

1.2 Business economics and pricing

Name: _____ Class: _____ Date: _____ **Total: 13 marks**

KEY WORDS scarcity 稀缺性 • opportunity cost 机会成本 • demand 需求 • supply 供给
• equilibrium price 均衡价格

Objective

Use **scarcity** 稀缺性, **opportunity cost** 机会成本, demand, supply, and equilibrium to explain a business pricing choice.

You must be able to:

- define opportunity cost using a next-best alternative
- distinguish demand from supply
- explain a shortage or surplus using price and quantity

1 Worked examples

■ **Opportunity cost**

A café buys a delivery bicycle instead of a second oven. The opportunity cost is the **second oven**: the next best option it gave up, not the bicycle’s price.

■ **Finding a useful price**

At 3 yuan, 120 students want sandwiches but the café has 80. At 4 yuan, about 80 want one. The 4-yuan price matches quantity demanded with quantity supplied, so it is an **equilibrium price** 均衡价格.

2 Practice

2.1 Define opportunity cost. [2]

2.2 At a price of 2 yuan, 100 drinks are demanded but only 70 are supplied. State whether this is a shortage or surplus. [1]

2.3 Explain why a price rise may make supply more attractive to a firm. [2]

3 Exam-style questions

3.1 A café has 80 sandwiches. At 3 yuan, 120 are demanded; at 5 yuan, 50 are demanded; at 4 yuan, 80 are demanded. Recommend a price and justify your answer. [4]

3.2 A small business spends its savings on a delivery bicycle rather than a second oven. Explain the opportunity cost and one possible advantage of the bicycle. [4]