BUS.EN11 Adding Value in Business

AQA 8132 · Calculators not allowed · about 40 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)

---

2 Which one of the following methods of adding value is represented by a recognisable logo and consistent packaging for a product sold in a shop?

- ☐ A) Branding
- ☐ B) Bulk discounting
- ☐ C) Reducing variable costs
- ☐ D) Extending credit terms

(Total for Question 2 is 1 mark)

---

3 The scenario: Oak & Bean Cafe is a small premium cafe in a city centre that offers artisan coffees, comfortable seating, friendly table service and a loyalty app. Identify two methods Oak & Bean uses to add value from this description.

(Total for Question 3 is 2 marks)

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)

---

5 State one reason why adding value allows a business like Oak & Bean Cafe to charge a premium price for its coffee.

(Total for Question 5 is 1 mark)

---

6 State one feature of strong branding that helps add value to a product or service in a retail context.

(Total for Question 6 is 1 mark)

---

7 Oak & Bean offers a loyalty app that gives free drink after eight purchases. State one advantage of this loyalty scheme as a method of adding value.

(Total for Question 7 is 1 mark)

---

8 Budget Brew improves convenience by introducing a mobile pre-order queue that reduces wait time. State one likely effect on perceived value.

(Total for Question 8 is 1 mark)

---

9 Which of the following best describes the term 'value added' for a product sold in a shop?

- ☐ A) The difference between selling price and cost of raw materials only
- ☐ B) The extra benefits customers are willing to pay for over and above the cost of producing the product
- ☐ C) The total fixed costs of producing the product
- ☐ D) The discount given to bulk buyers

(Total for Question 9 is 1 mark)

10 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 10 is 1 mark)

---

11 A small packaged sandwich company uses better presentation and a clear logo to stand out from unbranded rivals. Identify one financial advantage the business can gain from adding value this way.

(Total for Question 11 is 2 marks)

---

12 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 12 is 4 marks)

---

13 Explain how convenience improvements at Budget Brew, such as a clear grab-and-go layout and pre-order app, add value for customers and can benefit the business. Use the Budget Brew context in your answer.

(Total for Question 13 is 4 marks)

14 The scenario: a local bakery sells two types of loaf. 'Heritage Loaf' is hand-crafted, wrapped in branded paper and marketed as traditional; 'Basic Loaf' is plain, unbranded and cheaper. Identify one method of adding value used for the Heritage Loaf and one likely customer reason they will pay more for it.

(Total for Question 14 is 2 marks)

---

15 Oak & Bean Cafe offers artisan coffee, comfortable seating, branded packaging and a loyalty app. Budget Brew focuses on low price, fast service and grab-and-go. Evaluate which single method of adding value would benefit Oak & Bean Cafe most right now: improving product quality, improving customer service, strengthening branding, or increasing convenience. Justify your decision using application to the cafe and reasoned analysis of at least two options before reaching a conclusion.

(Total for Question 15 is 9 marks)

Mark scheme · BUS.EN11 Adding Value in Business

Question 1

- **B1** B cao
- **Answer: B**

Question 2

- **B1** A cao
- **Answer: A**

Question 3

- **B1** quality of product/service, e.g. artisan coffees
- **B1** customer service or convenience, e.g. friendly table service or a loyalty app
- **Answer: Any two, e.g. artisan coffees (product quality) and friendly table service or the loyalty app (customer service/convenience).**

Question 4

- **B1** 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
- **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

- **B1** customers perceive higher quality or uniqueness and are willing to pay more
- **Answer: Customers perceive higher quality or uniqueness and so are willing to pay a premium price.**

Question 6

- **B1** brand recognition or trust, e.g. customers recognise and trust the brand
- **Answer: Brand recognition or trust, so customers recognise and trust the product or service.**

Question 7

- **B1** encourages repeat purchases, increasing customer retention
- **Answer: It encourages repeat purchases, increasing customer retention.**

Question 8

- **B1** customers perceive the service as more convenient, so value increases even if price stays low
- **Answer: Customers will see the service as more convenient, increasing perceived value without raising price.**

Question 9

- **B1** B cao
- **Answer: B**

Question 10

- **B1** customers feel ethically reassured or proud to support responsible sourcing
- **Answer: Customers feel reassured and proud to support ethically sourced products.**

Question 11

- **B1** can charge a higher price because perceived value is higher
- **B1** may increase sales volume or market share as customers choose the branded product
- **Answer: Can charge a higher price due to higher perceived value; may increase sales or market share as customers prefer the branded product.**

Question 12

- **B1** 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
- **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 13

- **B1** identifies convenience improvements, e.g. grab-and-go layout or pre-order app
- **B1** develops with customer effect, e.g. customers save time and find it easier to purchase
- **B1** develops with business effect, e.g. higher turnover or more frequent purchases during peak times
- **B1** links to outcome, e.g. increases perceived value without large cost rise, helping retain price-sensitive customers
- **Answer: A grab-and-go layout and a pre-order app save customers time and make purchasing easier. This convenience can increase turnover and frequency of visits at busy times, raising revenue while keeping costs low, so perceived value rises without large price increases.**

Question 14

- **B1** method: branding/presentation or higher quality ingredients or craftsmanship
- **B1** reason: customers perceive it as higher quality, authentic or special and are willing to pay more
- **Answer: Method: branding and better presentation or use of higher quality ingredients. Reason: customers see it as higher quality or more authentic and will pay more for that perceived difference.**

Question 15

- **Level 1** (1-3): Makes simple or one-sided comments about one method with limited use of the Oak & Bean context and little or no justification.
- **Level 2** (4-6): Provides a developed argument for one method, using some contextual evidence from Oak & Bean and considering at least one alternative, but the evaluation is not fully balanced or the recommendation is not strongly justified.
- **Level 3** (7-9): Weighs the likely benefits and drawbacks of at least two methods in the Oak & Bean context, uses specific evidence from the case, analyses impact on customer perception and business outcomes, and reaches a clear, justified recommendation.
- **Indicative content:**
  - Consider improving product quality: Oak & Bean already sells artisan coffee; further quality improvements (rare beans, barista training) could strengthen premium image, justify higher prices and deepen customer loyalty, but may raise costs and risk alienating customers if prices rise too much.
  - Consider improving customer service: attentive table service and knowledgeable staff are already part of Oak & Bean, but further staff training or personalised service could enhance the experience and encourage repeat visits, with relatively modest increases in cost compared to product sourcing.
  - Consider strengthening branding: clearer visual identity, storytelling about origin, and marketing of the loyalty app could solidify recognition, increase perceived value and make price premiums more acceptable, but branding changes take time to influence customer behaviour.
  - Consider increasing convenience: adding quicker ordering or click-and-collect could attract customers who value speed, but this may shift Oak & Bean away from its relaxed premium experience, risking dilution of the brand proposition.
  - Comparative analysis: weigh marginal revenue from higher prices, impact on repeat visits and reviews, and cost implications for each method. For example, product quality improvements may give the strongest direct justification for higher prices, while service improvements may give the best return in loyalty per pound spent on training.
  - Judgement: a supported recommendation might prioritise strengthening branding combined with targeted customer service enhancements, because branding leverages existing artisan quality and a loyalty app to increase perceived value without large ongoing costs, while service improvements deliver tangible repeat-purchase benefits. Alternatively, if Oak & Bean's main competitor is undercutting on price, focusing on product quality could be justified to maintain a clear premium niche.