

1 Clever Bean (CB)

CB is a public limited company that operates a chain of coffee shops in several countries. The company was founded in 2010 by two friends, Shopra and Ben. They share a passion for coffee and want to offer high-quality products to customers.

CB started with one coffee shop in country Q and gradually expanded, always locating in high-income areas of major cities. CB operates in a dynamic business environment. There is a high level of competition from other well-known coffee shop chains.

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The company sources its coffee beans from fair trade suppliers who grow their coffee in an environmentally friendly way. CB offers a wide range of coffee products to the mass market. CB also offers other drinks and a variety of food items, such as sandwiches and cakes. Recent research shows that customers are now looking for healthy food options.

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CB's customers are mainly young professionals, students and tourists. Customers enjoy CB's inviting atmosphere, comfortable seating areas, free Wi-Fi access and music. Its staff are trained to be friendly, helpful and knowledgeable.

Table 1.1 shows some financial data for CB for 2023 and 2024.

Table 1.1 CB's costs and revenue for 2023 and 2024

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	2024 (\$m)	2023 (\$m)
Revenue	50	44
Direct costs	10	6
Indirect costs	20	16

Shopra believes that CB should continue to focus on the mass market. However, Ben thinks that greater use of market segmentation will be more successful.

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- (a) (i) Identify **one** feature of a public limited company. [1]
- (ii) Explain the term *dynamic business environment*. [3]
- (b) (i) Refer to Table 1.1. Calculate the change in profit from 2023 to 2024. [3]
- (ii) Explain **one** use to CB of cost information. [3]
- (c) Analyse **two** benefits to CB of training its employees. [8]
- (d) Evaluate whether CB should make greater use of market segmentation to be more successful. [12]