

Whether the economy growing or receding

[Economics](#)



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The UK has been in recession since the second quarter of 2008, a recession is when the economy is in economic decline for 2 or more consecutive quarters. This could affect them both positively and negatively. Consumers may have less disposable income; due to fears of unemployment and the threat of workers hours being cut back. If companies are not doing well then companies will not give their employees wage raises or bonuses. The recession creates uncertainty for consumers, as they are not sure whether the business they are working for will survive throughout the recession.

In booms people generally take out loans due to credit being readily available therefore people decide that they need to pay them back when we hit recession; causing them to have less income. This is bad for Barbour as people will be less inclined to buy products from their stores as they are quite expensive causing sales revenue and profits to decrease. This therefore means that they'll be unable to expand and may lose out on market share. Losing out on market share may mean that they have to cut back on employees therefore increasing unemployment levels.

Keith Ian has surprisingly had a good recession this is due to it being a prestigious estate agency and the middle class not being affected as much as any other class. Middle class are the main buyers of houses in a town like Ware. Ware is also deemed as a very desirable place to live therefore people are still willing to buy house in the local area. Other businesses during the recession are unable to survive therefore having to close down; this is a great opportunity for Keith Ian as they may in fact receive the flow of customers that were one going to its competitors.

The term savvy shopper is associated with people who are very careful with their money and what they spend it on. These labelled consumers are a highly influential in the sales revenue and profitability of Keith Ian. They may generally in these economic conditions looking to buy a new house, as they know they are going to live there for a long time. These types of shoppers will help to push up sales revenue therefore increasing their profitability.

Government policies can either be positive or negative for a business like Keith Ian. One of the recent policies the government has put in place is the reduction in spending; this can have an indirect effect to Keith Ian. In the spending cuts they've decreased the amount of spending on education. This therefore means that schools aren't going to have high quality up to date facilities due to the fact that they aren't receiving a big enough income to be able to afford it.

This would make Ware a less desirable place to live, due to Ware having undermanaged schools. People may feel like they don't want to move to the local area because the schools aren't up to scratch and they want their children to have the best possible advantage of education. They have also cut spending on roads this will have a negative affect on Keith Ian. People won't want to move to Ware and will decide to live elsewhere due to the fact that the roads won't be maintained leaving horrible pot holes all over the roads.

This could mean that people want to move out of Ware and relocate if they do so they may have to sell their house than less than they were originally planning to due to the fact the demand for houses in Ware will be decreased.

This will mean that they'll receive less revenue from it making the business less profitable. If the government were to increase stamp duties, but this doesn't have a big affect on starter homes due to the fact that they have scrapped stamp duty for first time buyers.

This therefore will encourage first time buyers to enter the market, as it'll be cheaper for them. This could be a good thing for Keith Ian due to the fact that first time buyer's increases there demand for buying houses. This therefore increases there sales revenue, and Keith Ian's profitability. But stamp duty isn't a big amount of money so this may not make a lot of difference to the housing market. Unemployment Levels Unemployment at the moment is a major problem for the UK economy.

Which can affect Keith Ian, both positive and negatively. Unemployment usually means that people will have less income coming in as they will solely live off benefits. This therefore means that people are going to be less inclined to want to spend there money. But if many jobs are lost people may be likely to not be able to afford to buy houses which are an expensive item which will last longer but may have to go for the cheaper options to save money to buy other necessities for example rental accommodation.

This could in fact turn into a good thing for Keith Ian as it'll increase their rental sales but selling houses gives them more revenue. Some situations when unemployment gets so bad businesses in fact may not be able to sell enough houses to cover their costs of running the business, therefore causing them to have to shut down. This is a good thing for Keith Ian due to

the fact that I stated above, Keith Ian may actually take in the market share in which was once owned by the businesses which have closed.

This is because the amount of estate agencies in the area would have been restricted therefore leading to Keith Ian being one of the highest names in Ware town. Having high unemployment creates uncertainty with workers; they are hesitant to spend money because it could be likely that they are in threat of losing their job. They then decide that they don't want to make large scale purchase which could then effect the level of income coming in even more as there mortgage may increase or they may be first time buyers and not want to get into large debt when unemployment is a risk.

Therefore this has a hugely negative effect for Keith Ian because there sales will decrease massively due to the prospects of many job cuts especially in the public sector. Keith Ian may in fact have to go along with the job cuts and cut some of there workers, as I found out from a visit there they had to cut their cleaners as they just didn't have the spare money to be able to fund them.

This affects Barbour due to the fact that people aren't buying the high priced goods in which they were when they didn't have a risk of unemployment; they feel like they have to save money, because the day may come when suddenly they are made unemployed. On the other hand this may be a good thing as people decide that they want to buy expensive durable clothing that they know will last a long time and won't have to keep replacing them.