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Pearson Edexcel
Level 3 GCE

Economics B
Advanced
PAPER 1: Markets and how they work

Wednesday 15 May 2024 – Morning

Data Booklet

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

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

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INSTRUCTIONS

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

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Extract A

TUI Group lose market share to Jet2holidays

The **TUI Group (TUI)** has finally responded to being overtaken by **Jet2holidays** as the UK's largest tour operator.

TUI Chief Executive Sebastian Ebel said: “We want to be the market leader
5 not only in numbers but also in quality. We want to grow stronger than our competitors.”

The firm aims to take market share from rivals by broadening its product offering and looking beyond its traditional core package—holiday customers. It is targeting the larger and higher growth segments of the leisure market, such
10 as accommodation only, flight only, car hire, tours and experiences.

Sebastian Ebel referred to these potential new customers as ‘energised adventurers’ and ‘travelistas’. Energised adventurers are older, confident, more affluent and adventurous holidaymakers interested in culture and exploration. Travelistas are younger, independent and adventurous travellers who spend
15 less on a holiday but travel more often.

TUI reported record holiday bookings for summer **2023** and **2024** now that global travel restrictions have been lifted for consumers.

Extract B

Statement of comprehensive income of TUI Group Q3 2023 and Q3 2022

	Q3 2023 (€ million)	Q3 2022 (€ million)
Revenue	5 286·0	4 433·2
Cost of sales	5 018·4	4 313·4
Gross profit	267·6	119·8
Operating profit/(loss)	52·5	(331·2)

Extract C

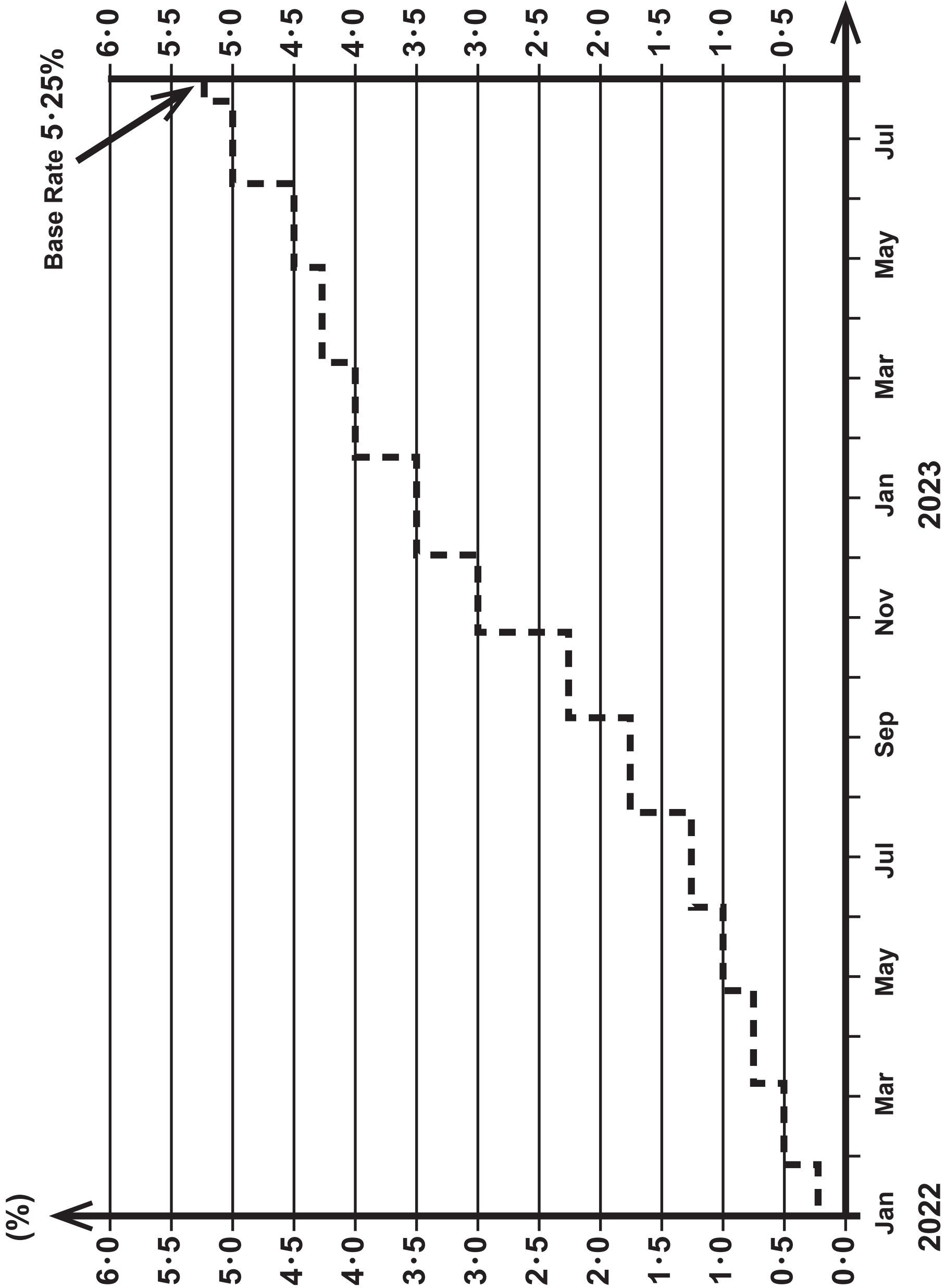
TUI hails return to profit but warns of €25 million additional costs from Rhodes' wildfires

The package holiday operator **TUI** has enjoyed its first profitable April to June since before the global health crisis but warned that it expects **€25 million** additional costs from last month's wildfires in Rhodes. **TUI** had to evacuate **8,000** customers which represented **20%** of its customers on the island.

"The financial impact of the wildfires in recent weeks covering cancellations, customer compensation, repatriation flights and welfare costs has added **€25 million** additional costs to our full year **2023** results," the company said.

10 TUI said that Rhodes accounted for about **5%** of its summer holiday offering this year, and while bookings had been affected straight after the wildfires in Rhodes and southern Europe, they had recovered quickly. It predicted summer bookings would still be **6%** higher than last year.

UK Interest (base) Rate (%) January 2022 – August 2023



Extract E

UK travel and tourism to create 700,000 jobs over next decade

The UK travel and tourism sector is highly fragmented and firms within this sector range from large tour operators such as **TUI** and **Jet2holidays** to smaller independent hotels, bed and breakfasts, travel consultants and leisure
5 activities.

According to the World Travel and Tourism Council, the UK's travel and tourism contribution to GDP is forecast to grow at an average annual rate of **3%** between **2022–2032**. It is set to reach more than **£286** billion or **10·1%** of the total economy in **2032**. The UK travel and tourism sector is expected to
10 create nearly **700,000** new jobs over the next decade and is a major employer in the UK.

The most popular tourist destination in the UK is the capital, London. In **2022**, there were **15·6** million international visitors to London who spent around **£14·2** billion. In England, Manchester is the second most visited city after
15 London. Manchester has amazing cuisine, an assortment of museums and incredible nightlife. Its number of overseas tourists is rising by **10%** a year.

Question 1(b)

Question 1(d)

Extract F

Sugar tax and childhood obesity

Obesity has become a global public health problem with over half the world predicted to be overweight or obese by 2035. Estimates suggest obesity could cost the global economy around £3·3 trillion annually by 2035, or 3% of global GDP.

In England, one in ten reception age children (four to five years old) is obese and this figure doubles to one in five children in Year 6 (10 to 11 years).

Obese children are more likely to suffer from depression and in later life have serious health problems including high blood pressure and type 2 diabetes.

- 10 In the UK, young people consume significantly more added sugars than the recommended levels. A large source of this is sugary drinks. Children from deprived households are more likely to be at risk of obesity and to be heavy consumers of sugary drinks and unhealthy food containing high levels of sugar, salt and fat.
- 15 In April 2018, the UK Government introduced a sugar tax on soft drinks — the soft drinks industry levy. The tax was targeted at manufacturers of the drinks to incentivise them to reduce the sugar content of soft drinks. The levy raised £334 million in the financial year 2021–22. Research indicated that the sugar tax had reduced childhood obesity in Year 6 girls by over 5,000 cases
- 20 per year since its introduction.

A planned restriction on advertising unhealthy foods before 9 pm on TV and online has been repeatedly pushed back. The ban, originally planned for April 2022, will now come into force in October 2025, a delay that has been greeted with dismay by health campaigners.

Extract G

Artificial Intelligence (AI) set to affect 300 million jobs across major economies

The latest breakthroughs in artificial intelligence (AI) could lead to the automation of **25%** of the work done in America and Europe, according to
5 research by Goldman Sachs. The investment bank said that AI systems such as ChatGPT, which can create content that is indistinguishable from human output, could spark a productivity boom that would eventually raise annual global gross domestic product (GDP) by **7%** over a **10**–year period.

There are already big claims for generative AI's transformational effects on
10 productivity. A recent paper published by the Brookings Institution — written with assistance from the ChatGPT — cites evidence that it can help coders work at twice their previous speed, halve the time taken to complete certain writing tasks and make call centres **14%** more productive.

But if the technology lived up to its promise, it would also bring significant
15 disruption to the labour market, exposing the equivalent of **300** million full–time workers across large economies to automation. Goldman Sachs calculates that roughly two–thirds of jobs in America and Europe are exposed to some degree of AI automation.

Lawyers and administrative staff would be among those at greatest risk of
20 becoming redundant. It did not foresee AI being adopted for more sensitive tasks such as making a court ruling, checking the status of a patient in critical care or studying international tax laws.

Question 1(b)

Question 1(d)

Sources

Extract A

(Source: adapted from <https://travelweekly.co.uk/news/air/jet2-has-done-very-well-filling-gap-thomas-cook-left-says-tui-chief>)

Extract B

(Source: adapted from: <https://www.tuigroup.com/en-en/investors/news/2023/ir-news/20230809>)

Extract C

(Source adapted from: <https://www.theguardian.com/business/2023/aug/09/tui-hails-return-to-profit-but-warns-of-25m-hit-from-rhodes-wildfires>)

Extract D

(Source: adapted from <https://www.bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate>)

Extract E

(Source: adapted from: <https://travelweekly.co.uk/news/air/uk-travel-and-tourism-to-create-70000-jobs-a-year-over-next-decade>)

Extract F

(Source: adapted from <https://www.cam.ac.uk/research/news/sugary-drinks-tax-may-have-prevented-over-5000-cases-of-obesity-a-year-in-year-six-girls-alone>)

Extract G

(Source adapted from: <https://www.ft.com/content/7dec4483-ad34-4007-bb3a-7ac925643999>)