

In order to continue the growth in its sales, Greggs is considering two options:

Option 1: differentiate its product range

Option 2: lower its prices.

(c) Justify which **one** of these two options Greggs should choose.

(9)

I think they should differentiate their range of food to cater for more tastes. This is because food like their vegan sausage rolls will attract more customer awareness.

As a result Greggs may attract more customers, like vegans, who may not have bought from them before. Therefore sales may increase, which could lead to more profit for the food to go retailers.

They could also decide to reduce the price of products such as the chicken bake or sausage roll. This would make their food more appealing to customers who may shop at rival cafes such as Tesco cafe or Costa.

As a result, Greggs may sell more products, which could lead to more revenue and hopefully profit.

In conclusion, increasing the range of products sold is best because they will attract different types of customer.



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I think Greggs should differentiate its product range. This is because it has been successful for them before, like when they decided to sell pizzas, soup, coffee and sandwiches. This helped to attract new customers. Therefore by becoming the first food retailer to start selling vegan sausage rolls it will stand out further from competitors. Therefore will attract even more new customers who may not have shopped there before. Leading to greater market share of the food-to-go market.

They shouldn't lower prices because it will take them longer to breakeven. This is because the profit margin on each sausage roll will be lower so they will need to sell more pastries in order to cover the fixed costs of running the bakery shops.



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Overall selling to a wider range of customers by providing items like veggie sausage rolls that appeal to food-to-go customers that wouldn't normally use the bakery is the best way to grow sales.

(Total for Question 6 = 12 marks)

TOTAL FOR SECTION B = 30 MARKS

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They could differentiate its range as this would attract new customers. This is because vegans will be attracted to their new vegan sausage rolls.

However, it could be really expensive to adjust production processes to produce this new product which might mean that profits decrease.

They could lower the price this is because the market is really competitive so it will attract customers who are price conscious.

However, the difference between the cost of making pizza slices and cup of coffee will be much reduced. Therefore they would have to sell a lot more items to make a profit.

I think they should differentiate its range.



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I think they should choose option 1. This is because they will now appeal to a wider audience. Therefore they are likely to see more customers buying from them which will increase sales and therefore has the potential to increase profits which could be reinvested to create even more products.

However, this could be really expensive for the business. They will have to spend money developing the product and researching the market. If they didn't receive many sales this could mean they won't receive inflows of cash to pay for the increased outflows, harming the business' future potential to increase their share of the market.



Overall, there may be competitors so lowering prices will mean they simply copy therefore introducing a new product is better.

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(9)

I think that Greggs should lower its prices for food and drink. If they decided to lower prices for items like coffee and bacon rolls they will likely attract more customers. This is because customers will now see these items as better value for money compared with similar items sold at Starbucks and Costa. As a result customers will switch to buy tea and sausage rolls from Greggs. Therefore Greggs will gain higher customer loyalty. This will result in Greggs achieving a higher share of the cafe and food to go market.

However, price reductions by Greggs may be matched by other cafes such as Cafe Nero and others. This is because the food to go market is extremely competitive. Therefore customers can easily switch between cafes based on price.



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As a result other cafes will match any price reductions so they don't lose out on customers. Therefore any competitive advantage gained will be quickly lost and they will just be

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selling the same number of pasties and cups of coffee but for less money.

In conclusion I think lowering the price is the best option. This is because customers choose cafes on value for money ~~and if they think~~ Therefore it's vital that Greggs provides good quality sausage rolls at affordable prices.

However, how successful this is may be dependent on the size of the price reduction. If prices of food and drink only fall by a small percentage it may have an insignificant impact on customer numbers.

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(9)

I think they should lower prices for its products. If they decided to lower prices they will likely attract more customers. This is because customers will now see these items as better value for money compared with similar items sold at competitors. As a result customers will switch to buy products from Greggs. Therefore Greggs will gain higher customer loyalty. This will result in Greggs achieving a higher share of the market.

However price reductions by Greggs may be matched by rivals. This is because the market may be competitive. Therefore customers easily switch between rivals based on price. As a result other firms will match price reductions so they don't lose out on customers. Therefore any competitive advantage gained will be quickly lost and they will just be selling the same number of products but for less money.

