

## **Case Study: Olive at Super Sandwiches Analysing Opportunities**

Olive has identified a range of opportunities for her business Super Sandwiches.

She has decided to analyse the opportunity to offer healthy / gourmet sandwich and salad options – so a new product line for her that she thinks will attract some existing customers as well as a new market.

The café across the road doesn't currently do this and its hamburger shop "image" means it probably can't copy her effectively.

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### **To analyse the potential opportunities – look at these five factors:**

#### **1. What Potential returns**

- Olive expects people will pay 20% more for a "Gourmet / healthy" option. She bases this on price checks at a gourmet café at the other end of town
- She estimates that 10% of current customers will go this way (based on those who request healthy options like "no butter" ...)
- Her guesstimate of new customers buying the healthy range is an extra 15 customers per day

#### **2. What Resources and Capital Outlay**

- A slight change of ingredients – but all can be sourced from the existing suppliers but will add 10% to the costs
- She will need to "design" the salads / options – which she thinks will take her an extra hour per week
- Staff to make the new items will take an extra 2 hours per week
- Her menu board and brochure will need to be updated and reprinted – one off cost of \$2000; then reprint costs as normal

#### **3. What Risks (Financial and Non-financial)**

- She may lose the tradesmen working on the construction site next door if they think she has stopped the hamburger and chips options
- Too many new customers without additional staffing will impact service
- Need to make options "quick" to prepare and deliver so not causing delays

#### **4. What synergy or match to what we do and Our Skills**

- A good match – as stays in focus of "lunch" foods
- She has the skills as a chef – and her staff are sufficiently skilled to prepare food
- Does she have the "research" skills to correctly measure the market demand
- Does she have the marketing skills to promote the new "product"
- Does she have the financial skills to correctly measure this opportunity

#### **5. What opportunity costs is there?**

- Other options like breakfasts and catering not being considered