

## FTC Trial: Block Handbag Merger for Trial

### **Description**

The prestigious agency has voiced its opposition to the proposed luxury merger between the parent company of Coach, Tapestry, and the owner of Michael Kors, Capri, in a staggering \$8.5 billion deal.

Embarking on a legal battle, the U.S. Federal Trade Commission will implore a federal judge in New York to obstruct Tapestry's acquisition of Capri Holdings, asserting that the merger would obliterate intense competition in the realm of "accessible luxury."

The FTC contends that the merger, unveiled in August 2023, would eradicate direct competition between Tapestry's renowned Coach and Kate Spade brands and Capri's iconic Michael Kors labels, ultimately depriving consumers of favorable prices, discounts, and promotional offerings, as well as endangering the wages and workplace provisions for employees.

Moreover, this consolidation would grant Tapestry a predominant share of the "accessible luxury" handbag sector, a concept coined by Tapestry to characterize exquisite leather and artistry in handbags at an affordable price point, as outlined in the FTC's lawsuit filed in April.

In response, Tapestry challenges the FTC's evaluation, asserting that their perception of the handbag market and consumer behavior is flawed, and arguing that the term "accessible luxury" is merely hypothetical. They maintain that the U.S. handbag market is fiercely competitive, characterized by a myriad of choices, modest competitive barriers, and fluctuating consumer preferences.

The FTC has been engaged in a flurry of legal actions to thwart various mergers over the past year, including their vigorous opposition to Kroger's acquisition of Albertsons and the attempted \$4 billion acquisition of Mattress Firm by Tempur Sealy International.

The upcoming trial, presided over by District Court Judge Jennifer Rochon in the Southern District of New York, is anticipated to stretch over a week and a half. Noteworthy testimonies from industry experts, such as Jeff Gennette, former CEO of Macy's, are expected to shed light on consumer choices and handbag market dynamics.

This legal battle unfolds subsequent to the approval of the merger by antitrust authorities in Japan and the European Union earlier this year.

Attribution: Written by Siddharth Cavale in New York; edited by Diane Craft.

# **Vocabulary List:**

- 1. **Opposition** /,pp.ə'zɪʃ.ən/ (noun): A resistance or dissent expressed in action or argument.
- 2. **Obstruct** /əbˈstrʌkt/ (verb): To block or impede progress or movement.



- 3. **Eradicate** /ɪˈræd.ɪ.keɪt/ (verb): To remove or destroy completely.
- 4. **Predominant** /prr'dpmɪnənt/ (adjective): Having greater importance or influence than others.
- 5. **Consolidation** /kən,spl.ɪ'deɪ.ʃən/ (noun): The act of combining or uniting into one.
- 6. Vigorous /'vɪg.ər.əs/ (adjective): Characterized by strength energy or vigorous action.

## **Comprehension Questions**

#### **Multiple Choice**

1. What is the total amount of the proposed luxury merger between the parent company of Coach, Tapestry, and the owner of Michael Kors, Capri?

Option: \$5 billion Option: \$8.5 billion Option: \$10 billion Option: \$15 billion

2. Which brands would face direct competition according to the U.S. Federal Trade Commission in the proposed merger?

Option: Coach and Michael Kors
Option: Kate Spade and Michael Kors

Option: Coach and Kate Spade
Option: Capri and Kate Spade

3. Who is expected to preside over the upcoming trial regarding the merger?

Option: Jeff Gennette
Option: Jennifer Rochon
Option: Siddharth Cavale

Option: Diane Craft

4. Which antitrust authorities approved the merger earlier this year?

Option: United States
Option: European Union

Option: Japan

Option: All of the above

5. What is the sector Tapestry would dominate with the merger according to the FTC?

Option: High-end luxury



Option: Affordable luxury

Option: Sportswear Option: Cosmetics

6. What argument does Tapestry put forth against the FTC's evaluation of the handbag market?

Option: Market is not competitive

Option: Consumer behavior is not a factor Option: Accessible luxury is hypothetical

Option: Fluctuating consumer preferences are beneficial

#### **Answer**

**Multiple Choice:** 1. \$8.5 billion 2. Coach and Kate Spade 3. Jennifer Rochon 4. All of the above 5. Affordable luxury 6. Accessible luxury is hypothetical

# Vocabulary quizzes

#### Multiple Choice (Select the Correct answer for each question.)

1. Which term refers to the act of changing or altering something completely?

Option: Setback
Option: Cautious

Option: Transformation Option: Ambitious

2. Which term implies constant change activity or progress?

Option: Dynamic Option: Innovation Option: Epitomizes Option: Illustrious

3. What term means the action or process of making something physically stronger or more solid?

**Option: Conglomerates** 

Option: Incipient
Option: Resonances
Option: Consolidation

4. Which term describes something that causes harm or damage?

Option: Orchestrates
Option: Detrimental



Option: Competition
Option: Impetus

5. What term refers to the process of removing personally identifiable information from data sets?

Option: Navigating Option: Unveiling

Option: Anonymization

Option: Legible

6. Which term represents the introduction of new ideas methods or products?

Option: Vigorous

Option: Anonymization Option: Regulators Option: Innovation

7. What term is used to describe a reversal or check in progress?

Option: Opposition
Option: Setback
Option: Obstruct
Option: Eradicate

8. What term means well-known respected and admired for past achievements?

Option: Predominant
Option: Illustrious
Option: Consolidation

Option: Vigorous

9. Which term refers to the force or energy with which a body moves?

Option: Competition Option: Impetus Option: Navigating Option: Unveiling

10. What term describes something characterized by the creation of something?

Option: Legible Option: Centric

Option: Capabilitites
Option: Generative

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)



11. After the	of the old building a modern structure emerged in its place.	
12. The company thrived on constant	and creative solutions for its	s customers.
13. The fallen tree limbs did not merel	y block the road; they completely	traffic.
14. In the market the company held a	position due to its superior	products.
15. The new fitness regime had a	effect on her increasing her sta	mina and agility.
16. Industry	were tasked with ensuring that companies complied	with safety
standards.		
17. The artist's studio was a	space where ideas flowed freely and	creative energy
abounded.		
18. The merger marked the	of two major companies into a single	entity.
19. To protect user privacy the compa	ny implemented strict proce	edures for
handling personal data.		
20. The new software showcased adva	anced that improved efficier	ncy and user
experience.		
Matching Sentences ( Match each	definition to the correct word from the vocabu	lary list. )
21. The explorer proceeded through	the treacherous terrain with a careful and prudent ap	proach.
22. The young entrepreneur had graindustry.	nd plans and aspirations for her startup aiming to dis	rupt the
23. The historic landmark the city's r	rich cultural heritage and architectural brilliance.	
24. The startup was still in its stage v	with potential for rapid growth and success.	
25. The conductor skillfully the symp	phony bringing together the harmonious blend of instr	ruments.



- 26. Despite facing strong from rival companies the new product gained significant market share.
- 27. The campaign aimed to poverty in the region through sustainable development projects.
- 28. The poem's powerful words evoked deep emotional among the audience.
- 29. In the global market fierce drove companies to innovate and improve constantly.
- 30. The young adults were tasked with the complex maze to reach the treasure hidden within.

#### Answer

Multiple Choice: 1. Transformation 2. Dynamic 3. Consolidation 4. Detrimental 5. Anonymization 6.

Innovation 7. Setback 8. Illustrious 9. Impetus 10. Generative

Gap-Fill: 11. transformation 12. innovation 13. obstructed 14. predominant 15. vigorous 16. regulators

17. generative 18. consolidation 19. anonymization 20. capabilities

Matching sentence: 1. Cautious 2. Ambitious 3. Epitomizes 4. Incipient 5. Orchestrates 6. Opposition 7.

ESL-NEWS. Eradicate 8. Resonances 9. Competition 10. Navigating

#### **CATEGORY**

1. Business - LEVEL6

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