Centre No.					Pape	er Refer	ence			Surname	I	Initial(s)
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6362/01

Edexcel GCE

Economics and Business Studies (Nuffield)

Advanced Subsidiary

Unit Test 2 – Efficiency (Module 2) and Change (Module 3)

Thursday 18 January 2007 - Morning

Time: 1 hour 45 minutes

Materials required for examination	Items included with question paper
Nil	Insert for use with questions 2 and 3

Instructions to Candidates

In the boxes above, write your centre number, candidate number, your surname, initials and signature. Check that you have the correct question paper.

You must ensure that your answers to parts of questions are clearly numbered.

Answer THREE questions. You must answer all parts of Question 1 in Section A, ONE question from Section B and ONE from Section C. Write your answers in the spaces provided in this question paper. Indicate which question you are answering by marking the box (🗵).

If you change your mind, put a line through the box (X) and then indicate your new question with a cross (X).

Information for Candidates

The marks for the various parts of questions are shown in round brackets: e.g. (2).

The total mark for this paper is 90

There are 20 pages in this question paper. Any blank pages are indicated.

Credit will be given for the use of recent examples, where relevant and appropriate.

The source material for use with questions 2 and 3 is provided as a separate booklet.

You may use a calculator.

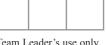
Advice to Candidates

You will be assessed on your ability to organise and present information, ideas, descriptions and arguments clearly and logically, taking into account your use of grammar, punctuation and spelling.

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Question Number	Leave Blank
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SECTION A

Answer all parts of Question 1 after reading Evidence A, Evidence B and Evidence C

Evidence A

Ad of the Week: Tio Pepe chases the thirtysomethings

Changing purchasing patterns have led to a decline in the sales of sherry, with an estimated 25% fall in consumer demand compared with 1996 and volume also down 3% per year. A new press and radio campaign is designed to appeal to the growing number of people in their thirties who are very serious about food and the drinks that go with it.

(Source: adapted from the Daily Telegraph, 4 June 2002)

Evidence B

Hell's Kitchen serves up hot sherry sales for sponsor

The TV show *Hell's Kitchen* has helped increase the demand for its main sponsor, Tio Pepe. Sales in Tesco of Tio Pepe sherry rose by 40% during the two week series and at Sainsbury's by 25%.

Since March 2001, Tio Pepe's owners, Gonzalez Byass, have spent about £6 million on advertising with annual sales increasing by about 100,000 bottles to more than 500,000.

(Source: adapted from The Times, 11 November 2004)

Evidence C

Punch Taverns financial highlights

	2004	2003	2002
Turnover	£638m	£429m	£392
Operating profit	£323m	£227m	£202
Profit before tax	£156m	£113m	£93
Earnings per share	48.8p	39.3p	27.4p

Punch Taverns run pubs throughout the UK. They have the aim of attracting the best work force, training them well and developing their pubs so that each Pub is different – reflecting its target market. In addition, they look to make money from selling more than just beer. Punch Taverns try to market themselves as being different to other firms.

Analysts are concerned about the impact of extending a smoking ban to pubs and restaurants. Such a move in Ireland led to a fall in sales of 30% and revenues of 16%. Analysts are also concerned that a downturn in the business cycle might hit hard luxury items, such as eating out.

(Source: adapted from www.punchtaverns.com and The Independent on Sunday, 14 November 2004)



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Leave blank (c) To what extent does the financial information support the view that profitability has improved for Punch Taverns? **(8)**



Critically assess the view that advertising is the most important way of increased as a product such as aborry.	sing
sales of a product such as sherry.	
	(10)
(Total 30 mar	rks)

Leave blank

SECTION B

Answer EITHER Question 2 OR Question 3 after reading Evidence D and Evidence E

Write your answers in the spaces provided.

If you answer Question 2 put a cross in this box \square .

2. (a) Explai	in two possible benefits of "open s	ky aviation" (Deregulation).	
			(6)



(b)	Examine the possible content of a business plan for the Airbus A380.
	(6)

Leave blank

Leave blank (c) Assess the likely extent of the effect of an "open sky" on a company such as Airbus. **(8)**



9

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OR

3.

If you answer Question 3 put a cross in this box \square .

(a)	Explain some of the likely reasons for a merger between two airlines such as BA and American Airlines.
	(6)



11

(b)	Examine ways in which Boeing could extend the product life cycle for its "ageing" 747.
	(6)

Leave blank

Leave blank (c) Assess the possible dangers of changes outside its control to a company such as Airbus. **(8)**



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SECTION C	
Answer EITHER Question 4 OR Question 5	
4. (a) Examine two methods a company such as Punch Taverns might use to make its	
market grow further. (10)	
(b) Evaluate the possible effects of a downturn in the business cycle on companies such as Punch Taverns.	
(20)	Q ²
(Total 30 marks)	
OR	
5. (a) Examine some of the possible effects on economic growth of a successful "open sky" agreement.	
(10)	
(b) Critically assess the view that governments should intervene in markets such as that for air travel.	
(20)	Q:
(Total 30 marks)	
Indicate which questions you are answering by marking 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 4 ☑ Question 5 ☑	



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 TOTAL FOR PAPER: 90 MARKS	
 TOTAL FOR SECTION C: 30 MARKS	