

Write your name here

Surname

Other names

Pearson
Edexcel GCE

Centre Number

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Candidate Number

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Economics and Business

Advanced Subsidiary

Unit 2B: Business Economics

Thursday 4 June 2015 – Morning
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.*
- Questions labelled with an **asterisk** (*) are ones where the quality of your written communication will be assessed
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*

Advice

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

Turn over ►

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PEARSON

SECTION A

Answer ALL questions in this section.

Write the letter of your chosen answer in the box and 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) In April 2013 the UK unemployment rate was 7.9%.

Which **one** of the following activities is associated with structural unemployment? (1)

- A** Catering
- B** Mining
- C** Hairdressing
- D** Tourism

Answer

(b) Explain why this answer is correct. (3)

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(Total for Question 1 = 4 marks)



2 (a) Showcase is one of the largest multiplex cinema chains in the UK.

Which **one** of the following is **most likely** to exist in an oligopolistic market, such as that for multiplex cinemas?

(1)

- A Low barriers to entry
- B Homogenous products
- C Non-price competition
- D Perfect knowledge

Answer

(b) Explain why this answer is correct.

(3)

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(Total for Question 2 = 4 marks)



3 (a) A Regus survey of 4,000 UK companies found that 80% of companies offered flexible working to their employees.

Flexible working is **most likely** to lead to a decrease in

(1)

A employee morale

B productivity

C labour turnover

D empowerment

Answer

(b) Explain why this answer is correct.

(3)

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(Total for Question 3 = 4 marks)



4 (a) Despite an uncertain economic climate, new car registrations in the UK increased year-on-year by 9.3% in July 2012.

Which **one** of the following is **least likely** to reduce uncertainty for the car industry?

(1)

- A** Research and development
- B** The use of macroeconomic indicators
- C** Planning
- D** Fluctuating oil prices

Answer

(b) Explain why this answer is correct.

(3)

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(Total for Question 4 = 4 marks)



5 (a) Employees of Weeks Agricultural Trailers only work from 8.00am to 4.00pm.

Which of the following would be **most likely** to increase capacity utilisation at Weeks Agricultural Trailers?

(1)

- A Increasing working hours
- B Increasing the price of the agricultural trailers
- C Buy or rent larger premises
- D Reduce the level of stock held

Answer

(b) Explain why this answer is correct.

(3)

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(Total for Question 5 = 4 marks)



- 6 (a) In July 2012, ASDA cut the price of four pints of milk from £1.18 to £1, which was below the cost of production for dairy farmers.

The **most likely** reason for ASDA to sell milk below the cost of production is to increase

(1)

- A the number of dairy farmers
- B market share
- C diseconomies of scale
- D profitability of dairy farmers

Answer

- (b) Explain why this answer is correct.

(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: Up to 40% of High Street shops 'could close over next five years'

In a recent report by Deloitte, 40% of shops in the UK will close by 2017 as consumers increasingly reject traditional shops in favour of online shopping. Analysts state that the majority of UK retailers, such as Halfords and Argos, will have to close 30–40% of their shops to remain competitive. Electrical retailer, Dixons, is already reducing the number of its shops from 650 to 450.

5

Causes of high street decline include increasing shop rents, a movement away from music and film retailing to downloads, and most importantly, an increase in all online sales. Some retailers employ more technology: Burberry use big screen previews instore, and provide iPads for customer use. Ocado and Tesco have developed apps allowing customers to order groceries on the move. Department stores such as Debenhams offer 'click and collect' where shoppers order online and pick up from the shop of their choice.

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E-retailing now accounts for 17% of total UK retail sales and is likely to increase. Marks & Spencer's 2012 first quarter results showed general merchandise sales, 90% of which is clothing, falling by 6.8% after being left behind by online competitors.

The UK Government commissioned retail expert Mary Portas to review UK high streets, where vacant town centre shops reached 14.8% in June 2012. Her recommendations included: operating town centres like businesses, with team managers; encouraging large retailers to support the high street; reducing business rates and providing cheap car parking.

15

In the town of Eccles the shop vacancy rate is 29.7%. Two of the town's prime retail units are engaged in a bargain basement price war. A pound shop that was undercut by a new rival, calling itself the 89p superstore, has responded by rebranding itself the 85p store.

20

(Source: adapted from <http://www.guardian.co.uk/business/2012/mar/20/high-street-shops-close-deloitte/print> by 20 March 2012)

Evidence B: 141 HMV shops are rescued

The rescue of HMV arrived when the new owner Hilco, spent an estimated £50m buying the retailer out of administration. This move will save 141 shops and 2,500 jobs. HMV's previous management failed to react quickly enough to online competition. Hilco already owns HMV in Canada. A company spokesperson said: 'This is an exciting investment for the Hilco team and we will be able to use some of the developments already progressed in Canada to restore HMV to health.'



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(Source: <http://www.thisismoney.co.uk/money/markets/article-2304657/New-HMV-owner-Hilco-focus-music-heritage-internet.html#ixzz2QYLkzh8>, By Rupert Steiner, 5 April 2013)



7 Explain **one** likely reason why some small businesses on the high street can still survive despite the lack of economies of scale.

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(Total for Question 7 = 4 marks)



8 Explain, using the concept of the long tail, why there has been a decline in high street music retailers such as HMV.

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(Total for Question 8 = 4 marks)



9 Fewer UK businesses want to open high street shops.

Using a supply and demand diagram, illustrate and explain the likely effect of this on rental prices of high street shops.



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(Total for Question 9 = 8 marks)



