**ELEMENT 2: ACTIVITY 1: LO1**

**The business proposition**

**PART ONE**

Read the case study below.

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| C:\Users\User\Desktop\ABE\Publishing project\BSU\Stock photos\shutterstock_474779512.jpg Baraka Bicycles is a small business owned and run by sole-proprietor, Baraka Okoye, in a town situated in a tourist region of your country. The local area comprises of residential properties plus commercial and tourism-related enterprises. His business has been established for about ten years and it is well known in the area to residents and the hotel community. The business comprises three elements:1. **Bicycles sales** – A showroom has a range of bicycles from $100 to $800 per bicycle for children and adults.
2. **Repairs and servicing bicycles** - carried out in a small workshop at the rear of the premises
3. **Bicycle hire** - by the day or week mainly to tourists visiting the area.

He has been the only business in this field in the area for the past ten years and has established a good reputation for customer service and timely delivery. Baraka has excellent mechanical skills and would like to build bicycles to customers’ specifications but he does not have the time. He knows that the stock of bicycles for hire is getting quite old and will need replacing shortly but he cannot afford to do this at the moment.The sales element of the business is the most lucrative and generates most of the business profit. Repairs and servicing are steady throughout the year whilst bicycle hire tends to be seasonal when the tourists arrive. |

Consider the products and services offered by Baraka Bicycles and list the tangible and intangible elements of the business below.

|  |  |
| --- | --- |
| **Tangible**  | **Intangible** |
|  |  |

**PART TWO**

Referring back to the case study in Part One, Baraka has been told that a large hotel complex is planning to start an exclusive service to hire bicycles to its guests at the start of the season in three months’ time. Baraka is concerned about the impact that this may have on his bike hire business.

Carry out a SWOT analysis on Baraka’s behalf, based on:

1. The information in the case study
2. The current economic state in your country.

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| **Opportunities** | **Threats** |

**PART THREE**

Four months later and Baraka is experiencing a downturn in income from the hire of bicycles. He predicts that this will have a negative impact on his end of year profits.

Consider the range of pricing strategies available to him and propose at least two strategies that he could use on any of the three elements of his business. Give reasons for your suggestion.

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| --- | --- |
| **Pricing strategy 1** | **Reason** |
|  |  |
| **Pricing strategy 2** | **Reason** |
|  |  |