1. Calculate, in percentage terms, how much more expensive Whites Tea Rooms is compared to Caffe Nero. You must show your working. (4 marks)

The Café sells latte for £2.95 for a medium sized mug. When determining the price to be charged, Catherine did some market research.

She looked at the prices charged by their leading competitors:

**Starbucks** £2.95

**Caffé** **Nero** £2.65

**Whites Tea Rooms** £3.15

Simon and Catherine Johnson have recently given up their jobs to establish a small business, running an artisan café in the East Midlands.

Simon had worked in catering for a number of years and Catherine worked in finance. She has undertaken her Level 3 Food Hygiene certificate, First Aid certificates and will serve in the Café.

The business sells a range of products, from different coffees and specialist teas, cakes and pastries to a small but carefully chosen lunch menu and then afternoon teas.

The business currently closes at 6pm, although evening opening is always a possibility for the future.

Catherine also asked 80 people using a quick questionnaire.   
She asked “what price would you pay for a Latte at an artisan café?”

The responses were:

|  |  |
| --- | --- |
| **Price** | **Number of respondents** |
| £2.10–£2.39 | 8 |
| £2.40–£2.69 | 14 |
| £2.70–£2.99 | 33 |
| £3.00–£3.29 | 16 |
| I would not buy Latte | 9 |

2 Show the results of the survey in an appropriate graphic form. (6 marks)

After six months of trading a Little Waitrose store opened in the town and began giving out free coffee and tea to its “My Waitrose” cardholder customers.

Catherine and Simon are considering two options:

* offering a loyalty card where the customer buys six hot drinks and gets the 7th free
* offering a small shortbread biscuit with its hot drinks.

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3. What are the financial effects of these options and which option should they choose? (6 marks)

4. Calculate the cost of employing the additional member of staff, assuming hours of 9am until 5.30pm (with an hour of unpaid lunch) over a 48 week year. (4 marks)

Saturday is proving to be the busiest time in the café and the business ideally needs to employ a member of staff on a Saturday to undertake duties such as cleaning tables, washing dishes and serving at the counter.

They employ a sixth form student and paid them £5.95 an hour.