**Make-up Assignment 2 (10 points / Due Date: 7/10  10:00 AM):**

Brian is considering opening a bakery shop on Thomson Street, two blocks away from a local college. He has found a good location that attracts possible business. His options are to open a small shop, a medium shop, or no shop at all. The market for a bakery shop can be positive, average, or negative compared to the area business climate. The probabilities for these three are 0.25 for a positive market, 0.35 for an average market, and 0.40 for a negative market. The net profit or loss figures for the small, medium and no shops for the various market conditions are given in the table. Building no shop at all yields no loss and no gain.

Alternative           Positive Market       Average Market       Negative Market

Small Shop          35,000                    19,000                        -22,000

Medium Shop    62,000                      25,000                      -48,000

No shop               0                                      0                               0

(Question A: 3 points) Report the expected value outcomes. Based upon the expected value outcomes, what decision would you recommend for Brian?

(Question B: 3 points) What is the EVPI?

(Question C: 4 points) Create a regret table for this case. What decision would you recommend Brian based upon the minimax regret approach?