

Reading

Read the article about Google and complete the gaps with these sentences.

- a In 1999, some 150m people worldwide used the internet; today, over 1 billion use it regularly.
- b The hype and hysteria that accompanied every new scheme to build market share through first-mover advantage is over.
- c For instance, PartyGaming, a gambling website, is working on an initial public offering (IPO) that values the firm at about \$10 billion.
- d But the deal failed to live up to expectations.
- e For now it seems inconceivable that it, or a big competitor, might disappear.
- f And like numerous other internet firms that were once worth a fortune despite making no money, it is now actually turning a tidy profit.
- g Its shares are now worth \$285 apiece, three times more than at its IPO last August.

The Economist

Global agenda

An echo of a boom?

Dotcom shares are booming again.

REMEMBER etoys.com? What about Webvan.com? Do Boxman.com or Boo.com ring any bells? Pets.com, perhaps? The casualties of the dotcom bust have long closed or changed hands since the heady days of the late 1990s turned to the crash of the new millennium. But of the internet firms that survived, many are now enjoying soaring market values as investors regard online enterprises with renewed confidence. And new firms are coming to market too, amid no small amount of excitement. ¹ c

This week Google's share price rose to take the firm's imputed market capitalisation to just above \$80 billion, pushing the internet search engine past Time Warner to become the world's most valuable media company. ² _____ That Time Warner has been overtaken by an online upstart is symbolic for the growing band of sceptics who detect

a return to the overvaluation and hype of the tech-bubble days.

Time Warner was involved in the most disastrous merger of the period, when in 2000 it joined forces with America Online. Fans of the deal said that AOL would drag the staid but solid media giant into the new business age. ³ _____ The renamed AOL Time Warner's colossal valuation melted away as the bubble burst. A couple of weeks ago, Time Warner (tellingly, the AOL has gone from the name) was said to be considering a spin-off of its underperforming web-based partner, so bringing the ill-fated venture to a close.

But those who would draw parallels between then and now should note that much has changed since the tech revolution faltered five years ago. Investors, battered by the stockmarket crash that accompanied the demise of the dotcoms, are now a little wiser. Certainly they are unlikely to hand over considerable sums of cash to any online "entrepreneur" with a half-baked business plan. ⁴ _____ These days, the online giants such as Google, Amazon, MSN, Yahoo! and eBay operate in a different business climate. Since the bursting of the dotcom bubble consumers have logged on to the internet in increasing

numbers and have become more comfortable conducting business online. ⁵ _____ And those who venture into cyberspace are more willing to spend money there.

So in many ways the hopes for the internet of the dotcom boom years are now coming to fruition. Yahoo!, which peaked at a market value of \$125 billion in early 2000, had slumped to \$4 billion by late 2001. Now it is worth \$52 billion. ⁶ _____ : \$849m after tax, on revenues of \$3.6 billion, in 2004. Google itself enjoyed revenues of \$3.2 billion last year and made a profit of \$400m. But they are still far behind the biggest "old media" companies.

Undoubtedly, today's big online ventures are on a surer footing than those that fell in the last dotcom crash. They are being run like proper companies. And there is a bigger pool of customers willing and eager to pay for their services. "Google" has even entered the language as a useful verb for describing a web search. ⁷ _____ But there is little doubt that Google's valuation looks suspiciously frothy. Do investors in internet stocks really need reminding that what shoots up can just as easily come crashing down?

Reading

2g 3d 4b 5a 6f 7e

READING TEST

PART ONE

Questions 1 – 8

- Look at the statements below and at the five extracts from an article about public relations (PR).
- Which extract (A, B, C, D or E) does each statement (1–8) refer to?
- For each statement 1 – 8, mark one letter (A, B, C, D or E).
- You will need to use some of these letters more than once.

Example

Many organisations prefer to delay agreeing on a sponsorship until the latest opportunity. E

- 1 PR strategies lasting around half a year are the most effective.
- 2 There isn't always time to involve the press or hold interviews.
- 3 There are proven advantages of getting PR involved early.
- 4 There are two main goals to any sponsorship.
- 5 PR agencies need to be able to respond to last-minute sponsorship.
- 6 The difficult thing is linking the brand and the sponsorship.
- 7 Sponsorship is less likely to succeed if a good PR strategy is not in place.
- 8 The role of PR has changed greatly in recent years.

A The most successful sponsorships are those that make PR the lead communications tool. Sponsorship aims to make it famous and to make it work economically for the brand. PR is central to both these aims and should be involved right from the beginning. Currently this is the case in only half of sponsorship strategies. PR needs to get in even before the deal has been signed, where different strategies are being considered. Without viable, well-thought-out PR, the sponsorship has a significantly reduced chance of working.

B PR is typically involved only when the sponsoring organisation and the marketplace have been analysed and a sponsorship identified, developed and negotiated. This can mean leveraging a sponsorship with limited opportunities for all the elements, such as personal appearances or media access. A PR consultancy has to demonstrate a high level of knowledge, expertise and insight in order to be an active partner. Doing basic PR is relatively easy, but the challenge lies in tying the brand closely to the sponsorship.

C An in-house team is involved from the start of any project, which helps shape the media value of the activity. Several years ago, sponsorship was managed by the events team and PR would be brought in at a much later stage. Having PR fully integrated doubled results. Today's longer lead-time and ability to take part in better strategic conversations are really paying off. We've had more time, which means being able to think outside the normal product placement routes. This has included setting up partnerships and getting coverage from the media.

D Even in the highest-profile sponsorships there is the same pressure for word to spread. Nothing truly gets off the ground unless the PR accompanying it is first-rate. The best strategies are those that take anything up to 3–6 months – the longer the better – 'considering every angle before signing a deal'. Of course, sponsors do not always have the time to formulate a considered PR approach. Many deals are signed only weeks before the event occurs, making the role of PR much more limited.

E It is precisely the ability of agencies to react to late deals that should also play to their advantage. While preferring early involvement, late deals are something they should also promote themselves as being able to manage. Late sponsorship is a 'nightmare' for advertising as late deals make it difficult to buy media slots. This is a scenario where only PR can make a significant impact. The ability of PR to make an impact close to an event may be a reason why many sponsors still don't consider it until this late stage.

PART TWO

Questions 9 – 14

- Read this text taken from a business magazine.
- Choose the best sentence to fill each of the gaps.
- For each gap 9 – 14, mark one letter (A – H).
- Do not use any letter more than once.
- There is an example at the beginning, (0).

Spare me the details

There is a huge gap between what consumers want and what vendors would like to sell them. Lisa Hook, an executive at AOL, one of the biggest providers of traditional ('dial up') internet access, has learned amazing things by listening in on the calls to AOL's help desk. (0) !. The help desk's first question is: 'Do you have a computer?' Surprisingly often the answer is no, and the customer was trying to shove the installation CD into the stereo or TV set. The help desk's next question is: 'Do you have a second telephone line?' Again, surprisingly often the answer is no. This means that the customer cannot get on to the internet. (9) And so it goes on.

Admittedly, in America, where about half of all internet households now have high-speed ('broadband') connections, these AOL customers are so-called 'late adapters', or 'analogues'. But even younger, savvy 'digital natives' or 'digital immigrants' can provide surprising insights for those who care to listen.

Genevieve Bell works for Intel, the world's biggest semiconductor-maker. She has been travelling around Asia for three years to observe how Asians use, or choose not to use, technology. (10) Americans tended to say things like 'my home is my castle' and furnish it as a self-contained playground. Asians were more likely to tell her that 'my home is a place of harmony', 'grace', 'simplicity' or 'humility'. (11)

Even within Western cultures, Ms Bell, who is Australian, has found startling differences in the way people view technology. (12) As she did so, she immediately got a mocking 'Oi, what do you think you are, famous?' from the next table. 'For Americans, adopting technology is an expression of American-ness, part of the story of modernity and progress,' says Ms Bell. (13)

And even Americans, perhaps more prone than others to workaholicism, can get frustrated by technology. Chris Capossela, boss of productivity software at Microsoft, commissioned a study where office workers were shadowed (with their consent) after they left the office. (14) Thanks to technology (laptops, Blackberries, smart phones and so on), he says, 'the boundaries of nine-to-five no longer exist.' This creates a new demographic category, 'the enterprise consumer', for whom not only technology but all of life has grown more complex.

- A She recently opened her laptop in a café in Sydney to check her email.
- B He or she is, of course, already on the line to the help desk.
- C The industry is currently hoping to develop these technologies even further.
- D She was especially struck by the differences in how Westerners and Asians view their homes.
- E For many other people, it may be just a hassle, or downright pretentious.
- F They recoiled from gadgets that made noises or looked showy or intrusive.
- G It showed that people feel pressure even in their cars and homes to keep up with the expectation that one is always available.
- H Usually, the problem is that users cannot get online.

PART THREE

Questions 15 – 20

- Read the article below about the oil industry.
- For each question 15 – 20, mark one letter (A, B, C or D) for the answer you choose.

Oil in troubled waters

- The surge in oil prices, from \$10 a barrel in 1998 to above \$50 in early 2005, has prompted talk of a new era of sustained higher prices. But whenever a 'new era' in oil is hailed, scepticism is in order. After all, this is essentially a cyclical business in which prices habitually yo-yo. Even so, many attending a recent conference pointed to evidence of a new 'price floor' of \$30 or perhaps even \$40.
- So, why did prices shoot up in the first place? Oil markets have seen an unprecedented combination of tight supply, surging demand and financial speculation. One supply-side factor is OPEC's (Organisation of the Petroleum Exporting Countries) clever manipulation of output quotas – they decided to raise output just as the South-East Asian economies were hit by crisis, sending prices plunging to \$10. Desperate to engineer a price rebound, Saudi Arabia targeted inventory levels: whenever oil stocks in the rich countries of the OECD (Organisation for Economic Cooperation and Development) started rising, OPEC would reduce oil quotas to stop prices softening. It worked like a charm. Another factor has been the shortage of petrol in the American market – prices have spiked as refineries have been unable to meet local demand surges.
- Adding to the froth has been the sudden influx of new kinds of financial investors into the oil market. Many are merely chasing the huge returns recently offered by oil. Big equity funds, fearful of what \$100 oil could do to their holdings, might invest in oil futures at \$40 or \$50 as a cheap insurance policy. Phil Verleger, an energy economist, reckons that OPEC itself may be to blame for the speculation: by declaring its intention to prop up prices, first at \$30 and now at \$40, 'OPEC has given Wall Street a free put option' (because investors believe the cartel will cut output to stop prices falling).
- Supply constraints coincided with a huge boom in oil demand. Global oil consumption last year increased by over 3.4% instead of the usual 1–2%. About 30% of that growth came from China, where oil consumption rocketed by perhaps 16%. One senior European oil executive claims that, in contrast with the embargoes and supply-driven price rises of the past, 'This is the first demand-led oil shock.' And it was not just China that used a lot more oil. India's oil consumption too leapt last year, and America's was quite robust. In fact, despite \$50 oil, global oil demand in 2004 grew at the fastest rate in over a quarter of a century.
- So was it supply or demand that pushed prices above \$50? Both matter, of course, but neither provides a complete explanation. What is new is the lack of spare production capacity. In a normal commodity market, no producer would keep lots of idle capacity. But that is what several OPEC countries have been doing for years. Saudi Arabia, in particular, has maintained a generous buffer to prevent the market from overheating during unexpected supply interruptions. Alas, the buffer has been in decline for some years, because OPEC has not been investing sufficiently to keep pace with growing demand. As a result, global spare capacity last year dropped to around 1m barrels per day, close to a 20-year low. Almost all of this was in Saudi Arabia. In short, the market for the world's most essential commodity now has no safety net to speak of.

- What is said about the oil industry?
 - It is usual to see oil prices fluctuating.
 - A major energy conference is due to take place shortly.
 - Many senior managers fear they will lose their jobs.
 - Several oil companies are being restructured.
- Which of these has nothing to do with the higher oil price?
 - financial speculation
 - limited supplies
 - global panic
 - rising demand
- According to paragraph 3, investors
 - are leaving the oil industry in their hundreds.
 - are entering the oil industry to make large profits.
 - think OPEC will reduce oil prices.
 - consider oil to be a high-risk business.
- Over the last twelve months, consumption of oil
 - has remained the same rate in China and India.
 - has fluctuated in the United States.
 - has been a third higher than in the previous year in Europe.
 - has risen more quickly than in the last 25 years.
- Which statement is made in paragraph 5?
 - There is now a larger than expected global oil capacity.
 - Oversupply is leading to problems in the oil industry.
 - Saudi Arabia is investing in systems to monitor oil supplies better.
 - OPEC's usual role is to try and keep the supply of oil steady.
- Which title suits the article best?
 - Why demand for oil has risen
 - Troubled times for the oil industry
 - Oil prices set to soar
 - Charges recede as oil profits fall

PART FOUR

Questions 21 – 30

- Read the article below about consumer electronics.
- Choose the best word to fill each gap from **A, B, C** or **D**.
- For each question **21 – 30**, mark one letter (**A, B, C** or **D**).
- There is an example at the beginning, (0).

Consumer electronics

Another year, another standards war in the consumer-electronics business. After the (0) between VHS and Betamax in the 1970s comes a new saga in which two rival – and, inevitably, (21) – formats struggle to establish themselves as the successor to the wildly popular DVD standard. Both new formats rely on blue lasers, which can discern finer details than the red lasers used in DVD players, to squeeze more data on to each disc. This (22) can be used in two ways: to (23) quality, by providing a more detailed 'high definition' picture, or to increase quantity, (24) more footage (at DVD quality) to fit on a single disc.

In one corner is the HD-DVD format, (25) by Toshiba, NEC and Sanyo. The details are still sketchy – the technical (26) will not be finalised until February – but HD-DVD will offer at least three times the storage of DVD. Proponents of HD-DVD claim the discs can be made cheaply using existing DVD production lines with very little (27) The first HD-DVD devices will go on sale next year.

In the other corner is Blu-ray, backed by a (28) that includes the companies Sony, Matsushita, Hitachi and Philips. Blu-ray discs can store around 13 hours of standard video. Sony has been selling Blu-ray recorders in Japan since 2003, and Matsushita and Sharp have both (29) Blu-ray devices onto the market this year.

The battle between the two standards has heated up in recent months as the two camps fight to sign up hardware vendors and content producers, notably Hollywood studios, which have (30) the outcome of previous standards wars.

- | | | | | |
|----|-----------------|----------------|-----------------|----------------|
| 0 | A argument | B contest | C opposition | D struggle |
| 21 | A incompatible | B inconsistent | C contradictory | D conflicting |
| 22 | A range | B dimension | C capacity | D extent |
| 23 | A advertise | B further | C push | D boost |
| 24 | A approving | B enabling | C equipping | D authorising |
| 25 | A advertised | B supported | C marketed | D encouraged |
| 26 | A specification | B precision | C illustration | D definition |
| 27 | A qualification | B limitation | C restriction | D modification |
| 28 | A board | B consortium | C jury | D committee |
| 29 | A founded | B established | C launched | D dispatched |
| 30 | A determined | B concluded | C solved | D resulted |

PART FIVE

Questions 31 – 40

- Read the article below about a retailer.
- For each question **31 – 40**, write one word in CAPITAL LETTERS.
- There is an example at the beginning, (0).

Littlewoods rethinks catalogue strategy

The retailer Littlewoods is reviewing the PR strategy across (0) *ITC* home-shopping brands. The retailer is looking to rejuvenate what it offers in (31) face of fierce competition from firms (32) as Next Directory, cable TV shopping and websites. PR work for brands including LX Direct is up for grabs, in addition (33) sub-brands under the Shop Direct umbrella, for example Kays Lifestyle, Abound and Additions Direct. 'We are looking at this (34) a brand-by-brand basis and won't necessarily hire [just] one agency,' said a Littlewoods spokesman, adding that the review had been motivated by 'standard business practice'. It (35) thought that around six agencies will take part (36) a pitch process for which firms have been asked to submit written proposals. Agencies including Brazen PR and Cohn & Wolfe currently promote brands within the Littlewoods empire. The spokesman declined to specify (37) their roles could be in a revamped agency line-up. Any agency appointed would report to individual brand directors for the brands up for grabs. Littlewoods, owned (38) the Barclay brothers, hit the headlines late last month, (39) it revealed that it was planning to close 126 of its loss-making Index catalogue-based shops. The decision followed nearly 20 years of losses at the chain. The Barclay brothers bought Littlewoods from the Moores family in 2002 (40) £759m.

PART SIX

Questions 41 – 52

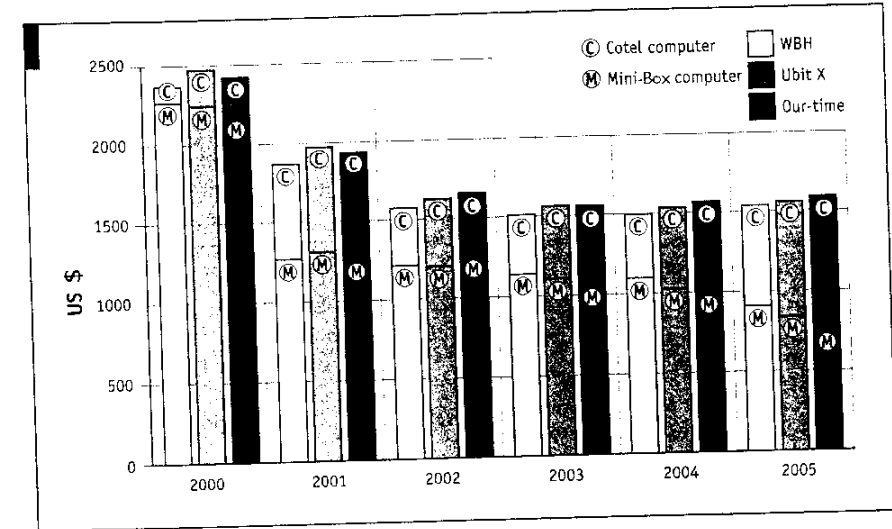
- Read the text below about non-financial reporting.
- In most of the lines **41 – 52** there is one extra word. It is either grammatically incorrect or does not fit in with the meaning of the text. Some lines, however, are correct.
- If a line is correct, write **CORRECT**.
- If there is an extra word in the line, write **the extra word** in CAPITAL LETTERS.
- The exercise begins with two examples, (0) and (00).

Ethical business?		
0	<i>CORRECT</i>	Co-operative Financial Services (CFS) is a medium-size banking and insurance business and with its roots firmly in the north of England and the
00	<i>AND</i>	19th century. But in one respect at very least it is a 21st century world leader.
41		In a ranking of firms' non-financial reports, CFS came out at top, ahead of
42		second-placed Novo Nordisk, a Danish drug company, and BP, the British oil
43		giant. The ranking, which published this week, has been prepared by the UN
44		Environment Programme, and SustainAbility, a consultancy, in the partnership
45		with the credit-rating agency Standard & Poor's. In their non-financial reports,
46		firms volunteer such an overview of their 'environmental and social impact'
47		during the previous year. Since the last such ranking, many more of firms
48		have chosen to produce non-financial reports. It is also been claimed their
49		quality has increased – as, less happily for the environment, has their own
50		length. What was, ten years ago, a voluntary practice is now becoming
51		mainstream – in Europe, at least. Only these two American firms are in the top
52		20, but several of Europe's biggest businesses are there.

WRITING TEST

PART ONE

- The chart below shows the cost of buying two computers in three different shops since the year 2000.
- Using the information from the chart, write a short **report** comparing the prices for the computers.
- **Write 100–120 words.**



BEC Higher practice test

Reading Test Part 1

1D 2B 3C 4A 5E 6B 7A 8C

Reading Test Part 2

9B 10D 11F 12A 13E 14G Distractor C

Reading Test Part 3

15A 16C 17B 18D 19D 20B

Reading Test Part 4

21A 22C 23D 24B 25B 26A 27D 28B
29C 30A

Reading Test Part 5

31 THE 32 SUCH 33 TO 34 ON 35 IS 36 IN
37 WHAT 38 BY 39 WHEN 40 FOR

Reading Test Part 6

41 VERY 42 AT 43 CORRECT 44 WHICH 45 THE
46 CORRECT 47 SUCH 48 OF 49 BEEN 50 OWN
51 CORRECT 52 THESE

Writing Test Part 1 Suggested answer (113 words)

At around \$1,500, the Cotel Model XX50 is currently almost twice the price of the Mini-Box Computer, which costs around \$800. However, this has not always been the case. Five years ago, the price of both models was comparable. However, in 2001 prices of the Mini-Box plummeted to \$1,250, a price which Cotel has not been able to compete with.

The three stores - WBH, UbitX and Our-time - have priced the Cotel computer model similarly over the six-year period, with WBH offering the most competitive prices each year. Prices of the Mini-Box varied only slightly over the period at all three stores. However, Our-time has offered the Mini-Box at the cheapest rate since 2003.