups, and look at page 137.

**Target market**

You are launching a new product on the Japanese market. Your target market is the over-50s, who are increasing in number and who have a high amount of disposable income. Before you market your product, look at the following factors which are all of importance to the target group.

- Raw materials in Japan are scarce. The main agricultural products are rice, vegetables, fruit, dairy products, eggs and fish.
- Increased worries about the environment, global warming and product safety are prime concerns.
- Known as 'silver surfers', the vast majority of the over-50s have access to the Internet.

**Task**

You should design a 3-minute pitch that you will then give to the other groups.

When you have heard all the presentations, choose which product you will invest in. You cannot choose your own product.



## 2.3 Skills: Presenting a case at a meeting

### Learning outcomes

- Present the benefits and stages of a future change.
- Use discourse markers to organise and clarify your arguments.
- Analyse differences in presentation styles across cultures.

### Introduction

- 1 What are the main differences between a meeting and a presentation?
- 2 Have you ever had to give a formal presentation in class or at work? How did you feel?
- 3 Would you prefer to give a formal presentation or lead a Q&A (question and answer) session where you have to provide the answers?
- 4 Complete the table below comparing formal presentations and Q&A sessions in meetings. The first has been done for you.



	Formal presentation	Q&A session
Turn-taking	Not usually	Yes
Spontaneous speech		
Communication is one-way		
Questions and answers		
Rhetorical questions (asked for effect, not for an answer)		
Active listening (responses, e.g. <i>yes</i> , <i>uh-huh</i> )		
Immediate responses		

5 Which requires more preparation, a presentation or a Q&A session? Can you prepare for a Q&A session?

6 Choose one of the following:

- Your company has launched a new product, e.g. food, clothing, media. Think of what the product might be. It is not selling well and your boss wants to know why. Think of a course of action, and present it.
- Think about how you could market a product that sells well in your domestic market to an international audience. Think of ways of making this product popular abroad, and present it.

### Listening 1: Upgrading the operating system



1.12

When making a presentation at a meeting, the speaker usually presents the case first, and a discussion or Q&A session then follows. You are going to listen to a presentation at the Tokyo office of a multinational bank's IT department. The presenter, Alison, is describing the upgrading of a new operating system.

1 Before you listen, think of two reasons why installing an up-to-date operating system (OS) is important for a company.

**2** The presentation has the following stages. Put them into a logical order. Then listen to the presentation and see if you were correct.

- A Giving background information
- B Outlining the problem and the risk
- C Outlining how the solution will be achieved in practice
- D Starting the presentation
- E Stating the proposed change

### Intercultural analysis: Presentation styles

Presentation styles are different in different cultures. For example, in the USA the main point of the presentation is usually made at the start. In some countries, like Japan, people often give the background and state the main point near the end. The presentation at the meeting you have listened to is from an American bank in Japan.

Which style do you think is preferred in the workplace in the Listening? Which style do you prefer? What are the advantages and disadvantages of each?

### Language focus: Discourse markers

Discourse markers link segments of talk to one another and show how speakers organise, manage and feel about the information. They do not contain information. Common markers include: *So, I mean, right, on the other hand, it's time to, then*. A presentation that contains many discourse markers is easier to follow.

**1** Here are some sentences from the presentation you heard in Listening 1. Underline the discourse markers.

- 1 OK, we may as well start.
- 2 So, our Windows operating system. We've been using our present OS in Japan for at least four years and it's time to upgrade.
- 3 It's more a question of what will happen if we don't upgrade ... Obviously, this creates a business risk for us because ... The longer we wait, the greater this risk becomes.
- 4 So, how do we start? Well, I've already done this.
- 5 So, just to give you a bit of background. Mainstream support for the present system expired ...

**2** Match the sentences with the five stages in Listening 1 exercise 2.

### Listening 2: Q&A session



1.13

Following the presentation, there is a Q&A session. One person in the audience, Nigel, asks about the global implementation of the new operating system (OS). He wants to know if any departments have implemented this system in all of their worldwide offices. Listen to the recording.

- 1 What answer does the presenter give to the question?
- 2 The answer given by the speaker is not very clear. What are some possible reasons for this?
- 3 When answering questions, the following format is useful:  
 Showing you will rephrase, e.g. *So you mean ...*  
 Rephrasing, e.g. *You want to know ...*  
 Checking the response is sufficient, e.g. *Does that answer your question?*  
 Listen again and see if the speaker follows this format.
- 4 Practise this format in pairs by asking each other a question.

### Output: Presenting a case

#### Stage 1

Look back at Listening 1 and the five stages in a presentation. Work in pairs. Prepare a 3-minute presentation on one of these topics:

- The problem of motivating lazy workers/students
- The introduction of new working hours at your workplace / place of study

Use the five stages to put your presentation in a logical order, and make sure you use discourse markers to organise your presentation. Remember to note some key language from the audio script (page 149). Make your solutions as imaginative as you like. Then try to predict two or three questions that you might be asked in a Q&A session. Practise answering them following the steps in Listening 2.

#### Stage 2

Make your presentation to another pair, and encourage questions afterwards. Listen to the other pair's presentation, and ask some follow-up questions.

▶ Watch Sequence 1 on the DVD to find out more about Business environment.

## Writing 1: Preparing presentation slides

### Learning outcomes

- Summarise information into concise bullet points.
- Discuss dos and don'ts of slide-writing techniques.
- Create presentation slides with strong visual impact.

### Introduction

#### Business view

“A picture tells a thousand words.”

Fred R. Barnard, advertising executive

- Do you agree with the quote? Why/Why not?
- Look at some other units in the book. Can you find two images which you think work very well with the unit title? Why do you think the images you have found are suitable for the unit title?
- Can you think of any presentations or lectures that you have been to where the slides were particularly good or bad? In what way were they good or bad?

### Writing skill: Creating a strong visual impact

The following slides are taken from a 10-slide presentation by the management consultancy company, Capgemini, with the title 'Eight trends and the industry opportunities for the global consumer goods industry'. Supermarket chains and food and drink producers form a large part of this industry.

- Look at the four images in slide 1 above. What do you think the presenter will talk about when this slide is on the screen?
- Match the following headings to the four images on slide 1 and label them. The headings are examples of micro-bullet points.

Low income    Urbanisation    Ageing population  
 New middle class

- Do you like the style of slide 1 or would you prefer to see more information included on the slide?



Slide 1

- Which of the four bullet points on slide 2 below does the cartoon refer to?

### Rising cost (and scarcity) of raw material

- Continuing rise in cost of energy and raw material
- Population spikes put pressure on water and food supplies
- Increasingly volatile climate, affecting production and the supply chain
- Effects of political instability



Slide 2

- How could you change the four standard bullet points on slide 2 into four strong visual images?

### Intercultural analysis

Discuss the following questions.

- Are you surprised to see humour used in a serious presentation as on slide 2?
- How useful do you think the humour is in communicating the information on the slide?
- How acceptable would it be to use humour in a presentation in your organisation or country?
- Would you personally use humour in a presentation?

### Language focus: Summarising information into concise bullet points

The two slides in the Writing skill section show two techniques for presenting information.

Slide 1: Writing high-impact micro-bullet points (maximum three words)

Slide 2: Writing in standard bullet points (NOT in full sentences)

1 Change the four standard bullet points in slide 2 into four micro-bullet points (three words maximum each).

2 Complete the sentences below to change the four standard bullet points from slide 2 into full sentences.

- 1 There \_\_\_\_\_ (be) a continuing rise in \_\_\_\_\_ cost of energy and raw material.
- 2 Population spikes \_\_\_\_\_ (put) pressure on water and food supplies.
- 3 \_\_\_\_\_ increasingly volatile climate \_\_\_\_\_ (affect) production and the supply chain.
- 4 Rising costs \_\_\_\_\_ (lead) to political instability. What will be the effects of that instability on the \_\_\_\_\_ industry?

3 The trends below are full sentence descriptions of the four micro-bullets in slide 1. Change them into four standard bullet points.

- 1 Rapid urbanisation across the developing world is expected to increase even faster.
- 2 There will still be a very large segment of the world's population living on very low incomes.
- 3 Ageing populations are going to create challenges as well as opportunities.
- 4 There will be a big increase in the number of middle-class consumers, particularly in Asia.

4 The headings of slides are often written as statements, although they often pose a question. Change the micro-bullet points for slide 1 into full sentence questions.

### Critical analysis

- 1 There are some presentation slide guidelines at the back of the book. Student A should read about how **not** to write presentation slides on pages 137–8, while Student B should read about how to write them on pages 142–3.
- 2 Look at two pairs of slides (slides 3A and 3B, 4A and 4B) and decide which slide in each pair you prefer. Explain your reasons to your partner with reference to the guidelines you have just read.



Slide 3A



Slide 3B



Slide 4A



Slide 4B

### Output: Designing effective presentation slides

In pairs, sketch out two slides in the same format as slides 1 and 2 on page 26 on the topic 'The future'. Decide whether to take a personal, company, industry or global focus. After finishing your slides, present the information to another pair.