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Pearson Edexcel  
Level 3 GCE

Economics B  
Advanced  
PAPER 3: The economic environment and  
business

Monday 5 June 2023 – Morning

Data Booklet

In the boxes below, write your name, centre number and  
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## INSTRUCTIONS

There may be spare copies of some data sheets if you wish to use them.

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

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#### SECTION B

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## **Extract A**

### **Whitsuntide hirings\* – 16th April, 1879**

**Tuesday was the half-yearly hiring for Penrith. There was a large attendance but the people seeking employment were far in excess of those requiring labour. As a necessary consequence the wage rates were lower than at previous hirings.**

**\*Hirings took place twice a year in rural areas such as Cumbria. They enabled all those seeking work as servants to meet with prospective employers and negotiate wages and terms of employment.**

## Extract B

### **Big Auto Had The Ultimate Barriers To Entry – Then Tesla Broke Through**

Before the rise of **Tesla**, conventional wisdom held that it would be practically impossible for a start-up company to challenge the giants of the car industry. When economics professors explained the concept of barriers to entry, the car industry was usually the prime example. Selling cars in volume requires not only massive industrial resources, but a highly complex supply chain and dealer network, so a start-up could not possibly enter the industry and compete.

Events have shown that this model was not valid – or perhaps it would be more accurate to say that it was no longer valid, considering the growing importance of software and technology in the auto industry. In retrospect, **Tesla** was in the right place at the right time with the right idea.

## Extract C

### What Is Good Global Marketing?

#### Red Bull

Austrian company **Red Bull** is the world's leading energy drink company, selling over **7·5** billion cans every year. Its distinctive packaging is recognised globally, as is its long running slogan “**Red Bull** gives you wings”.

One of its most successful tactics is to host extreme sports events all over the world. From the **Red Bull** Indianapolis Grand Prix in America, to the **Red Bull** Air Race in the UK, to the **Red Bull** Soapbox Race in Jordan, the brand's universal strategy takes it here, there and everywhere.

#### Dunkin' Donuts

In the US, National Donut Day happens every year in June. While Americans get their hands dirty with a Boston crème (or two), **Dunkin' Donuts** China serves up a fresh batch of dry pork and seaweed donuts.

With over **3,200** stores in **36** countries **Dunkin' Donuts** has evolved its menu to satisfy the sweet tooth of its global customers.

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**Extract C continued.**

- 20 From Korea's Grapefruit Coolata, to Lebanon's Mango Chocolate Donut and to Malaysia's Mochi Waffle, it is clear that Dunkin' Donuts isn't afraid to celebrate cultural differences in an effort to strengthen its international presence.**

## Extract D

### Digital markets

The emergence of the digital economy has been a powerful force bringing about increased competition across a wide range of products and services.

- 5    Digital platforms are at the forefront of innovation and disruption in various industries across the globe.

Some of the most valuable companies in the world – Google, Amazon, Facebook and Apple – all embraced a digital platform business model for some or  
10 all of their activities. Taxi apps such as Uber and Lyft have revolutionised the taxi business model. Hotel and restaurant booking platforms such as Booking.com and OpenTable changed the way in which we plan holidays and evenings out.

- 15 While most consumers embrace and enjoy the ‘free’ services that many of these companies offer, concerns have been expressed by traditional media and retail businesses that have been negatively affected by the digital economy. Other businesses whose access to markets is  
20 increasingly reliant on digital platforms are worried about the power these platforms now wield.



## Extract E

### Market values of digital platform firms vs comparable traditional firms\*, 2018

Firm	Start year	Employees	Market capitalisation (billion \$)
BMW*	1916	131,000	51
Uber	2009	16,000	76
Marriott Hotels*	1927	177,000	39
Airbnb	2008	10,000	38
Disney*	1923	199,000	163
Facebook	2004	35,000	473

## Extract F

### **Indian Oil Corporation (IOC) enters niche segment with Bikers Cafe**

5      As competition in fuel retailing grows, the **IOC** has launched a unique **Bikers Cafe** to cater to the needs of motorcycle expeditions to the Himalayas.

10     **IOC** has turned one of its most popular petrol stations at Shogi just outside Shimla, India, into a bikers' cafe. Apart from fuel, it offers a resting area, a parking area for motorcycles, clean toilets with hot water, seating areas, a cafeteria with heater, a shop and Wi-Fi.

The venture has increased total revenue and petrol sales are up by **17·22%**. Similar projects are planned at other strategically located petrol stations on the popular Chandigarh–Manali route to the mountains.

## Extract G

### **Commission opens in-depth investigation in Slovenia**

The European Commission has opened an in-depth investigation to assess the proposed takeover of **OMV Slovenija** by the **Hungarian Oil and Gas plc (MOL)** under the EU Merger Regulation. The Commission is concerned that the proposed transaction may reduce competition in the retail motor fuel markets in Slovenia.

**OMV Slovenija** and **MOL** are, respectively, the second and third largest fuel suppliers in Slovenia after **Petrol**, the partially state-owned company.

**OMV Slovenija** has a network of **119** fuel stations and in addition, supplies bitumen and heating oil. **MOL** has a network of over **2,000** fuel stations in nine countries in Europe with **53** in Slovenia.

## Extract H

### **Energy crisis: why French households are largely protected from soaring costs but British families struggle**

**5 In 2022, British households are bracing for a winter of massive energy price increases. The average annual bill is forecast to rise above £4 000, which is more than three times what they were paying just 12 months ago.**

**10 French households, meanwhile, will barely see their prices increase. The French Government has limited the increase of the regulated price of electricity to 4% per year.**

**15 The difference between the two countries, both with interconnected electricity grids, is huge. By reflecting the actual market price of electricity generation, Great Britain's model forces consumers to reduce consumption and encourages investment in production.**

**In contrast, the French approach uses subsidies by the government and the monopoly state-owned producer EDF, which costs taxpayers billions and postpones big decisions on energy efficiency and investment in future production.**

## Extract I

### Emissions reduction: Address market failure

Economic growth and energy consumption are inextricably linked. The Indian Government has set an annual economic growth rate of 8·5% between 2012 to 2047.

- 5 Achieving this estimated growth rate in a sustainable fashion requires a big reduction in carbon emissions, while keeping efficiency, equity and fairness in its policies.

- 10 There is a consensus that the climate crisis is a feature of market failure. The economic activities by consumers (such as driving or air-conditioning) and producers (such as electricity generation and manufacturing) cause emissions, leading to pollution and global warming.

- 15 These are negative externalities not accounted for in the private costs, leading to outcomes that are not efficient. As a result, actual costs to the consumers, producers, and society are not reflected in the market interactions leading to an uncontrolled rise in emissions.

The solution to the problem of market failure calls for government intervention.

- 20 The 2006 Stern Review on the Economics of Climate Change argues that taxation, trading of emissions permits, regulations, technology adoption, and energy-efficiency measures can be critical for emissions reduction.

Question 2(c)

Question 2(c)

## Sources

### Extract A

(Source: adapted from The Carlisle Journal April 16th 1879)

### Extract B

(Source: adapted from <https://cleantechnica.com/2022/03/03/big-auto-had-the-ultimate-barriers-to-entry-then-tesla-broke-through/>)

### Extract C

(Source: adapted from <https://blog.hubspot.com/marketing/global-marketing-and-international-business>)

### Extract D

(Source: adapted from <https://globalcompetitionreview.com/guide/digital-markets-guide/first-edition>)

### Extract E

(Source: adapted from <https://reports.weforum.org/digital-transformation/wp-content/blogs.dir/94/mp/files/pages/files/digital-platforms-and-ecosystems-february-2019.pdf>)

(continued on the next page)



Sources continued.

**Extract F**

(Source: adapted from [https://www.business-standard.com/article/companies/ioc-enters-niche-segment-with-bikers-cafe-to-meet-needs-of-expedition-rides-122071700219\\_1.html](https://www.business-standard.com/article/companies/ioc-enters-niche-segment-with-bikers-cafe-to-meet-needs-of-expedition-rides-122071700219_1.html))

**Extract G**

(Source: adapted from [https://ec.europa.eu/commission/press-corner/detail/en/ip\\_22\\_3974](https://ec.europa.eu/commission/press-corner/detail/en/ip_22_3974))

**Extract H**

(Source: adapted from <https://theconversation.com/energy-crisis-why-french-households-are-largely-protected-from-soaring-costs-while-british-families-struggle-188417>)

**Extract I**

(Source: adapted from <https://www.hindustantimes.com/opinion/emissions-reduction-address-market-failure-101650377796014.html>)