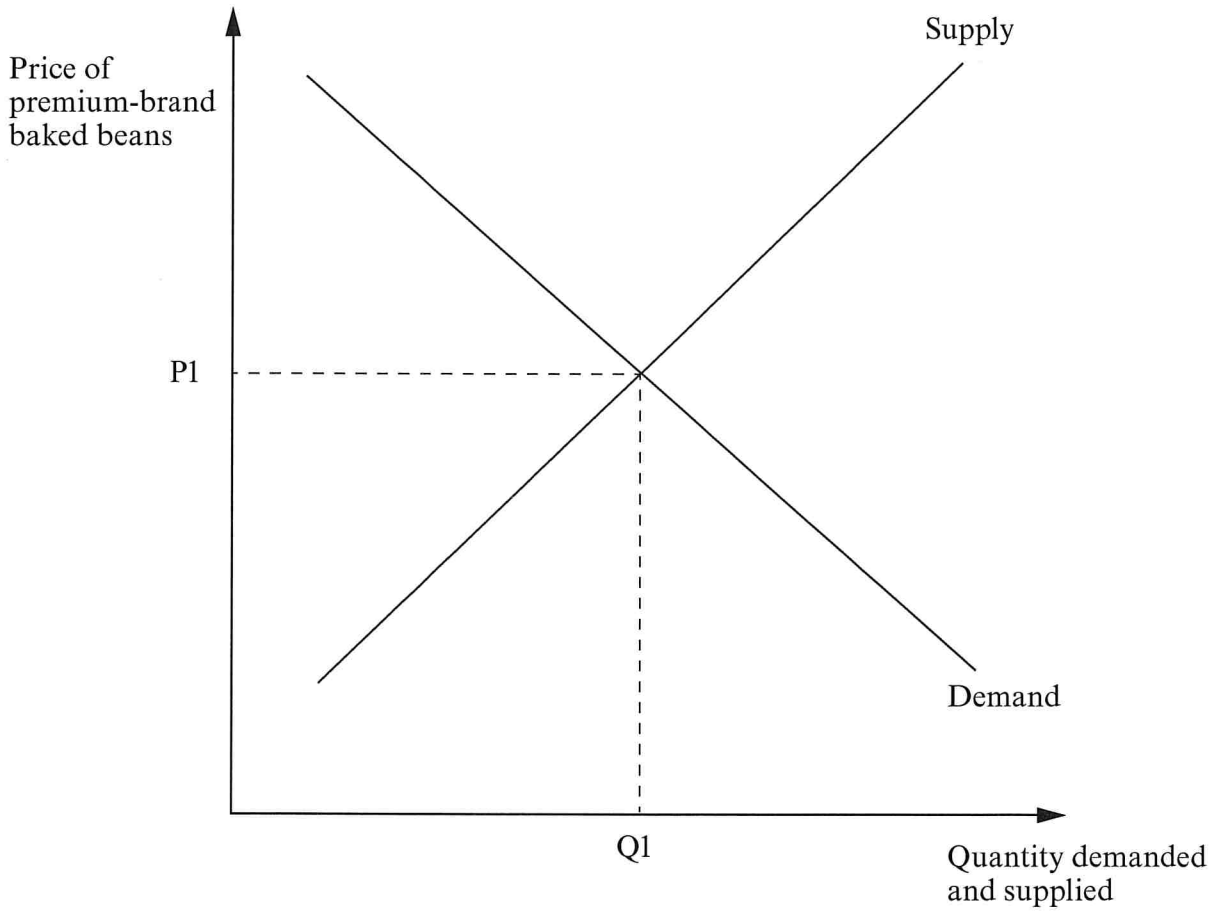


3. The fall in incomes over the past three years is the biggest drop since the 1970s says a report from the Institute for Fiscal Studies. As a result, consumers are changing from buying premium products to cheaper products in the supermarket.

(a) Adapt the diagram below to show the effect of falling incomes on the market for premium-brand baked beans and explain the changes that have taken place. [4]



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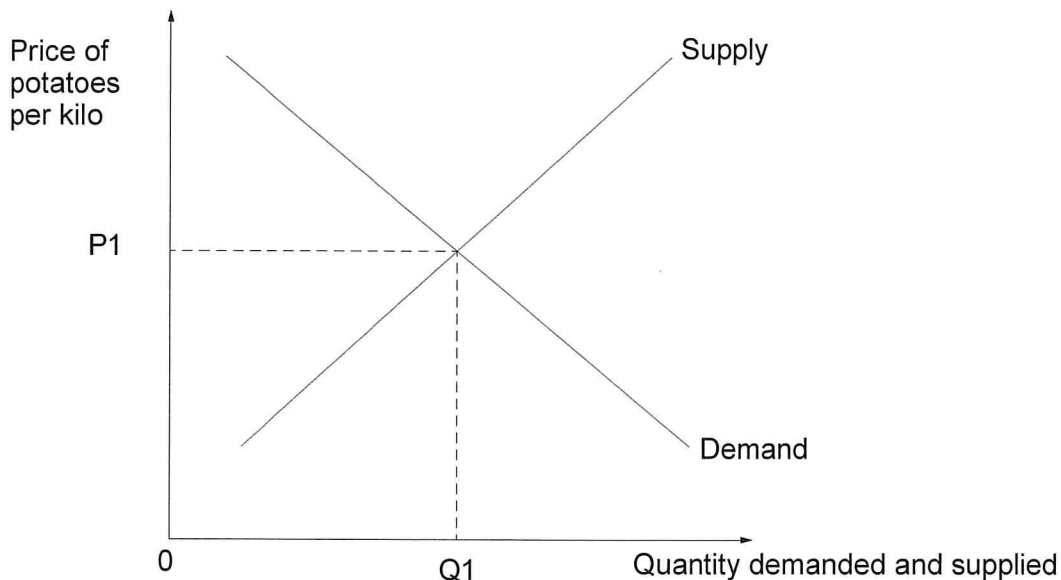
**2. IT'S OFFICIAL – 2012 WAS THE SECOND WETTEST YEAR IN OVER A CENTURY OF UK WEATHER RECORDS.**

So which businesses and industries lost out most in 2012, and were there any winners? Farmers suffered badly last year, as the constant rain severely stunted many crops. Wheat yields were at their lowest since the 1980s, with production down about 15%, while farmers grew about 4.5 million tonnes of potatoes, one million fewer than the average, according to Phil Bicknell, chief economist at the National Farmers' Union.

As for sales of gardening products, "gardening was a complete washout", says Patrick O'Brien, retail specialist at consultancy Verdict Research. But it was not all bad news – sales of slug pellets and weed killer did very well, as slugs and weeds both thrived in the wet weather.

B&Q had a bad spring and summer. Its sales fell 6% and shopper numbers were down 20%, as not only would-be gardeners, but also outdoor DIY enthusiasts and barbeque food lovers, were put off by the terrible weather. In contrast, Dixons – owner of Currys and PC World – said that its sales of tumble dryers in April had doubled, while demand for electric heaters had shot up 10-fold from a year before.

- (a) Adapt the diagram below and explain the likely effect on the price of potatoes in 2012 as a result of the flooding. [4]



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