

## READING 49 SELF-ASSESSMENT (PRE)

After reading the passage, write the letter of the best answer to each question.

1. Say that you're interested in selling blue jeans in your community. 2. If your rival is selling blue jeans for \$48 a pair, you might try attracting business by offering the jeans for \$45. 3. The catch, of course, is that you'll get \$3 less than your rival does for each pair you sell, and you'll still have to cover the same expenses—buying the jeans from the manufacturer, paying rent on your store, and so forth. 4. How, then, can you charge less and still make a worthwhile profit? 5. The answer—you hope—is that the lower price will attract more customers. 6. Even though you make less money than your rival does on each pair of jeans, you'll sell more of them and so come out with a good overall profit. 7. A business owner who can improve efficiency and reduce operating costs may be able to lower prices without settling for a smaller profit per unit. 8. If you are selling blue jeans, for example, you may find that installing a new lighting system cuts the electric bills. 9. You can maintain your profits at a lower selling price and pass the savings along to customers. 10. Head-on competition like this tends to keep prices down, which is good for the buying public. 11. At the same time, it holds out the promise of great profits to the business that can sell more of its product or service than competitors do.

1. In the first paragraph, the word rival means

- A. neighbor.
- B. competitor.
- C. customer.
- D. manufacturer.

2. In sentence 10, the term head-on means

- A. unfair.
- B. rare.
- C. useless.
- D. direct.

3. Which subject is the main topic of the passage?

- A. Head-on competition
- B. Blue jeans
- C. Electric bills
- D. Business expenses

4. Which sentence best expresses the main idea of the passage?

- A. There is great competition in blue jeans sales.
- B. A lower price attracts more customers.
- C. Head-on competition tends to keep prices down for the public while holding out the promise of great profits to business owners.
- D. There are several ways for business owners to keep prices down and still make a worthwhile profit.

5. To charge less and still make a good profit, business owners can

- A. sell more of a product.
- B. cut costs.
- C. both of the above.

6. The relationship of sentence 8 to sentence 7 is one of

- A. addition.
- B. illustration.
- C. time.
- D. contrast.

7. In the context of the passage, competition is a(n)

- A. cause of business decisions.
- B. part of a list of items.
- C. new term being defined.
- D. example.

8. We might conclude from the passage that without competition,

- A. the public would benefit from lower prices.
- B. business owners would make lower profits.
- C. business owners would have little reason to lower prices.
- D. there would be more products.

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ANSWERS: 1. B                      5. C  
              2. D                      6. B  
              3. A                      7. A  
              4. C                      8. C