Write your name here Surname	Oth	er names
Pearson Edexcel GCE	Centre Number	Candidate Number
Economics and Business Advanced Subsidiary Unit 2B: Business Economics		
Friday 26 May 2017 – 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.
- 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.

P 5 3 5 4 4 A 0 1 1 6

Turn over ▶



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) Nissan's UK car plant is the most productively efficient in the UK, manufacturing
	more than 500,000 vehicles a year.

This productive efficiency is most likely because

(1)

- A the technology used was last changed 25 years ago
- **B** Nissan has a high labour force turnover
- C Nissan has a trained and skilled labour force
- **D** the rate of interest on loans has increased

Answer	
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(b)	Expl	ain	your	ansv	ver.
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(Total for Question 1 = 4 marks)

2 A price war between household gas suppliers caused EON to reduce the price of its				
cheapest gas tariff by 25%, which resulted in sales increasing by 50%.				
(a) Calculate the price elasticity of demand for EON's gas tariff.	(1)			
A -0.25				
B -0.5				
C −1.0 D −2.0				
D –2.0				
Answer				
(b) Explain your answer (show your workings).				
	(3)			
(Total for Question 2 = 4 r	marks)			
(Total for Question 2 – 4 i	iidi K3)			



3 (The Kingston Hotel keeps its labour costs under control by operating a syster Texible working.	n of
		Which one of the following is most likely to achieve flexible working for the hotel?	(1)
	P	A Staff choose their own hours	
	Е	Staff hours are related to the level of demand	
	C	C Staff wage rates are related to the previous day's turnover	
		A fixed number of staff are employed each day	
	A	Answer	
,	L- \	La in	
(D) E	Explain your answer.	(3)
		(Total for Question 3 =	4 marks)
		(Total for Question 3 –	T IIIaI KS

4	(a) If there are high barriers to entry in an industry, such as mobile phor is most likely that there will be low	
		(1)
	A start-up costs	
	B prices	
	C competition	
	D profitability	
	Answer	
	(b) Explain your answer.	
		(3)
	(Total for Ques	stion 4 = 4 marks)



5 (Apple, the iPhone producer, is facing increased competition from rivals such as Samsung.	
		The most likely way for Apple to stay ahead of its rivals is by reducing	(1)
	A	A its product development lead time	
	В	3 the number of Apple retail outlets	
	C	the number of apps available for the iPhone	
	C	the amount spent on research and development	
	Α	Answer	
(b) E	Explain your answer.	(3)
		(Total for Question 5 = 4 mark	ks)

6	(a) A depreciation of the pound sterling (£) against the US dollar (\$) is most likely cause a decrease in the	(1)
	A number of US tourists visiting Britain	
	B number of German tourists visiting Britain	
	C sales of British shoes to the USA	
	D number of British tourists visiting the USA	
	Answer (b) Explain your answer.	(3)
	(Total for Question 6 = 4	marks)
	TOTAL FOR SECTION A = 24 M	MARKS



SECTION B

Answer ALL questions in this section.

You should spend 45 minutes on this section.

Evidence A: JD Sports celebrates record 82% profit rise in 2015

JD Sports Fashion plc, more commonly known as just JD, is a sports-fashion retail company. JD's first-half year profits rose 82% to a record £46.6m at the end of 2015, as a result of high sales of trainers and other sports fashion on UK high streets. Sales at stores increased by more than 10%, as shoppers bought trainers made by Nike and other leading brands.



Brian Small, JD's Finance Director, said footwear and women's sportswear had sold especially well. "We are particularly pleased with trainer sales and we are doing better than ever with ladies' wear. Various fitness classes are popular at the moment, such as yoga and pilates." He said JD was also benefiting from people taking part in sport into middle and old age.

JD has been one of British retailing's success stories by focusing on sporting fashion wear. It has carved out an upmarket niche by selling the latest items from in-demand brands such as Adidas as well as its own brands, including Duffer of St George. Brian Small said JD's close links with Adidas and Nike gave it access to sought-after products, as well as to brands such as Giorgio Armani's EA7 that its rival Sports Direct do not supply. "Our customers tend to be young and the brands they wear are important to them. They believe it gives them status and it's important to them that they have the latest ranges."

Most of JD's 690 stores are in the UK but it is expanding in the Netherlands, Spain, France and Germany in a bid to become Europe's top sports fashion retailer. JD said it was confident about its European expansion plans, but growth was likely to be slow and profit margins would be affected by the weak euro. It would require extensive market research in a very uncertain European market.

JD said it was making progress in turning around its loss-making outdoor leisure business, which trades under the Millets brand. The Millets' loss narrowed to £4.5m from £5.6m a year earlier. Millets has 98 stores nationwide and continues to be known as the destination for camping and outdoor adventure equipment on the high street. It sells a range of outdoor clothing as well as camping, cycling and skiing equipment.

(Source: adapted from http://www.theguardian.com/business/2015/sep/16/jd-sports-celebrates-record-profits-rise and https://www.graham.co.uk/DatabaseImages/new_1933608_jd-sports-store.jpg)

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7 E	Explain one possible benefit for JD Sports of operating in a niche market.		
		(Total for Question 7 = 4 marks)	



8	Explain one reason why the sporting fashion wear market may be described as dynamic.		
	(Total for Question 8 = 4 marks)		

9 Using a fully labelled supply and demand diagram, explain the possible impact on the UK sporting fashion wear market of people taking part in sport into middle and old age.				
(Total for Question 9 = 8 marks)				



10 Assess the likely impact of an increase in unemployment on JD Sports' sales.				
	(Total for Question 10 = 8 marks)			

Evaluate the use of market research in reducing uncertainty for JD Sports when expanding in the European market.		
	(Total for Question 11 = 8 marks)	



*12	12 Evaluate two possible strategies Millets might adopt in order to become profitable again.		
	(a) Strategy 1	(7)	



(b) Strategy 2	(7)
	(Total for Question 12 = 14 marks) TOTAL FOR SECTION B = 46 MARKS
	TOTAL FOR SECTION B = 40 MARKS



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