

Topic 1.1: What Is a Business?

LO: 1.1.A, 1.1.B | Skill: 1.A, 2.A | Canvas: Task 1

Apply It: Sweet Loaf Bakery — Answer Key

Use this key for grading or for showing students sample strong responses. The questions are open-ended; many valid answers exist. Look for the criteria listed under each question.

Question 1

Identify the customer and the consumer for each of Sweet Loaf's two products (finished pastries AND baking kits). When are they the same person? When could they differ?

Sample strong response: Pastries line: The customer and consumer are usually the same person — someone who walks into the storefront, buys a pastry, and eats it. They could differ when a parent buys a pastry for a child, or when someone buys pastries for a meeting. **Baking kit line:** The customer (the person who pays online) is often different from the consumer (everyone who eats the finished bake). A family might have one customer (the parent) and several consumers (the kids who eat the cookies).

Grading criteria (3 pts each):

- Names customer = buyer and consumer = user (1 pt)
- Gives a specific example where they're the same person (1 pt)
- Gives a specific example where they differ (1 pt)

Question 2

Describe the customer problem, need, or want Sweet Loaf addresses with its baking kits. How is it different from the problem the storefront pastries address?

Sample strong response: The baking-kit line solves the problem of customers who want to bake but don't have the time, skill, or desire to source and measure ingredients themselves. The storefront pastries solve a different problem: customers who want a finished baked good *right now* with no effort at all. Same bakery, two different customer problems.

Grading criteria (3 pts each):

- States baking-kit problem (time/skill/sourcing) (1 pt)
- Contrasts with storefront problem (convenience/immediacy) (1 pt)
- Recognizes that the same business can address multiple distinct problems (1 pt)

Question 3

For the baking-kit line, explain how Sweet Loaf creates value. What does the customer get that they couldn't get from just buying flour and sugar at the grocery store?

Sample strong response: Sweet Loaf creates value by (a) doing the work of selecting and pre-measuring the right ingredients in the right proportions, (b) saving the customer a trip to multiple grocery aisles, and (c) packaging it as a fun, self-contained baking experience the customer can share with family. A bag of flour from the store is just an input. The kit is a curated experience.

Grading criteria (3 pts each):

- Identifies time/labor saving (1 pt)
- Identifies the experience/curation as value beyond the raw ingredients (1 pt)
- Avoids confusing value creation with the sale price (1 pt)

Question 4

Sweet Loaf charges \$18 per kit, and the ingredients plus packaging cost \$7. Explain whether Sweet Loaf appears to be capturing value on the kit line, and identify ONE additional cost the owner should consider before celebrating.

Sample strong response: \$18 sale – \$7 ingredient cost = \$11 margin per kit, which suggests Sweet Loaf is capturing value at the unit level. However, the \$7 figure ignores other costs: labor to assemble the kit, packaging design, rent and overhead, shipping (if applicable), and the labor of marketing the kit line. Strong answers will identify at least one of these as the missing piece.

Grading criteria (3 pts each):

- Calculates unit margin correctly (\$11) (1 pt)
- Concludes value capture at the unit level (1 pt)
- Names a real additional cost (labor, rent, overhead, shipping, marketing) (1 pt)

Question 5

Sweet Loaf could not have launched the baking-kit line for every possible customer. Explain in 2–3 sentences why a business cannot satisfy all potential customers, using Sweet Loaf as your example.

Sample strong response: A business has to pick which customer to serve well. Sweet Loaf could not have launched a kit line for customers who don't own a stove, customers who travel constantly, or customers who hate cooking — those customers' problems aren't solved by a baking kit. By choosing which customers to focus on (people who enjoy baking but want help with sourcing), Sweet Loaf achieves problem-solution fit for that group, even though it means accepting that other customers won't be served.

Grading criteria (3 pts each):

- Identifies the principle that selection is necessary (1 pt)
- Uses 'problem-solution fit' correctly (1 pt)
- Names at least one specific customer Sweet Loaf chooses NOT to serve (1 pt)

TOTAL POSSIBLE: 15 PTS

Recommended use: collect as classwork. Score on a 3-pt rubric per question. Alternatively, grade for completion (10 pts) and use the rubric just for high-quality formative feedback on 2–3 selected questions.