Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel Level 3 GCE

Sample assessment material for first teaching September 2015

Time 2 hours

Paper reference **9EC0/01**

Economics A

Advanced

PAPER 1: Markets and business behaviour

You must have:
Source booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- There are three sections in this question paper. Answer **all** questions from Section A and Section B. Answer **one** question from Section C.
- Answer the questions in the spaces provided
  – *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.
- Check your answers if you have time at the end.

Turn over ▶

S84145A

©2024 Pearson Education Ltd.
1/1/1

S 8 4 1 4 5 A 0 1 3 2

Pearson

SECTION A

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

You are advised to spend 30 minutes on this section.

Use the data to support your answers where relevant.
You may annotate and include diagrams in your answers.

1 At the start of the 2012–13 football season the average ticket price in the top four English football leagues increased by 11%. During the 2012–13 season attendance fell 5%.

(Source: http://www.espn.co.uk/football/sport/story/237339.html)

(a) With reference to the data provided, calculate the price elasticity of demand for football tickets in the English football leagues.

(2)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(b) Derby County Football Club has found that the price elasticity of demand for their tickets is –0.3. Demand for their tickets is:

(1)

- ☒ **A** perfectly price elastic
- ☒ **B** perfectly price inelastic
- ☒ **C** relatively price elastic
- ☒ **D** relatively price inelastic

(c) Given that the price elasticity of demand for Derby County Football Club's tickets is –0.3, explain the likely impact on their revenue of an increase in ticket prices.

(2)

(Total for Question 1 = 5 marks)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

2 The table shows the quantity of PlayStation 4 games demanded and supplied.

Price	Quantity demanded per month (000s)	Quantity supplied per month (000s)	New quantity supplied per month (000s)
£25	400	320	
£30	360	360	
£35	320	400	
£40	280	440	
£45	240	480	

As a result of an increase in packaging costs for the games, supply decreased by 80 000 at all prices.

(a) Calculate the change in equilibrium price given the increase in packaging costs. Use the last column for your workings.

(4)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(b) PlayStation 4 games and PlayStation 4 consoles have a negative cross-elasticity of demand. This implies that these goods are:

(1)

- ☒ **A** complements
- ☒ **B** inferior
- ☒ **C** normal
- ☒ **D** substitutes

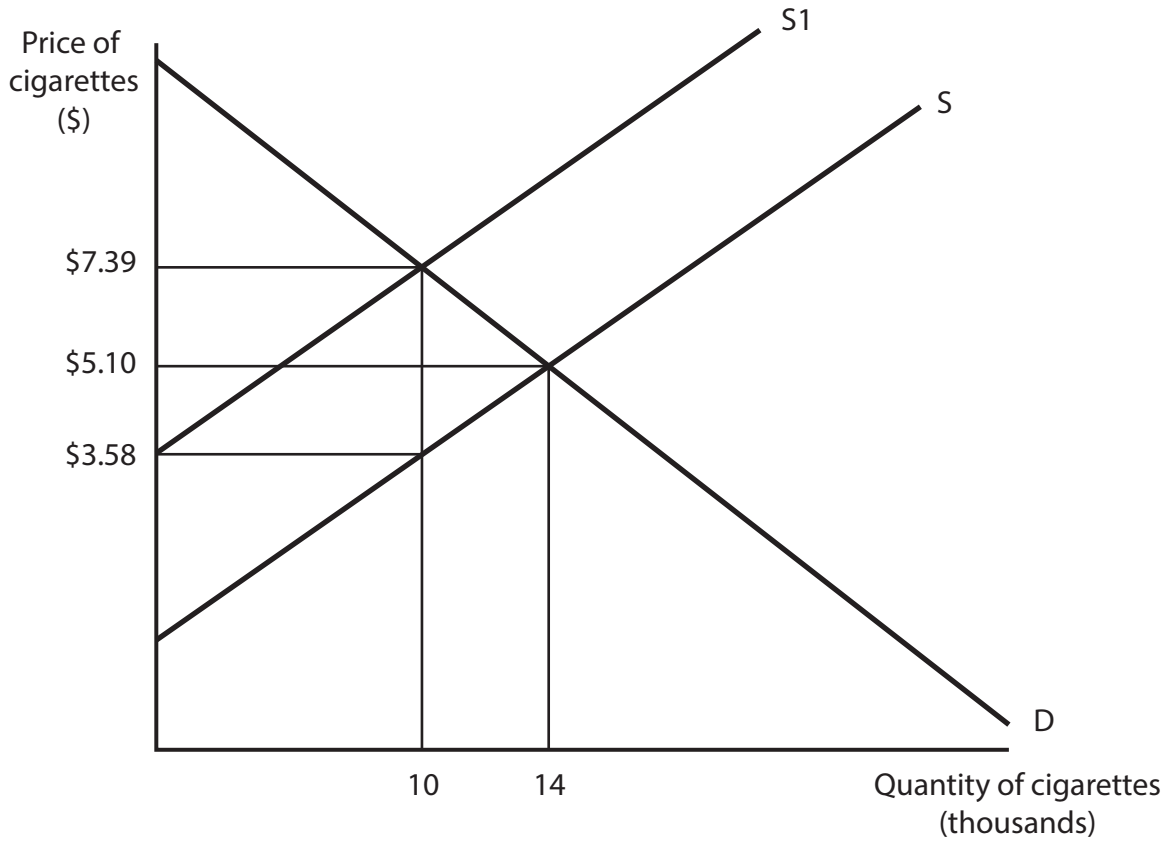
(Total for Question 2 = 5 marks)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

3 Hawaii has a tax on packets of cigarettes. The diagram below shows the effect of this tax.



(a) The tax imposed on a packet of cigarettes in the diagram above is an example of:

(1)

- ☒ **A** an income tax
- ☒ **B** a subsidy
- ☒ **C** a specific tax
- ☒ **D** an ad valorem tax

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(b) Calculate the total incidence of the tax on consumers.

(2)

(c) Calculate the total tax revenue.

(2)

(Total for Question 3 = 5 marks)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

4 The following table shows the sales (millions) of tablet computers in quarter 3, 2012 and quarter 3, 2013:

Sales of tablets (millions)		
Manufacturer	**Quarter 3, 2012**	**Quarter 3, 2013**
Apple	14.0	14.1
Samsung	4.3	9.7
Asus	2.3	3.5
Lenovo	0.4	2.3
Acer	0.3	1.2
others	13.5	16.8
Total	**34.8**	**47.6**

(Source: http://appleinsider.com/articles/13/10/30/ipads-marketshare-drops-11-in-q3-on-lack-of-new-models-android-posts-significant-gains)

(a) The 3-firm concentration ratio in quarter 3, 2012 was 59.2%.
Calculate the 3-firm concentration ratio in quarter 3, 2013 in this market.

(2)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(b) It can be deduced from this data that the tablet computer market is:

(1)

- ☒ **A** monopolistically competitive
- ☒ **B** perfectly competitive
- ☒ **C** oligopolistic
- ☒ **D** a natural monopoly

(c) Explain **one** barrier to entry that is likely to exist in the tablet computer market.

(2)

(Total for Question 4 = 5 marks)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

5 Blackberry made a loss of $4.4 billion in quarter 3, 2013 but continued to operate.

(a) Explain **one** condition under which loss-making firms might continue to operate in the short-run.

(4)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(b) If Blackberry is currently a profit-maximising firm but changes its objective to sales maximisation, it can be deduced that Blackberry will move from setting prices at which:

(1)

- ☒ **A** marginal revenue equals zero to where marginal revenue equals marginal costs
- ☒ **B** marginal revenue equals marginal costs to where marginal revenue equals zero
- ☒ **C** marginal revenue equals marginal costs to where average revenue equals average costs
- ☒ **D** average revenue equals average costs to where marginal revenue equals marginal costs

(Total for Question 5 = 5 marks)

TOTAL FOR SECTION A = 25 MARKS

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

SECTION B

Read Extracts A–C and Figure 1 in the Source Booklet before answering Question 6.

Write your answers in the spaces provided.

You are advised to spend 1 hour on this section.

6 (a) Explain why the price of 'the average top-price ticket has risen by almost £10' (Extract A, line 3). Use a supply and demand diagram in your answer.

(5)

(b) Examine **two** reasons Cineworld plans to merge with CCI.

(8)

(c) With reference to Figure 1, discuss the likely impact of price discrimination on Cineworld's profit. Include an appropriate diagram in your answer.

(12)

(d) Apart from price discrimination, assess **one** pricing and **one** non-pricing strategy Cineworld could adopt to increase sales.

(10)

(e) Discuss the likely impact of 'a substantial lessening of competition in the cinema market in Aberdeen, Bury St Edmunds and Cambridge' (Extract C, lines 7–8).

(15)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

6 (a) Explain why the price of 'the average top-price ticket has risen by almost £10' (Extract A, line 3). Use a supply and demand diagram in your answer.

(5)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(b) Examine **two** reasons Cineworld plans to merge with CCI.

(8)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(c) With reference to Figure 1, discuss the likely impact of price discrimination on Cineworld's profit. Include an appropriate diagram in your answer.

(12)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

(d) Apart from price discrimination, assess **one** pricing and **one** non-pricing strategy Cineworld could adopt to increase sales.

(10)

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(e) Discuss the likely impact of 'a substantial lessening of competition in the cinema market in Aberdeen, Bury St Edmunds and Cambridge' (Extract C, lines 7–8).

(15)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

(Total for Question 6 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS

SECTION C

Answer ONE question from this section. Write your answer in the space provided.

You are advised to spend 30 minutes on this section.

EITHER

7 Governments use various policy tools to reduce carbon emissions, with tradable permits and taxation being two prominent methods.

Evaluate whether tradable permits are less effective than taxation in reducing carbon emissions.

(Total for Question 7 = 25 marks)

OR

8 The UK national minimum wage is a legally mandated minimum hourly wage that employers must pay their workers.

Evaluate the likely microeconomic impact of an increase in the UK national minimum wage.

(Total for Question 8 = 25 marks)

Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.

Chosen question number: **Question 7** ☐ **Question 8** ☐

Write your answer here:

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

TOTAL FOR SECTION C = 25 MARKS
TOTAL FOR PAPER = 100 MARKS

DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA
DO NOT WRITE IN THIS AREA