

Starting up

- Do you ever buy groceries from an online supermarket? Why or why not?
- What are the advantages of shopping for groceries online? What are the disadvantages?

Vocabulary 1 – robot-powered warehouses

Match each word in bold (1–8) with the correct meaning (a–h).

- 1 The process of filling orders is **automated**, so robots rather than people do the work.
 - 2 Customers' orders are sent from the **warehouse** directly to their homes.
 - 3 For a **retail** business to be successful, it's important for customers to have a good experience.
 - 4 The **platform** allows us to receive customers' orders online, process them, and arrange delivery.
 - 5 We rented the **shell** of the building, but we own everything inside it.
 - 6 Some customers prefer to buy **fresh produce** at an actual supermarket.
 - 7 After the product **rollout**, we will need to provide plenty of support to answer questions from people who are using it for the first time.
 - 8 The system was shut down for about three hours, but now it's **operational** again.
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- a selling directly to customers rather than to other businesses
 - b controlled by computers and machines
 - c a large building for keeping goods
 - d the walls and roof
 - e a computer system
 - f fruit and vegetables
 - g working and ready to be used
 - h making a product available for the first time

Reading 1

Read through the article quickly. Are the sentences true (T) or false (F)?

- 1 A new supermarket chain is planning to deliver groceries from the UK to Japan.
- 2 Aeon and Ocado are working together to develop online grocery shopping in Japan.
- 3 Grocery shopping habits in Japan tend to be different from those in the UK, Europe and the US.
- 4 Amazon plans to open Whole Foods Market in Japan next year.

Ocado to build robot-powered warehouses in Japan

Ocado, the UK food delivery service transforming itself into a provider of automated warehouses for retail chains, has ¹**struck a deal** to build out the online business of Aeon, Japan's largest supermarket operator.

In an announcement that ²**propelled** its shares 12 per cent higher to £13.54, Hatfield-based Ocado said it will license its so-called smart platform system of automated warehouses and related software to Aeon. This follows similar partnerships it has struck with America's Kroger and Groupe Casino of France.

The technology tie-up will give Ocado access to Japan's \$35bn online grocery market, which is expected to grow ³**on the back of demand** from younger consumers and a growing pool of working mothers.

Ocado will initially develop warehouses for Aeon in Japan's Kanto region, which includes Tokyo. It expects those warehouses to become operational by 2023 with sales ⁴**capacity** in the region of greater than ¥200bn (£1.8bn) — about the size of Ocado's existing UK grocery delivery business.

Over the long term, Ocado and Aeon plan to forge a national network with sales capacity of roughly ¥1tn by 2035.

Aeon launched its own online grocery service in 2008 where food products are delivered from some of the 21,000 stores it operates. But the business has ⁵**struggled** to grow with online grocery sales accounting for less than 1 per cent of its \$78bn in annual revenue.

Financial details of the partnership were not revealed, although Ocado finance director Duncan Tatton-Brown said that Aeon would not be ⁶**taking an equity stake in** the company, as Kroger did when it signed up last year. He added that with cash and borrowing facilities of just under £1bn, Ocado had “no immediate need” to raise funds.

Typically, Ocado's clients pay for the shell of the building and the delivery vehicles, with Ocado itself financing the robotics and software rollout. Capital spending on international warehouses in the first half was a ⁷**relatively modest** £22.4m, though analysts expect it will increase sharply next year.

Ocado and Aeon did not say how many warehouses will be built.

Bruno Monteyne, an analyst at Bernstein, said Ocado's contract win in Asia was significant because it showed there was acceptance of the technology even in markets with very different characteristics to the UK, Europe and the US. Japan has a rapidly ageing population, and grocery shopping tends to be done in smaller increments than the average £106 order value in the UK.

Yet Japan is also ⁸**grappling** with a labour shortage, which is creating demand for grocery services that are more automated.

Amazon, which acquired upmarket grocer Whole Foods Market for \$13.7bn in 2017, is making a big push into fresh produce in Japan, while Rakuten has partnered with US retail group Walmart in the delivery of online groceries.

Earlier this month, Ocado shares fell by a fifth in a week amid fears of growing competition from rival technologies in the US. However, Mr Tatton-Brown argued that Ocado's practice of ⁹**granting exclusivity to a retailer** in each country in which it operated encouraged other retailers in that market to turn to rivals, and that this ¹⁰**stimulated expansion** of the market overall.



Vocabulary 2 – vocabulary in context

Choose the best word to complete each definition (1-10) in bold in the article.

- 1 ended / made an agreement
- 2 pushed / slowed
- 3 in spite / because of the need
- 4 cost / possibility
- 5 had / not had difficulty
- 6 putting money into / taking money out of
- 7 not small / large
- 8 having / not having difficulty
- 9 having more than / working with only one partner
- 10 encouraged / limited development

Reading 2

Choose the best answer to each question.

- 1 Which group of people isn't an important part of the market for online grocery shopping?
 - a) Older people
 - b) Women with children and a job
 - c) People in their 20s
- 2 At the moment, how big is Aeon's online shopping business?
 - a) About the same as Ocado's
 - b) Only a tiny part of its revenue
 - c) It's worth roughly ¥1tn
- 3 Which company invested in its partnership with Ocado?
 - a) Aeon
 - b) Groupe Casino
 - c) Kroger
- 4 What part of the automated warehouse system does Ocado pay for?
 - a) the delivery vehicles
 - b) the building
 - c) the computers and other machines
- 5 What problem in Japan do automated warehouses and online shopping help to solve?
 - a) There isn't enough choice.
 - b) There are too few workers.
 - c) There's too much traffic.
- 6 Which company is competing directly with Ocado for only grocery sales in Japan?
 - a) Walmart
 - b) Rakuten
 - c) Amazon

Grammar – passive forms

Complete the passive sentences with the correct form of the verb in brackets.

- 1 Japan's \$35bn online grocery market (expect) to grow on the back of demand from younger consumers and a growing pool of working mothers.
- 2 Food products (deliver) from some of the 21,000 stores Aeon operates.
- 3 Financial details of Ocado and Aeon's partnership (not give).
- 4 Ocado and Aeon did not say how many warehouses will (build).
- 5 In Japan, shopping usually (do) in smaller amounts, more often than in the UK, the US and Europe.
- 6 The deal (announce) in November.
- 7 Online grocery shopping (provide) by Aeon for more than ten years.
- 8 The exact launch date of the new service (not know).

Further discussion

Do you think online grocery shopping will completely replace traditional supermarkets?

Why or why not?

Group work

Work together to answer these questions.

- 1 How many jobs can you think of that were done by a person in the past but are now done by a machine?
- 2 What are the pros and cons of replacing humans with machines on the job?
- 3 Could any parts of your job be done by a machine?

ANSWER KEY**Starting up:**

Possible advantages: It's convenient to have groceries delivered to your door. You can avoid the traffic getting to and from the supermarket. You don't have to carry heavy things. It's easy to order from home.

Possible disadvantages: You have to wait at home to receive the delivery. You can't walk around and look at the things on the shelves to get ideas.

Vocabulary 1

- | | |
|-----|-----|
| 1 b | 5 d |
| 2 c | 6 f |
| 3 a | 7 h |
| 4 e | 8 g |

Reading 1

- | | |
|-----|-----|
| 1 F | 3 T |
| 2 T | 4 F |

Vocabulary 2

- | | |
|---------------|----------------------|
| 1 made | 6 putting money into |
| 2 pushed | 7 large |
| 3 because | 8 having |
| 4 possibility | 9 working with only |
| 5 had | 10 encouraged |

Reading 2

- | | |
|-----|-----|
| 1 a | 4 c |
| 2 b | 5 b |
| 3 c | 6 a |

Grammar

- | | |
|------------------|---------------------|
| 1 is expected | 5 is done |
| 2 are delivered | 6 was announced |
| 3 were not given | 7 has been provided |
| 4 be built | 8 isn't known |

Further discussion

Students' own ideas and answers

Group work (possible answers)

- bank clerk, ticket seller, factory work, check-out clerk in supermarkets, telephone operator, lift operator
- Pros: Machines can do jobs that are boring or dangerous. Machines can often produce better work. Machines can leave people free to do a better job. Cons: People may become unemployed as a result. Some jobs can be done better by a human. It can be nicer for people to communicate with other people rather than with a machine – either as a customer or as a co-worker.
- Students' own answers

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