I believe it would be a good idea for Ryan to sell refreshment in the coffee shop as this will create a new incomer source for the business, and this will lead to greater sales which at the moment overall have declined. Once this new side of the business is established this will make a good profit for Ryan.

By diversifying, Ryan is spreading the risk, this would mean that he is no longer reliant on one aspect of the business to make him money, he will be offering a variety of products and services that will satisfy a variety of customers and increase his profits.

However, he needs to consider all the extra costs associated to the new idea, he will have to pay the upfront costs for all the new machinery and also the costs to adapt an area in the book shop to accommodate the new facilities. He will also need to consider the running costs associated with this which would include the purchasing of the stock and also labour costs, because he would need extra members of staff to help him run the refreshments side of the business.

He also needs to consider that his current customer may not like this new idea and it could deter them from visiting his business as they will go elsewhere to purchase book, so he could end up losing money.

Overall, I would advise Ryan to take the chance on his new idea because it will provide him with many opportunities for the future.

***QUESTION***

*After a while, Ryan found that his sales revenue was not as great as he expected. He is considering whether or not to diversify by selling tea, coffee and cakes to customer in one part of his shop.*

*Advise Ryan as to whether or not he should serve refreshments in part of the shop. [8]*

***(June 13 Q8e)***

WAGOLL (What a Good One Looks Like)……

NOTES

He should sell refreshments in the shop because he will draw attention from new customers and this will increase his sales and then increase his revenue. He can also sell to new customers and to his current customers so this will also make him some more money.

But I think this is a bad idea because some customers might not like this and no longer go to the book shop so he will end up losing revenue.

NOTES

**AO3 Analysis & Evaluation**

Analysis - Explain the impact on a business and its stakeholders (so what? why?)

Evaluation – Make a judgement

**AO2 Application**

Using your knowledge of a topic and applying it to a certain scenario

**AO1 Knowledge & Understanding**

What you know about a given business concept or issue

WABOLL (What a Bad One Looks Like)…..

Answering8 / 10 Mark Questions