1.16 Adding Value in Business: Test Pack

AQA 8132 · Calculators not allowed · about 15 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions in the spaces provided. Short answers may be one line; longer answers should use full sentences. Show any brief working where required. The pack uses two fictional businesses, Oak & Bean Cafe (premium) and Budget Brew Cafe (budget).

1 Which one of the following is an example of adding value by improving product quality for a cafe like Oak & Bean Cafe?

- ☐ A) Reducing the number of staff on busy days
- ☐ B) Using speciality single-origin coffee beans
- ☐ C) Offering a longer opening timetable at the same prices
- ☐ D) Removing seating to increase takeaway only

(Total for Question 1 is 1 mark)

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2 State one non-price benefit to a business of successfully adding value to its product.

(Total for Question 2 is 1 mark)

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3 Oak & Bean pays a small extra to buy ethically sourced beans and displays a certificate in the cafe. State one customer benefit from this that adds value.

(Total for Question 3 is 1 mark)

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4 The scenario: Budget Brew Cafe is a small budget cafe that offers low-priced coffee, minimal seating and a grab-and-go counter. Identify two ways Budget Brew could add value without raising its basic price much.

(Total for Question 4 is 2 marks)

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5 Explain how improved customer service at Oak & Bean Cafe (for example, attentive table service and staff knowledge about coffee) adds value to the customer experience and to the business. Use the cafe context in your answer.

(Total for Question 5 is 4 marks)

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6 Using your answers to the value added calculations above (Oak & Bean £2.80 per cup; Budget Brew £1.15 per cup), explain why Oak & Bean Cafe can add more value per cup of coffee than Budget Brew Cafe.

(Total for Question 6 is 4 marks)

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Mark scheme · 1.16 Adding Value in Business: Test Pack

Question 1

B cao **B1**

Answer: B

Question 2

one valid benefit, e.g. it can build stronger customer loyalty or brand reputation, so customers become repeat buyers **B1**

Answer: For example, it can build stronger customer loyalty or brand reputation, leading to repeat buyers.

Question 3

customers feel ethically reassured or proud to support responsible sourcing **B1**

Answer: Customers feel reassured and proud to support ethically sourced products.

Question 4

improve convenience, e.g. faster service or a more efficient ordering system **B1**

offer small add-ons, e.g. a loyalty stamp card or low-cost cake options, or slightly better presentation **B1**

Answer: Any two, e.g. faster service (convenience) and a loyalty stamp card or better presentation of drinks as low-cost add-ons.

Question 5

identifies improved customer service as adding value to the experience, e.g. attentive table service or knowledgeable staff **B1**

develops by linking to customer perception, e.g. customers feel looked after and more satisfied **B1**

develops further with business effect, e.g. leads to repeat visits, positive reviews and stronger brand reputation **B1**

links to an outcome for the business, e.g. higher revenue or ability to charge premium prices over time **B1**

Answer: Attentive table service and knowledgeable staff make customers feel looked after and more satisfied, which improves their experience. This builds positive reviews and repeat visits, strengthens the cafe's reputation and allows Oak & Bean to charge premium prices or increase revenue over time.

Question 6

identifies the gap, e.g. Oak & Bean adds £2.80 per cup compared with £1.15 at Budget Brew, so it adds more value **B1**

develops with a reason, e.g. this is because Oak & Bean's product includes extras customers are willing to pay a premium for, such as artisan coffee, comfortable seating and attentive service, not just the drink itself **B1**

develops a further reason, e.g. Budget Brew focuses on low price and minimal extras, so customers are not paying for the same added features, keeping its price-to-cost gap smaller **B1**

links to a wider point, e.g. this shows adding value is not just about raising price, it is about giving customers reasons, such as experience and quality, to accept a higher price above the basic ingredient cost **B1**

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