

# Nestlé to Sell Starbucks Coffee Products

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Category : Business

## Unlocking Word Meanings

Read the following words/expressions found in today’s article.

- 1. **falter** / ˈfɒl tər / (v) – to become weak  
*Example:* The CEO is worried because his business is **faltering**.
- 2. **vast** / væst / (adj) – having a wide reach  
*Example:* I do not think that the company will run out of products because they have a **vast** supply.
- 3. **take part** / teɪk pɑːt / (phrasal) – to participate in something  
*Example:* I plan to **take part** in the fundraising initiative.
- 4. **connoisseur** / ˌkɒn əˈsɜː / (n) – a person who has a lot of knowledge and passion for something  
*Example:* As an art **connoisseur**, she often visits museums.
- 5. **affinity** / əˈfɪn ɪ ti / (n) – natural attraction  
*Example:* She has an **affinity** for classical music.

## Article

Read the text below.

Nestlé has teamed up with Starbucks as an initiative to boost its profit.

The multinational food and beverage manufacturer has reportedly paid \$7.1 billion for the rights to sell and distribute the coffee chain’s products worldwide. Nestlé CEO Mark Schneider [**SHNAHY**-der] sealed the deal with Starbucks after its sales and profit **faltered** in the US market. In fact, the company makes up only 3% of the US coffee market, while Starbucks accounts for 15%.

Given Starbucks’ strong market appeal in the United States, Schneider believes that the partnership can improve Nestlé’s performance in the country. For Starbucks, the partnership means it can use Nestlé’s **vast** distribution networks to market its products.

In this deal, Starbucks will rely on its current suppliers for its coffee beans, but Nestlé will **take part** in the coffee production under Starbucks’ strict regulations. Then, it will distribute the products in supermarkets, grocery stores, and restaurants around the world.

Nestlé clarified that it will neither buy any Starbucks infrastructure nor make Nestlé products available in any Starbucks branch. However, around 500 Starbucks employees will be transferred to Nestlé’s new headquarters in Arlington, Virginia in the United States.

Prior to this partnership, Schneider has already made efforts to boost Nestlé’s profit. Last year, the company paid \$425 million for a 68% share of Blue Bottle Coffee, a high-end brand that sells coffee online and has branches in the United States and Japan. Known for its high-quality coffee products, Blue Bottle Coffee gained popularity among many coffee **connoisseurs**.

Schneider hoped that Nestlé could also benefit from the fans’ **affinity** for Blue Bottle Coffee products through the partnership.

## Viewpoint Discussion

Enjoy a discussion with your tutor.

### Discussion A

- Do you agree that the deal would result in a win-win situation for both Nestlé and Starbucks? Why or why not?

- How do you think this deal would affect the image of both companies?

**Discussion B**

- In your opinion, is entering business partnerships always the best solution to boost a faltering profit? Explain.

- If you were a business owner, what other solutions would you propose to boost a faltering profit?