

Please check the examination details below before entering your candidate information

Candidate surname					Other names				
Centre Number					Candidate Number				

Pearson Edexcel Level 3 GCE

Monday 22 May 2023

Afternoon (Time: 2 hours)

Paper reference **9EB0/02**

Economics B

Advanced

PAPER 2: Competing in the global economy

You do not need any other materials.

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.
- Answer **all** questions.
- 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.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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Answer ALL questions.

SECTION A

Read the following extracts (A to D) before answering Question 1.

Write your answers in the spaces provided.

Extract A

UK restaurant sector in March 2022

Restaurants face food, wage and energy inflation, while real household incomes are falling. Around 700 chain restaurants have closed since March 2020, according to the *Local Data Company (LDC)*, which monitors chain restaurants. *The Restaurant Group*, which took over Frankie & Benny's, Garfunkel's and Chiquito and *Casual Dining Group*, which took over Café Rouge and Bella Italia, have now closed dozens of their restaurants.

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However, small independent restaurants have stepped into the gaps left by the chains. The number of local restaurants has increased by 3.7% (888) since March 2020, according to *LDC*. Cheaper rents have made it easier for entrepreneurs to start new restaurant businesses.

10

(Source: adapted from <https://www.theguardian.com/business/2022/mar/26/uk-casual-dining-covid-independent-restaurants>)

Extract B

The growth of dark kitchens

Imagine a restaurant. Remove the tables, customers and restaurant employees. Replace these with an app and you have a dark kitchen. Dark kitchens are designed exclusively for efficiency; to cook, pack and deliver takeaway meals as quickly as possible. The idea is they help existing restaurant chains reach customers further away from their restaurants, which in turn do not become too busy.

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There has been substantial growth in the number of dark kitchens particularly in London, Manchester and Leeds. They are industrial-scale kitchens, located in warehouses in low-cost areas. While Food Stars, owned by Los Angeles based *CloudKitchens*, is the largest operator of dark kitchens in the UK, another multinational *Deliveroo* launched *Deliveroo Editions* rentable kitchens in 2017. In addition, *Dishoom*, *Rosa's Thai*, *Five Guys* and Chinatown dim sum restaurant, *Tao Tao Ju*, have all entered this market.

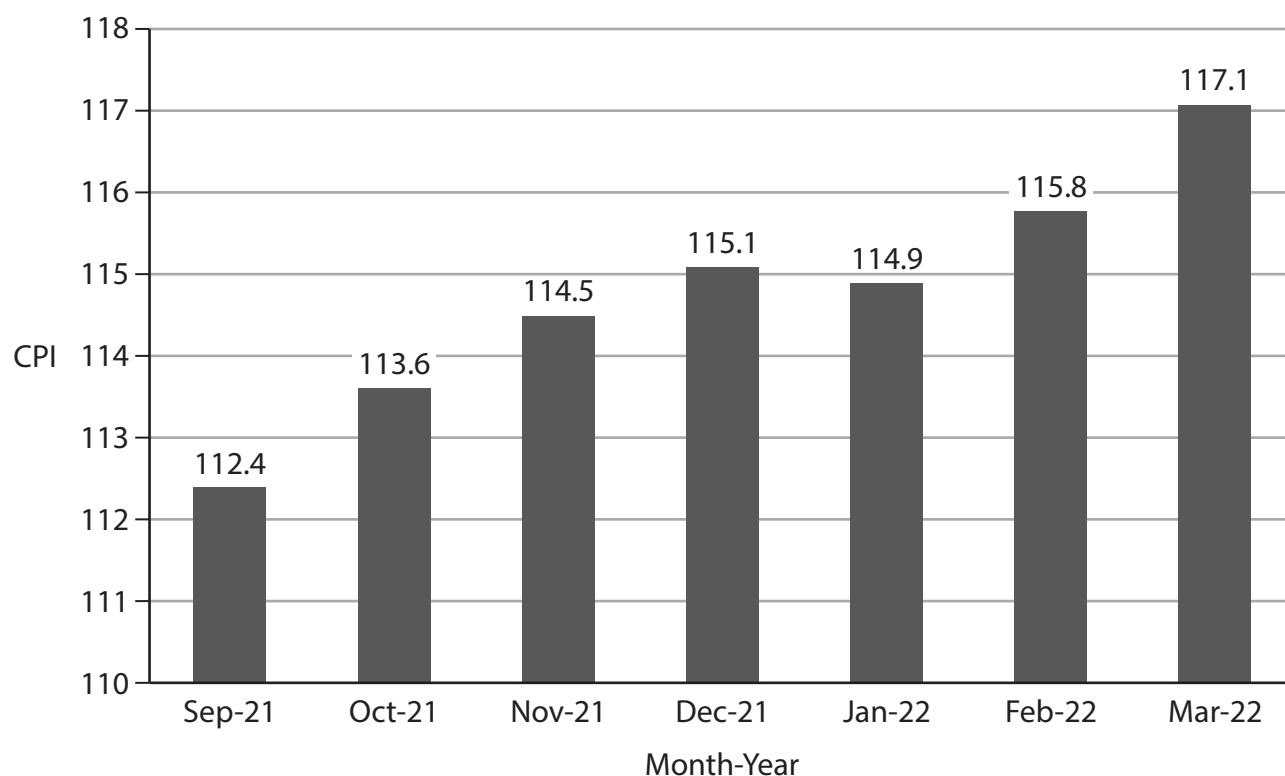
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However, there have been growing concerns about dark kitchen sites being located close to residential areas. These concerns often relate to abuse from delivery drivers and finding ingredients, including raw meat, dumped in the street. There have also been concerns about poor working conditions and low pay for employees in these dark kitchens.

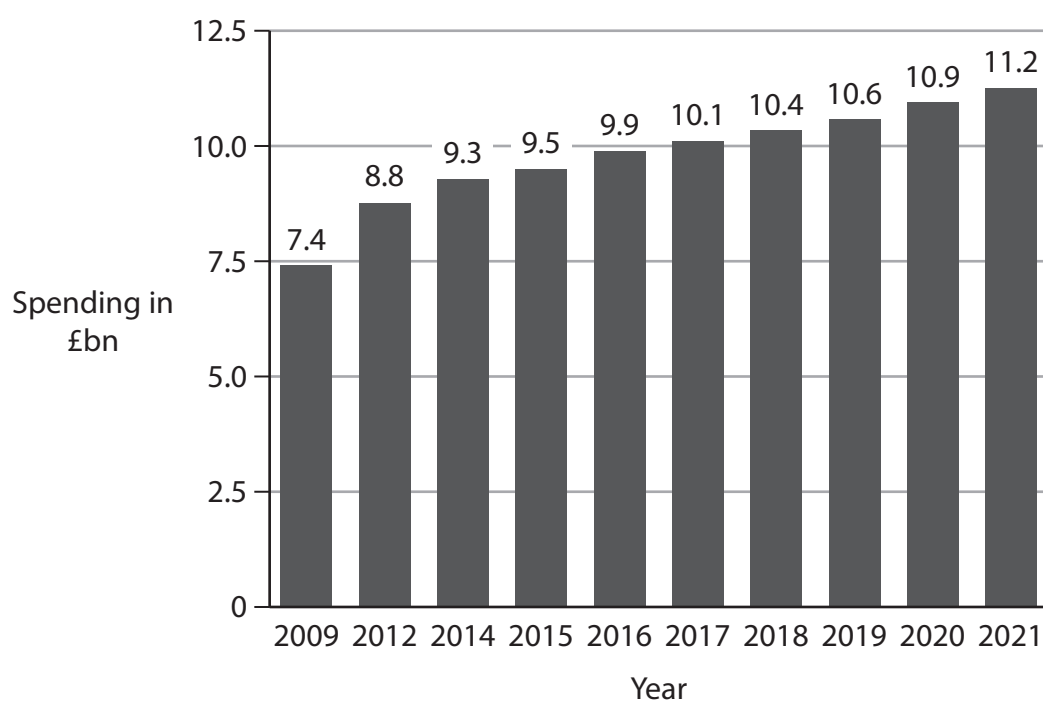
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(Source: adapted from <https://www.theguardian.com/commentisfree/2022/jan/17/dark-kitchens-food-delivery-apps-inside-kitchen-work> and <https://www.timeout.com/london/news/the-mystery-of-londons-dark-kitchens-041322>)



Extract C**UK monthly consumer price index (CPI) September 2021 to March 2022 (2015 = 100)**

(Source: adapted from <https://www.ons.gov.uk/economy/inflationandpriceindices>)

Extract D**Total household expenditure on takeaway meals in the UK 2009, 2012 and 2014 to 2021 (£bn)**

(Source: adapted from <https://www.statista.com/statistics/584999/takeaways-household-spending-united-kingdom-uk/>)

- 1 (a) Using the data from Extract C calculate, to 2 decimal places, the rate of inflation in March 2022.

You are advised to show your working.

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(b) With reference to Extract C, explain in which month there was deflation and in which month there was disinflation.

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Median nominal annual earnings for full-time employees in the UK increased from £25 806 in 2009 to £31 285 in 2021.

In the same period, there was an increase of 52% in demand for takeaway meals.

- (c) Using this data, calculate, to 2 decimal places, the income elasticity of demand for takeaway meals from 2009 to 2021. You are advised to show your working.

(4)



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(d) Analyse **two** ways small firms might survive in the competitive restaurant market.

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(e) Discuss the possible benefits to takeaway firms of using dark kitchens.

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(f) With reference to Extract A, assess the likely impact of rising inflation on the UK restaurant market.

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(h) With reference to Extract B, assess potential stakeholder conflicts associated with the growth of dark kitchens.

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(Total for Question 1 = 60 marks)

TOTAL FOR SECTION A = 60 MARKS



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QUESTION 2 BEGINS ON THE NEXT PAGE.



SECTION B

Read the following extracts (E to G) before answering Question 2.

Write your answer in the space provided.

Extract E

Tesco and Aldi take drastic action to avoid empty supermarket shelves

Shoppers complained about empty supermarket shelves in August 2021. Although *Tesco* previously assured shoppers it had plenty of food and urged customers to shop as normal. *Tesco*, Britain's biggest supermarket, announced a £1 000 bonus for lorry drivers joining its workforce. *Aldi* acted in a similar way and increased the wages of its lorry drivers.

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The payment to *Tesco* drivers which was applied to drivers who joined from 14 July until the end of September, appeared on various advertisements for lorry driver roles on the *Tesco* website. The aim was to maintain frequent deliveries of small quantities of stock to keep the shelves full.

10

(Source: adapted from <https://www.manchestereveningnews.co.uk/news/uk-news/tesco-aldi-take-drastic-action-21204833>)

Extract F

Semiconductor shortage shows the pitfalls of 'just in time'

Just in time (JIT) manufacturing is one of the marvels of globalisation. By coordinating the minute-to-minute movements of ships, trains and trucks across continents, car and electronics manufacturers can ensure that the parts arrive as they are needed. However, such lean production methods leave little room for error.

5

Car makers and other firms are now paying the price in production delays, missed sales and damage to reputations because of the semiconductor shortage.

In 2021 the shortage of semiconductors damaged supply chains worldwide. Car factories were idle because of the struggle in locating semiconductors to buy. Consumer electronics makers warned that the shortage was spreading to the production of televisions, household appliances and smartphones.

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(Source: adapted from <https://www.ft.com/content/8fd09156-434c-45c6-8d26-3765b98f1980>)

Extract G

The UK lacks gas storage capacity

The UK stores enough gas to meet the demand of four to five winter days, or just 1% of Europe's total available storage. The Netherlands has capacity more than nine times the UK, while Germany has 16 times UK storage capacity. The low storage levels left the UK far more exposed to higher global prices and the risk of gas shortages in the 2021–2022 winter.

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(Source: adapted from <https://www.theguardian.com/business/2021/sep/24/how-uk-energy-policies-have-left-britain-exposed-to-winter-gas-price-hikes>)

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- 2 Evaluate the impact of just in time (JIT) management of stock on the efficiency and competitiveness of firms.

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS



SECTION C

Read the following extracts (H and I) before answering Question 3.

Write your answer in the space provided.

Extract H

Inflation versus economic growth

UK economic growth is expected to match the USA in 2022 but in 2023 it will slump to the bottom of the league table of comparable economies in the G7, the International Monetary Fund (IMF) has said. It will also face the highest rate of inflation.

The data will add to the pressure on the UK Government. Slower growth and higher prices could be even more politically dangerous as energy prices rise again in 2022–2023 winter. Critics of UK Government policy said that the IMF data showed that its macroeconomic policy was wrong and as a result forecast a recession in the second quarter of 2022. 5

(Source: adapted from <https://www.theguardian.com/business/2022/apr/19/imf-cuts-global-growth-forecast-over-ukraine-war>)

Extract I

Sustainability versus economic growth

Many of the world's most 'prosperous' countries are its least sustainable. Since the 1970s, humanity has been in 'ecological overshoot', with annual demand for resources exceeding what the Earth can regenerate each year. Today, humanity uses the equivalent of 1.7 Earths to provide the resources we use. This applies to the vast majority of today's wealthy countries. 5

Even nations such as Norway, with an apparent ecological surplus thanks to widespread use of renewables at home, mask their true carbon footprint by exporting fossil fuels to be burned elsewhere – in so doing, helping to enhance their own prosperity further.

(Source: adapted from <https://www.theguardian.com/global-development/2018/dec/05/climate-change-ranking-prosperity-invites-disaster-henrietta-moore-ucl>)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 100 MARKS



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