

(g) Assess the importance of non-price competition in the UK coffee market.

(12)

The UK coffee market is an oligopoly, it is dominated by a number of firms but small coffee shops can still survive within it.

Non-price competition is adding value to products & through customer service, differentiation, ethical objectives and other methods in order to compete against other firms in the market.

Non-price competition is a way of increasing sales or maintaining the quantity of sales without changing the price of the good or service, this means that profits are not effected and a price war is not started between competitors.

It requires innovation and efficiency in order to produce and provide the best product for the consumers using the allocation of resources. It maintains healthy competition and the consumer gets a choice however it requires research and development in order to be done successfully which is expensive and will increase costs to the business.

Specialisation in one area for example ~~Timberland~~ ~~specialises in~~ the business Bubble Tea specialises in the production and selling of Bubble Tea, bubble tea, this is a niche market segment allowing it to compete with Starbucks or Costa by providing something different to smaller markets.



~~Differentiation~~ It increases the need for efficiency, UK coffee shops would need to increase profit by cutting costs instead of raising prices. One way of doing this is increasing productivity of it's employees through training and education. This means that baristas such as ~~these~~ those working for Costa are faster and better at making the coffee and therefore can reduce the number of staff needed cutting ~~fixed costs~~ costs for the firm and increasing profit.

Therefore non-price competition is vital and better for businesses in a competitive market but ~~it~~ it can be expensive to carry out.



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