
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** /ˌɒp.ə'zɪʃ.ən/ (noun): A resistance or dissent expressed in action or argument.
2. **Obstruct** /əb'strʌkt/ (verb): To block or impede progress or movement.



3. **Eradicate** /ɪˈræd.ɪ.keɪt/ (verb): To remove or destroy completely.
4. **Predominant** /prɪˈdɒmɪnənt/ (adjective): Having greater importance or influence than others.
5. **Consolidation** /kənˌsɒl.ɪˈdeɪ.ʃən/ (noun): The act of combining or uniting into one.
6. **Vigorous** /ˈvɪɡ.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 customers.
13. The fallen tree limbs did not merely 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 stamina 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 company implemented strict _____ procedures for handling personal data.
20. The new software showcased advanced _____ that improved efficiency and user experience.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. The explorer proceeded through the treacherous terrain with a careful and prudent approach.
22. The young entrepreneur had grand plans and aspirations for her startup aiming to disrupt the industry.
23. The historic landmark the city's rich cultural heritage and architectural brilliance.
24. The startup was still in its stage with potential for rapid growth and success.
25. The conductor skillfully the symphony bringing together the harmonious blend of instruments.



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. Eradicate 8. Resonances 9. Competition 10. Navigating

CATEGORY

1. Business - LEVEL6

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