

## **Gordon's Cafe (GC)**

Gordon worked for 30 years as a manager of a factory. Although he was very good at the job he was recently made redundant.

Gordon always wanted to open a cafe. He thinks he has the qualities an entrepreneur is likely to need for success. He has undertaken some primary market research to identify possible opportunities in city Z where he lives.

Gordon now needs to make a decision about which type of cafe to open. He has used the data in Fig. 1.1 and some secondary market research to identify two options.

### **Option 1: French Style Cafe**

The French style cafe would provide hot drinks that customers could take away and drink elsewhere. It would also sell some bakery items, such as croissants and pastries. There are three other cafes selling takeaway hot drinks and bakery items in the city, as well as four shops. Gordon thinks that the profit margin would be 5% to 7%.

### **Option 2: Pizza Slice Cafe**

The Pizza Slice Cafe would make pizzas using job production. Customers can choose from a range of pizza toppings, as well as cold drinks and salads. There are two competitors in city Z. Both are well-known international franchises that spend a lot of money on promotion. Gordon thinks that the profit margin would be 12% to 14%.

Percentage of respondents for each type of cafe

