

# COUNTY LINE MARKETS: REAL OPTIONS AND STORE EXPANSIONS

# INTRODUCTION

The key issue that County Line Markets is currently faced with pertains to the appropriate strategy it should take concerning store expansion. This case solution also explains the real options analysis, concerning possible expansion opportunities, and the steps to be taken in the evaluation thereof. In this particular case, the goal is going to be to assist County Line Markets as to when and on what scale it is better to invest to achieve the maximum level of profitability as well as obtain a competitive advantage.

# Understanding Real Options Analysis

Real options analysis (ROA) provides a rather complex and rich technique for integrated evaluation of investment projects, but it is even more useful where inherent uncertainty is obvious. Although, ROA postures itself as an extension of DCF, it has divergent attributes because it factors in the strategic advantage of deferring, expanding or abandoning projects. This approach is very important for County Line Markets as it operates in the unsteady and tactical grocery retail sector.

# The Case Context



Expansion of store is an important sensation with the County Line Markets fluctuating over increases of store. The decision is not only the 'make or buy' kind to determine the financial pros and cons of new stores, but also the 'when to' kind regarding strategic timings of these expansions. Some of the market conditions that may affect this decision include; Market competition and demand of the product needed to be marketed. By applying the real options analysis, the firm is in a position to keep managing risks, and at the same time capture value in the given market.



# Conclusion

Overall, the application of real options analysis in the case of County Line Markets depicted that it is effective for arriving better and optimal decisions about the investments. Thus, by applying this approach, County Line Markets can manage various aspects of expansions and achieve a strategic advantage in the grocery retail industry. The case solutions. On its part, com offers a good insight into this case study, containing critical information and practical approaches that managers could use.



# Resource

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This is just a sample partial case solution. Please place the order on the website to order your own originally done case solution.

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