

Paper Reference 9EB0/01
Pearson Edexcel
Level 3 GCE

Total Marks

Economics B

Advanced

Paper 1: Markets and how they work

Tuesday 6 June 2017 – Afternoon

Time: 2 hours plus your additional time allowance.

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

X52139A

You do not need any other materials.

YOU WILL BE GIVEN

Data Book

INSTRUCTIONS

Answer ALL questions.

Answer the questions in the spaces provided in this Question Paper or in the Data Book – there may be more space than you need.

INFORMATION

The total mark for this paper is 100

The marks for EACH question are shown in brackets – use this as a guide as to how much time to spend on each question.

Calculators may be used.

ADVICE

Read each question carefully before you start to answer it.

Try to answer every question.

Check your answers if you have time at the end.

Answer ALL questions.

SECTION A

**Read Extract A, Extract B, Extract C and
Extract D in the Data Book before answering
Question 1**

Write your answers in the spaces provided.

1. (a) Using Extract A, calculate to 2 decimal places the operating profit margin for Costa for 2014. You are advised to show your working.

(4 marks)

Answer lines continue on the next page.

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1. (a) continued.

(continued on the next page)

1. continued.

(b) Using Extract D, calculate to 2 decimal places the percentage change in the coffee price from October 2014 to September 2015. You are advised to show your working.

(4 marks)

Answer lines continue on the next page.

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1. (b) continued.

(continued on the next page)

1. continued.

- (c) Using a supply and demand diagram, illustrate the impact on the coffee shop market of the change in taste and fashion. (Extracts A and C)**
(4 marks)

Answer space continues on the next page.

1. (c) continued.

(continued on the next page)

Turn over

1. continued.

(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 marks)

Answer lines continue on the next page.

1. (d) continued.

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(continued on the next page)

Turn over

1. continued.

(e) Discuss whether market share is the most important business objective to a coffee shop chain, such as Timberyard.

(8 marks)

Answer lines continue on the next two pages.

[illegible]

1. (e) continued.

[illegible]

1. (e) continued.

(continued on the next page)

1. continued.

(f) Extract D shows a fall in the wholesale price of coffee during 2015

Assess the impact this might have on prices charged in coffee shops.

(10 marks)

Answer lines continue on the next two pages.

[illegible]

1. (f) continued.

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1. (f) continued.

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(continued on the next page)

1. continued.

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

(12 marks)

Answer lines continue on the next three pages.

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Turn over

1. (g) continued.

[illegible]

Turn over

1. (g) continued.

[illegible]

1. (g) continued.

(continued on the next page)

1. continued.

(h) Assess whether the UK coffee shop market could be considered contestable.

(12 marks)

Answer lines continue on the next three pages.

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1. (h) continued.

[illegible]

Turn over

1. (h) continued.

[illegible]

Turn over

1. (h) continued.

(Total for Question 1 = 60 marks)

TOTAL FOR SECTION A = 60 MARKS

SECTION B

Read Extract E and Figures 1 and 2 in the Data Book before answering Question 2

Write your answer in the space provided.

2. Using Extract E, evaluate the likely impact of falling crude oil prices on the UK economy.

(20 marks)

Answer lines continue on the next five pages.

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

SECTION C

Read Extract F and Extract G in the Data Book before answering Question 3

Write your answer in the space provided.

- 3. Evaluate the likely impact on the UK of increased regulation of the UK banking industry.**

(20 marks)

Answer lines continue on the next five pages.

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3. continued.

[illegible]

Turn over

3. continued.

[illegible]

Turn over

3. continued.

[illegible]

Turn over

3. continued.

[illegible]

Turn over

3. continued.

(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS

TOTAL FOR PAPER = 100 MARKS

END OF PAPER

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