

## CPE Sapphire Report about new burger brand

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It **(1)**\_\_\_\_\_ more than 10 years ago.

It became so popular, and the **(2)**\_\_\_\_\_, that it's being expanded even more.

They've **(3)**\_\_\_\_\_ that the company is floating on the Stock Market at a valuation of \$568m.

**(4)**\_\_\_\_\_ every Shake Shack store is worth 3 times as much as a McDonald's.

Both cost about \$5. **(5)**\_\_\_\_\_ of New York what they prefer.

I **(6)**\_\_\_\_\_ Shake Shack.

**(7)**\_\_\_\_\_ a cold Big Mac!

It's very **(8)**\_\_\_\_\_.

**(9)**\_\_\_\_\_ taste is just bread and, **(10)**\_\_\_\_\_; the meat feels **(11)**\_\_\_\_\_ flavour.

I like both **(12)**\_\_\_\_\_. I love the Shake Shack because it's fresher, it tastes better, but the **(13)**\_\_\_\_\_ sometimes are **(14)**\_\_\_\_\_, so you **(15)**\_\_\_\_\_ the time.

**(16)**\_\_\_\_\_ the Shake Shack: it's juicier, lettuce and tomato;

**(17)**\_\_\_\_\_; actually I like the bun better too, because it tastes like a real piece of bread and **(18)**\_\_\_\_\_, I guess.

No, **(19)**\_\_\_\_\_, I already ate today. **(20)**\_\_\_\_\_.

**(21)**\_\_\_\_\_ McDonald's being in trouble, this is just a small demographic.

There's **(22)**\_\_\_\_\_, I think that's what **(23)**\_\_\_\_\_ of the value.

I think McD is **(24)**\_\_\_\_\_. I mean, listen, it's going to

**(25)**\_\_\_\_\_, and they'll have to close down a few of its billions of

restaurants, **(26)**\_\_\_\_\_ Americans, Americans are never going to give up their McDs.

## Shake Shack rocks McDonald's to its foundations – but which is better?

As the fast-food upstart startup heads for a \$568m IPO and global expansion, the biggest name in the business is suffering terrible financial results. Why?

Rupert Neate in New York *The Guardian*, Saturday 24 January  
<http://www.theguardian.com/business/2015/jan/24/shake-shack-mcdonalds-which-is-better>

It started life as a single hot dog stand in Manhattan's Madison Square Park. Little more than a decade later, Shake Shack has expanded to 63 outlets in nine countries and is preparing for an initial public offering (IPO) that will value the company at \$568m (£374m).

Shake Shack is one of a string of hipster-ish fast food chains, including Five Guys, Chipotle and Smashburger, which are eating into McDonald's profits. On Friday, McDonald's reported a 15% plunge in global annual profits, making 2014 one of its worst financial years. Its poor performance over the last three months of 2014 takes to seven the number of consecutive quarters in which McDonald's has failed to meet analysts' expectations.

Don Thompson, McDonald's president and chief executive, conceded that the upstart chains had contributed to a "challenging year" and warned investors that the home of the Big Mac "continues to face meaningful headwinds".

"January comparable sales are expected to be negative and results are expected to remain pressured, particularly in the first half of the year," he said.

McDonald's, which has also been hit by food safety scandals and widespread protests from workers over low pay, is cutting down its menu in order to concentrate on the quality of its core products. "We know that when our customers feel good about us and about eating at McDonald's they visit us more often," Thompson said on a conference call with investors and analysts.

Related: McDonald's reports profits plunge of 15% in one of chain's worst ever years

While McDonald's is suffering its first fall in annual sales in more than a decade, however, Shake Shack is preparing to ramp up its expansion plans with a flotation on the New York stock exchange.

It plans to list five million shares at between \$14-\$16 a share, raising up to \$100m and valuing the company at up to \$568m.

If it achieves that price, the IPO will value Shake Shack's 63 stores at about \$9m each, or more than 3.5 times the value of each of McDonald's 35,000 stores.

The average transaction in McDonald's rings up at about \$5, while the lowest-priced Shackburger comes in at \$5.19 – add in fries and a shake and the average spend is about \$13.

It may sound like an unusual name for a burger joint, but it's catchier than the other options founder Danny Meyer was tossing around when he first set up shop in 2001. "We entertained a bunch of names for the kiosk (most of them pretty bad – like Custard's First Stand, Dog Run and Madison Mixer) and ultimately settled on Shake Shack," he said in a letter to prospective shareholders.

The company, which has opened across the Middle East, Russia, Turkey and in a prime location in London's Covent Garden, is growing sales fast. Revenue in the first nine months of 2014 rose by 41% to \$84m.

Yet the original hot dog stand, which has been replaced by a permanent restaurant, was never intended to be a money spinner Meyer claims.

"Our vision was for Shake Shack to be a 'community wealth venture'," he, and Shake Shack chief executive Randy Garutti, said in a letter to potential investors. "And if it really worked, the park would feel safer, and much-needed dollars would be generated to provide funding for the park's robust budget for ongoing maintenance, horticulture and public programming."

With the funding from the IPO, Meyer hopes to open 10 new company-owned stores a year with a target of 450 over the long term. Even if Shake Shack achieves that goal, it will cover less than 2% of the global footprint of McDonald's.

*Work in pairs/small groups to find phrases which mean the same as:*

- a short time afterwards
- grown to 63 shops/stores
- trendy
- causing McDonald's to make less money
- reduction in worldwide earnings
- not lived up to what experts believe
- encounter significant challenges
- increase
- totals (in cost)
- it sounds more interesting/attractive than
- considering choices
- started the business
- something that earns money
- necessary money to pay for the park's improvement
- world presence

*Answer these questions about the article in your own words:*

1. How has Shake Shack affected McDonald's so far?
2. For how long has McDonald's been under-performing?
3. Will things get any better for McDonald's?
4. What other problems had McDonald's faced?
5. What fact makes it quite surprising that Shake Shack is so far so successful?
6. Do you think the name of a company is important?
7. Is Shake Shack likely to put McDonald's out of business?