

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Economics and Business

Advanced Subsidiary

Unit 2B: Business Economics

Thursday 20 January 2011 – Afternoon

Time: 1 hour 15 minutes

Paper Reference

6EB02/01

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 in Section A and Section B.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- You may use a calculator.

Information

- The total mark for this paper is 70.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Quality of written communication will be taken into account in the marking of your answers
– *you should take particular care with your spelling, punctuation and grammar, as well as the clarity of expression.*

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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SECTION A

Answer ALL the questions in this section.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may annotate and include diagrams in your answers.

- 1** (a) A price war in school uniforms led Tesco to drop the price of a complete uniform by 25%, which led to sales increasing by 50%.

Calculate the price elasticity of demand for Tesco's school uniform.

(1)

- A** -0.25
- B** -0.5
- C** -1.0
- D** -2.0

Answer

- (b) Explain your answer (show your workings).

(3)

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(Total for Question 1 = 4 marks)



2 (a) eBay sells a large number of specialist items, each in relatively small quantities, through its online marketplace. This is an example of the 'long tail'.

Online retailing is **likely** to increase all of the following, **except**

(1)

- A consumer choice
- B number of suppliers
- C price
- D niche markets

Answer

(b) Explain your answer.

(3)

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(Total for Question 2 = 4 marks)



3 (a) In an imperfectly competitive market such as hairdressing, which **one** of the following is **most likely** to occur?

(1)

- A Product differentiation
- B Few suppliers
- C High barriers to entry
- D Identical prices

Answer

(b) Explain your answer.

(3)

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(Total for Question 3 = 4 marks)



4 (a) In 2009, Walt Disney Inc bought comic book giant Marvel Entertainment in a £2.5 billion deal.

One of the reasons for the takeover was to increase

(1)

A average costs

B market share

C competition

D staffing levels

Answer

(b) Explain your answer.

(3)

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(Total for Question 4 = 4 marks)



5 (a) The John Lewis Partnership is the largest employee-owned company in the UK with all 69,000 employees known as 'Partners'; they are all consulted on how the business is run.

Consultation is **most likely** to lead to

(1)

- A increased productivity by employees
- B more supervision by managers
- C a decrease in employee morale
- D increased staff turnover

Answer

(b) Explain your answer.

(3)

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(Total for Question 5 = 4 marks)



6 (a) The demand curve for cars in the UK will shift to the left if there is

(1)

- A an increase in the cost of steel
- B a re-introduction of subsidies for scrapping old cars
- C an increase in economic growth in the UK
- D a decrease in public transport fares

Answer

(b) Explain your answer.

(3)

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(Total for Question 6 = 4 marks)

TOTAL FOR SECTION A: 24 MARKS



SECTION B

Answer ALL the questions in this section.

You are advised to spend 45 minutes on this section.

Evidence A

300 jobs to go as Jaguar end X-Type production

Jaguar is to end production of its X-Type car by the end of 2009, with the loss of up to 300 jobs. The firm said it would be seeking voluntary redundancies at its factory in Halewood, Merseyside. The factory is also to close for three weeks as part of an extended shutdown because of 'ongoing weaknesses' in the car industry.

David Smith, chief executive of Jaguar Land-Rover (JLR), said: 'Our industry has been especially badly hit by the recession – and the premium car sector more than others. Jaguar Land-Rover's retail sales fell by 28% in the past 10 months with overall market share plummeting. We have taken unprecedented actions to cut costs including reduced production volumes, significant cuts to investment plans and some 2200 job losses.'

Traditionally JLR has only sold cars in the premium car sector. 'The end of the X-Type is a major strategic move for JLR because it was the group's only attempt at a mass-market vehicle,' says Garel Rhys, at Cardiff Business School's Centre for Automotive Industry Research.

The big question is what happens to Halewood without the X-Type. JLR says the future of the plant is secure because Land-Rover's top seller, the Freeland, is made there. Neither of the other two factories, at Castle Bromwich and Solihull, has the capacity to take over. Halewood currently employs around 2000 workers and is a major employer on Merseyside.

(Source: adapted from Alan Jones, Press Association, 15 July 2009)

Evidence B

The role of the knowledge economy

Liverpool and the Merseyside region are well placed to capitalise on the growing importance of knowledge-based industries in the national economy. Steven Broomhead, chief executive of the North West Development Agency (NWD), says, 'Developing the region's knowledge economy is key to increasing regional economic growth and enabling the North West to compete at international level after the decline of traditional industries such as the car industry.'

With more than 80 biotech companies based in Merseyside, employing over 4000 people, the area is a national centre of excellence for life sciences and a European centre of biotechnological expertise that generates an annual turnover of £250 million. Liverpool's three universities play a key role in attracting and creating successful businesses, as well as attracting and supplying the area with an educated labour force.

(Source: adapted from relocatemagazine.com)



7 What is meant by the term 'market share' (see Evidence A, lines 7–8)?

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(Total for Question 7 = 2 marks)

8 Briefly explain **one** way in which JLR could increase its market share.

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(Total for Question 8 = 4 marks)



9 Briefly explain **one** reason why the Government might want to reduce unemployment.

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(Total for Question 9 = 4 marks)



(b) workers in the UK

(7)

Area with horizontal dotted lines for writing.

(Total for Question 13 = 14 marks)

TOTAL FOR SECTION B: 46 MARKS
TOTAL FOR PAPER: 70 MARKS



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