**Advice on 15 mark question on why sugary drinks are over consumed**

Show early on in answer that you understand what a free market is. Reference market forces, interaction of demand and supply determines what gets provided by the market and at what price.

Make sure you have shown that you understand the market is failing provide a good strong definition of market failure

Reference demerit goods define them, negative externalities arising from consumption (in this case health issues and then link to impact on NHS), make reference to marginal social and marginal private benefit and external benefit.

Include an accurately labelled negative externalities in consumption diagram. Make sure you have shaded the deadweight welfare loss and that you have on the x axis clearly shown the overconsumption and the socially optimal and free market output.

Reasons for overconsumption

* price doesn’t reflect the true costs (i.e. doesn’t take account of the third party effects and associated costs think about what a sugar tax tries to tackle you could even cite sugar taxes being used to tackle this but **be very careful that your answer doesn’t begin to tackle the question of how should the government intervene this question asks you to account for the reasons why sugary drinks are overconsumed when left to the free market – one of the reasons students often lose marks in exams is when they answer the question they would have liked to have been asked rather than the one that they have actually been asked. Things you can do to overcome this are frequently reading your answer and make sure you have a quick plan of the three points you want to raise before you start writing**)
* asymmetric information imperfect information means consumers often aren’t aware of the full/longer term implications associated with consumption
* sugary drinks might be seen to have addictive properties and therefore you might argue price inelastic demand

**General hints and tips**

Telegraph points so that your answer has clear structure i.e. you could start you paragraphs with each separate point in the following way

One reason why sugary drinks are overconsumed in the free market is

Another reason why sugary drinks are overconsumed is

Make your diagrams work for you. Ensure not only do you have a well labelled diagram but that you actually integrate it into your answer it should be used and referred to in developing your chains of analysis. In this case e.g**. if left to the free market as shown in the diagram below there would be overconsumption at Q2 this results in a deadweight welfare loss indicated.**