

Paper Reference 9EB0/01
Pearson Edexcel
Level 3 GCE

Economics B
Advanced
Paper 1: Markets and how they work

Monday 20 May 2019 – Morning

Data Book

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

Surname					
Other names					
Centre Number					
Candidate Number					

INSTRUCTIONS

There may be spare copies of some data sheets in case you need them.

**THIS DATA BOOK MUST BE RETURNED WITH THE
QUESTION PAPER AT THE END OF THE EXAMINATION.**

Contents

Page

SECTION A

4	Extract A for Question 1
5	Extract B for Question 1
6–7	Extract C for Question 1

SECTION B

8–9	Extract D for Question 2
10–11	Extract E for Question 2
12	Extract F for Question 2

SECTION C

13	Extract G for Question 3
14–15	Extract H for Question 3
16	Extract I for Question 3

Question 1

Extract A

The growth of sportswear sales

5 According to research, the global market for sportswear is forecast to reach **\$231 billion by 2024**. Growth in the market is driven by healthier lifestyles and technological developments designed to improve comfort and performance of sportswear. Sports clothing and footwear is a highly popular style statement and fashion trend.

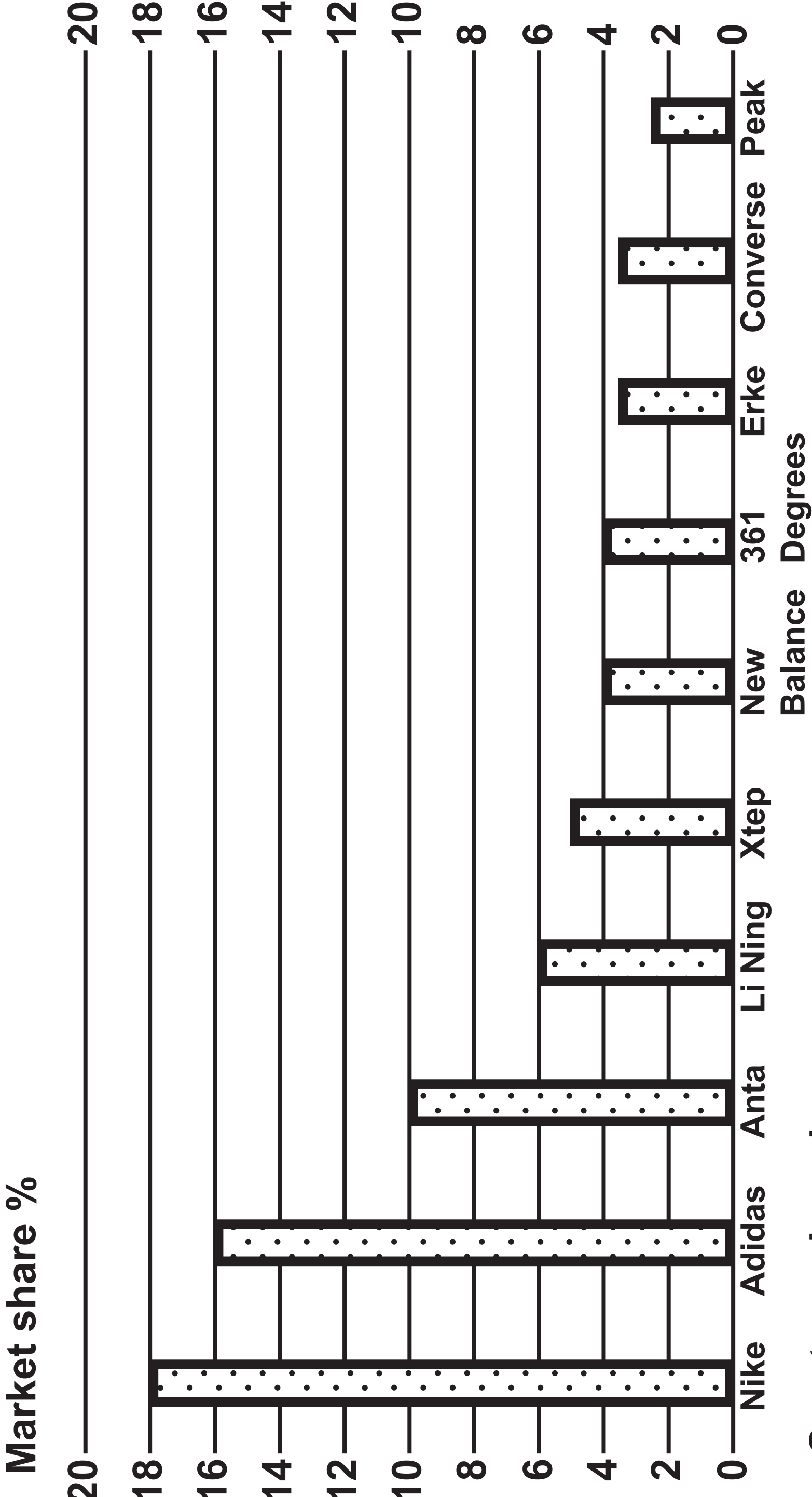
10 **Nike** remains the global market leader and is amongst the top **20** most valuable global brands. In **2016**, **Nike's** sales revenue was **\$32.4 billion** (an increase of **6%** from **2015**) and in the same period, net profit increased by **15%** to **\$3.8 billion**. Whilst **Nike** still has the largest market share it is losing ground to **Adidas**, **New Balance** and **Under Armour**.

15 China is expected to be the fastest growing region for sales of sportswear and is attracting new entrants to the market. Total sales in China rose in **2016** to **\$27 billion**.

20 Chinese brand **Anta** sponsored the **2016 Chinese Olympic team** and achieved **10%** market share with a total revenue of **\$2.7 billion**. The operating profit margin was **24%**

Extract B

Market share (%) of sportswear brands in China, 2016



Sportswear brands

Question 1

Extract C

New Balance

New Balance was founded in **1906** in Boston, US and today manufactures shoes and sports clothes in America, Europe and Asia. **New Balance** differentiates its products with technical innovations such as gel inserts in its sports shoes, and is one of the few manufacturers to offer the shoes in a wide range of widths and sizes.

The **New Balance** premium range of sports shoes is manufactured in the US and UK. This represents a proud tradition of craftsmanship and domestic manufacture using skilled workers and superior raw materials. It is currently the only major sports company to manufacture athletic footwear in the US, where it produces around 4 million pairs per year, which represents a quarter of its sales.

New Balance has expanded its UK operations over the last 30 years and now employs over 200 people in its factory in Cumbria. It produces over 13,000 pairs of premium priced shoes a week for domestic and overseas markets.

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Extract C continued.

New Balance is most well known for its running shoes but now manufactures shoes and sportswear for a wide range of sports including tennis, golf, football, cricket and skateboarding.

© New Balance 2018

Question 2

Extract D**Office of Gas and Electricity Markets (Ofgem)**

The principal objective of Ofgem is to protect the interests of electricity and gas consumers by promoting value for money to consumers. Ofgem regulates the energy industry and is funded by the firms it regulates, who pay an annual licence fee.

In 2016 Ofgem investigated Scottish Power and concluded it had failed to treat its customers fairly. Customer service was found to be inadequate. Scottish Power agreed to pay £18 million to its vulnerable customers who were affected by customer service issues.

Competition and Markets Authority (CMA)

Ofgem referred the energy sector to the CMA, after concluding customers were failing to switch to cheaper alternative suppliers and were paying too much.

The CMA investigated why the ‘Big–Six’ energy suppliers – British Gas, SSE, ScottishPower, E.ON, EDF and npower – continued to dominate the supply market, more than 14 years after privatisation of the energy market. The CMA investigated whether suppliers were

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Extract D continued.

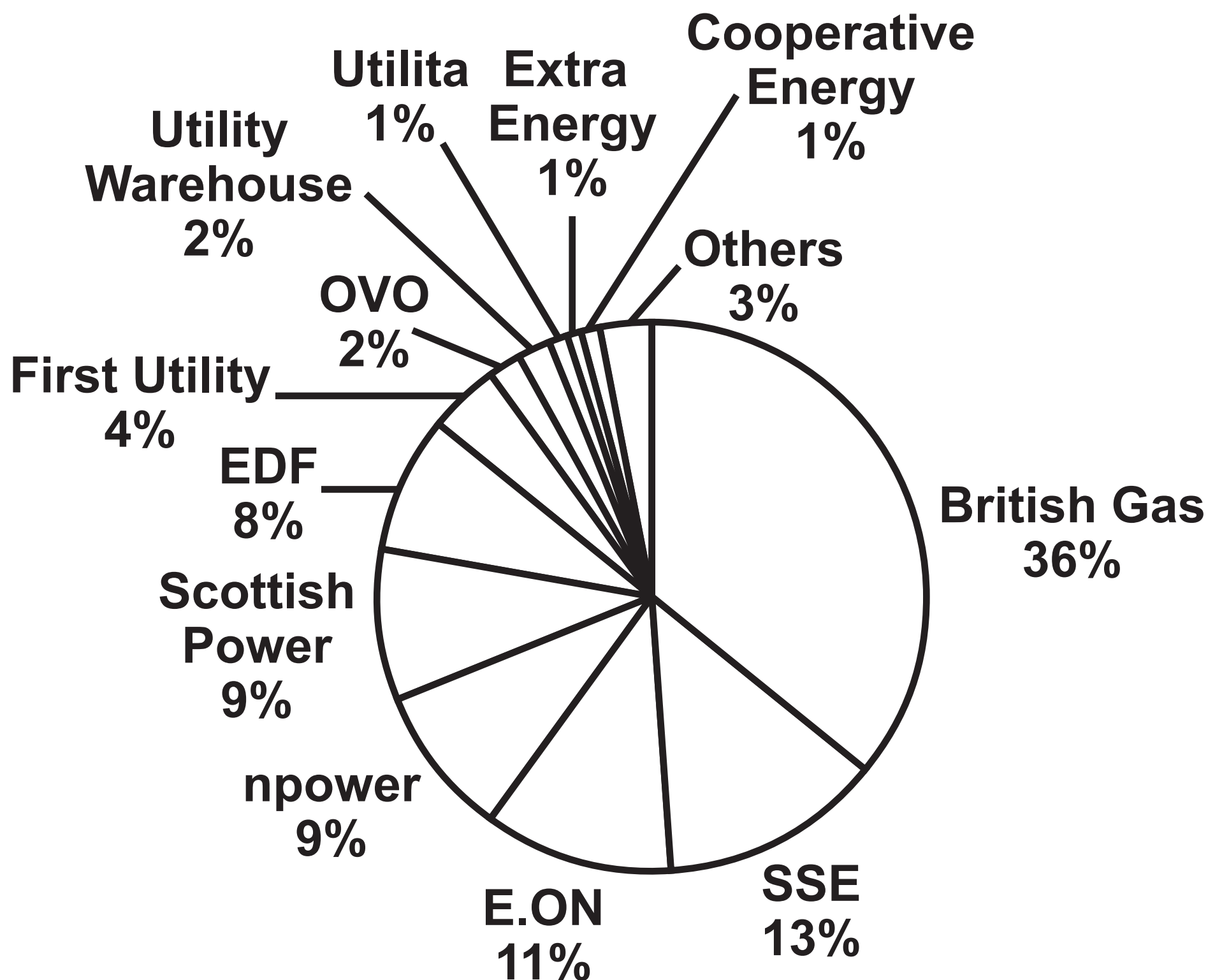
exploiting loyal customers and tacitly colluding over energy price rises.

The CMA concluded its investigation in 2016 and measures were recommended to drive down costs by
25 increasing competition between suppliers and helping more customers switch to better deals.

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Question 2

Extract E

Market share of gas and electricity supply (UK),
2016Figure 1
Gas

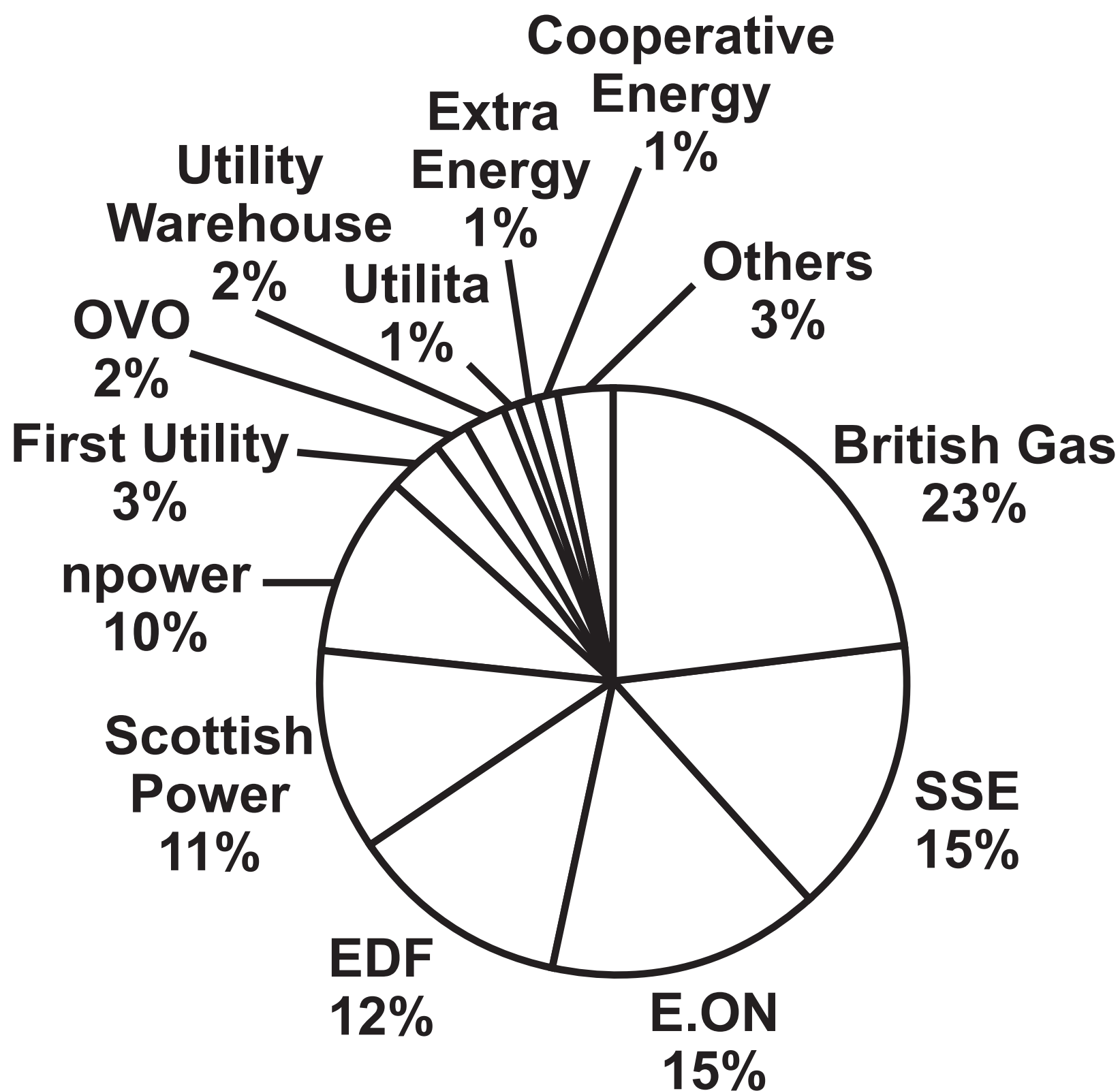
(Sources: Crown Copyright – <https://www.ofgem.gov.uk/data-portal/gas-supply-market-shares-company-domestic-gb> and https://www.ofgem.gov.uk/system/files/docs/2016/08/retail_energy_markets_in_2016.pdf)

Question 2

Extract E continued.

Market share of gas and electricity supply (UK), 2016

Figure 2
Electricity

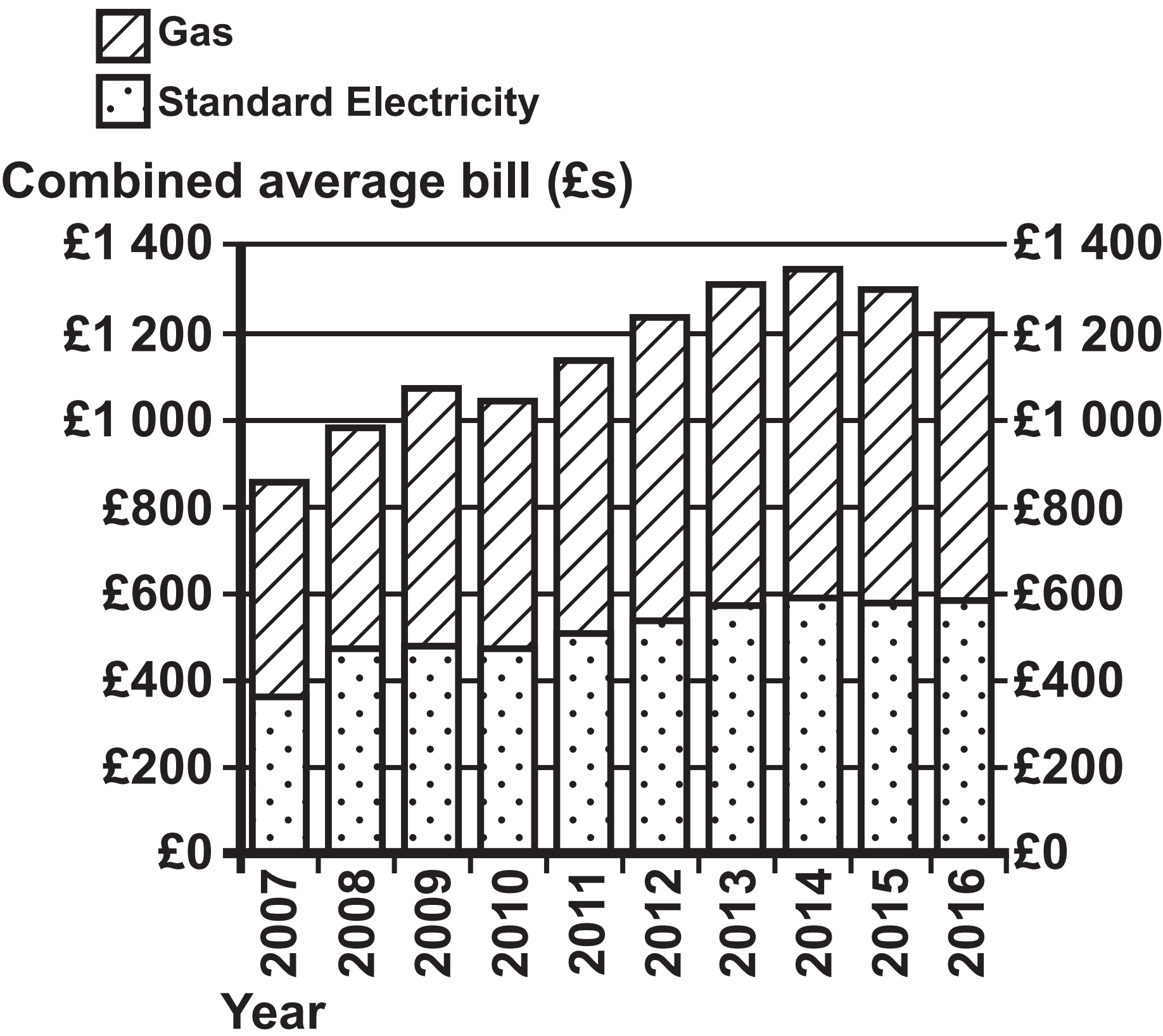


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Question 2

Extract F

Average household electricity and gas bills
(annual cost)



(Source: © Crown Copyright)

Question 3

Extract G

The cost of going to university

University tuition fees of **£1 000** were first introduced by the government in **1998**. The cost of going to university in England is now amongst the highest in the world. The
5 average cost for UK university tuition fees is over **£9 000** and is set to increase over the next few years. In addition to tuition fees, the UK student has accommodation and living costs to pay, which increases the average cost to **£21 000** per year. Average graduates may owe **£60 000**
10 when they finish university.

Belgium, France, Germany, Italy and Austria charge tuition fees of less than **£1 000** per year, whilst Scotland and much of Scandinavia do not charge any fees at all. A
Department for Education spokesperson said: “We are
15 determined to make sure that everyone with the potential to benefit from higher education has the opportunity to do so. The UK has some of the best universities in the world. Our reforms will drive up the standard of teaching at universities, so students get the best return for their
20 investment”.

(Source: University tuition fees in England now the highest in the world, new analysis suggests, by Benjamin Kentish)

Question 3

Extract H

World University Rankings 2016–2017: top 10

2016–17 rank	2015–16 rank	Institution	Country
1	2	University of Oxford	United Kingdom
2	1	California Institute of Technology	United States
3	3	Stanford University	United States
4	4	University of Cambridge	United Kingdom
5	5	Massachusetts Institute of Technology	United States

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Extract H continued.

World University Rankings 2016–2017: top 10

2016–17 rank	2015–16 rank	Institution	Country
6	6	Harvard University	United States
7	7	Princeton University	United States
8	8	Imperial College London	United Kingdom
9	9	ETH Zurich – Swiss Federal Institute of Technology Zurich	Switzerland
10	13	University of California, Berkeley	United States

(Source adapted from: <https://www.timeshighereducation.com/news/world-university-rankings-2016-2017-results-announced>)

Question 3

Extract I

Government launches 30 hours a week of free early education and childcare

All 3 to 4 year olds in England get 15 hours a week of free early education or childcare, which is funded by the government. Early education is provided by nurseries, play schemes and registered childminders.

From 2018 a limited number of parents will be eligible to claim 30 hours a week of free early education, which will benefit up to 15,000 families. Education Secretary Justine Greening said: “Early education and high–quality childcare not only helps our children get the best start in life, it benefits their future education and it supports many parents who need to work”.

(Source: © Crown Copyright)