6.12 Business Responses to Competition: Differentiation Strategies: 10-minute Pack

AQA 8132 · Calculators not allowed · about 10 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions. Use full sentences for the 9-mark question. Show any simple working where asked. All businesses named in questions are fictional scenarios for practice.

1 Which one of the following is an example of product differentiation used by a coffee shop competing locally?

- ☐ A) Reducing the price of all drinks by 20%
- ☐ B) Selling ethically sourced single-origin coffee with tasting notes
- ☐ C) Agreeing a longer credit period with a paper supplier
- ☐ D) Offering a loyalty card that gives a free drink after five purchases

(Total for Question 1 is 1 mark)

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2 State one way a small UK bakery, 'Park Lane Bakes', could use customer service to differentiate itself from a national chain bakery.

(Total for Question 2 is 1 mark)

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3 Identify the response strategy used by 'Mira Books', a small UK bookshop, when it offers book-binding workshops and author events to compete with the large online retailer 'ReadFast'.

(Total for Question 3 is 2 marks)

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4 State one disadvantage to a cafe called 'Corner Cup' of competing only on price against the higher-quality rival 'Bean House'.

(Total for Question 4 is 1 mark)

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5 Explain one reason why a unique selling point (USP) can protect a small retailer from competitors who try to match prices. Use an example in your explanation.

(Total for Question 5 is 3 marks)

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Mark scheme · 6.12 Business Responses to Competition: Differentiation Strategies: 10-minute Pack

Question 1

B cao **B1**

Answer: B

Question 2

one valid example, e.g. personalised recommendations and remembering regular customers' preferences **B1**

Answer: Provide personalised service, for example remembering regular customers' preferences and making tailored recommendations.

Question 3

identifies differentiation via customer experience or added services **B1**

recognises the creation of a unique selling point through events and services **B1**

Answer: Differentiation through added services and customer experience, creating a unique selling point with workshops and events.

Question 4

one valid drawback, e.g. lower profit margins which may be unsustainable **B1**

Answer: Lower profit margins which may be unsustainable and reduce ability to invest in quality or service.

Question 5

identifies that a USP offers something competitors cannot easily copy **B1**

develops with an example, e.g. specialist local expertise or exclusive products **B1**

links to outcome, e.g. customers remain willing to pay or travel for the USP **B1**

Answer: A USP gives the retailer something competitors cannot easily copy, for example exclusive local artwork or specialist expertise, so customers will continue to pay or travel for that unique offering even if rivals match prices.

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