

- (d) Costa Coffee, Starbucks Coffee Company and Caffè Nero are the UK's leading coffee shop chains. (Extract B)

Analyse **one** possible impact of the market structure on the pricing strategy of these firms.

(6)

As Costa, Starbucks and Cafe Nero are all popular brands people are likely to become loyal to a certain brand due to its ~~the~~ brand image loyalty scheme or product and service they provide. But if one of these shops were to decrease ~~it~~ the price of their coffee it is likely that they would take demand away from these other ~~costa~~ competitors as customers may not be able to ~~to~~ justify the extra ~~the~~ cost for a cup of coffee.

