

4. WFG is a private limited company in country X. It owns 120 supermarkets, of which 20 are operated as franchises. One of WFG's objectives is to expand by opening 30 more shops in the next 18 months. The Managing Director said: 'Market research shows that fewer people are going to the local markets every day to buy their food. It is important for us to set prices at the right level.' The Managing Director is thinking about whether to introduce new technology into the business.

**(e)** Do you think selling franchises is a better way for a retail business to expand than opening more of its own shops? Justify your answer.

*Yes because franchisees will pay towards the start-up costs which will help reduce the amount the business has to raise.*

*No because, the franchisor may lose control of the shops which may damage their reputation.*

*WFG should sell franchises, as it will reduce the costs especially if it wants to open a large number of shops quickly. This can improve its chances of being able to open 30 more shops to meet the growth objective.*

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