OPPORTUNITY - EU GDP GROWTH

Steady increase, 3.1% -> 5.1%. 7 -> 2025 -> 2028.

THREAT - UK UNEMPLOYMENT (5.5% -> 7%) 2025 -> 2028

EVALUATIONS

-> objectives
-> responses to change
-> accuracy of forecast
-> social trends
-> technological advantages

Do not write outside the box

0 1 . 4 To what extent do the changes in the economic environment create more threats than opportunities for SCF? -> apply to SCF -> SWOT

Use **Appendix E** and the other information provided in your answer. -> Other Appendices.

[16 marks]

Changes in the economic create opportunities for SCF. This is because ~~growth~~ GDP growth in the EU is expected to increase by 2% from 2025 to 2028. This means that more people in the EU will have disposable income as the economy grows. As a result, they may want to purchase luxury goods such as computers. Leading to the need for computer parts. Allowing SCF to be able to supply to many computer brands in the EU. With a new factory in Spain supplying directly to the EU, the firm will be able to benefit from increasing profit margins. Ultimately, creating an opportunity for SCF to expand operations with ~~an~~ less uncertainty. However, it depends on social trends. As incomes rise, people may not be spending money on computers but instead things that are trending in society.

Changes in the economic environment create threats for SCF. This is because unemployment in the UK is expected to rise from 5.5% ~~to~~ 7% ~~to~~ from 2025 to 2028. This means that people will not be spending on luxury goods. This is because disposable income is less for consumers in the UK. As a result the demand for computers in the UK will decrease, excluding the need for computer parts. As the factory in the UK is already falling in efficiency, a rise in

Any more data to support?

Any more data to support what you are saying?

BOP.

such as?

An

Ap

Ev

Turn over ►

Any data to support?

refer to data in Appendix C?

Do not write outside the box

unemployment further reduces the ~~need for~~ profit margins for SCF. Ultimately, SCF will face constant fall in gross profit margins as a result of increase in unemployment. However, it depends on the actions of the government. They may put in place unexpected regulations that may lead to an unexpected fall in unemployment.

Too hypothetical, give an example.

Extra space In conclusion, changes in the ~~ma~~ economic environment create more threats to SCF to a small extent. This is because, they are able to find a new customer base. However, it depends on the accuracy of the forecast. If incorrect, it can lead to unexpected changes which the firm must quickly adapt ~~to~~. It also depends on their responsiveness to change. If the firm is able to respond quickly to any economic changes, they will benefit by quick adaptations to the current state of the econonomy.

such as

Data?

Also, it depends on the firms objectives. If the firm would rather keep a strong customer base in the UK than expand operations, changes in the economic environment will not be an opportunity for them. Most importantly, it depends on the level of competition in the EU. Already established firms may benefit from economies of scale and be able to pass these onto customers as low prices, creating a price advantage for them.

How and Why?

A ☑
J ☐
I ☐
M ☐

L3 12

This could be a model answer with more data

12/16

Kn - Depth and Range
An - Well-developed
Ap - Effective.
EV Clear level of focus. Comp