Build It And They Will Come..or Maybe Not

Build It and They Will Come. Although this notion worked for Kevin Costner in his movie Field of Dreams, the simple fact is that it won’t work in business. Today’s agri-entrepreneurs must thoroughly assess the feasibility of their business ideas to minimize risk associated with new business start-up. There are a variety of approaches to measure business potential - technical feasibility, environmental feasibility, financial feasibility, market feasibility, and so on. All are important; however, I will restrict my discussions to market feasibility.

I frequently hear phrases like, “selling won’t be a problem,” “my family and friends really like the taste of my product,” and “I’d buy it.” Although phrases like these indicate a preference for your product within your local area, they do not indicate full-scale market success.

People’s backgrounds and preferences vary from place to place. Compare your community to St. Louis for example. Differences become apparent when contrasting Clinton County (my community) and St. Louis County. When considering race alone, Clinton County consists of 96.6% White, 1.5% Black, 0.3% American Indian, 0.2% Asian, and 0.3% some other race; whereas, St. Louis County posts 76.8%, 19.0%, 0.2%, 2.2%, and 0.5% respectively. The point - you cannot take a popular, locally produced product and expect it to sell in different geographical regions with different community make-ups.

Below is an overview of the elements of doing a feasibility analysis. Let’s concentrate on trends.

Trends
Trends indicate whether consumers like particular products and demand them in the marketplace, making this a good place to begin our feasibility analysis. Trends take into account all consumers (nationwide and global), allowing agri-entrepreneurs to estimate the feasibility of marketing and distributing products in markets other than their local area. Upward-moving trends indicate growth in particular markets and growth indicates markets for value added producers. The rule of thumb is to identify upward moving or emerging trends and market products within those categories.

Trend information is publicly available. It can be obtained online, in magazines, or in your local library. With a little effort, you can find general trend information at very little cost to you. If you don’t know where to start, ask your local librarian. Libraries have information and resources available to better direct your research.

Example Market Trend
Let’s examine specialty cheeses to illustrate a market trend and its impact on production. The Nebraska Institute of Agriculture & Natural Resources published these graphs and information as a result of its Food Marketing and Processing center. According to FoodMAP, total United States cheese production has increased steadily over the past ten years:

![Total Cheese Production](image)

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This example illustrates an upward-moving trend and shows market support for cheeses within the United States. Put simply, consumers are eating more cheese. Based on this information, producers wanting to market specialty cheeses should recognize this opportunity as favorable.

A favorable market condition does not guarantee success of all new products - some will fail. It does, however, provide a foundation from which producers can better assess feasibility, profit potential, and begin to identify potential customers.

Does a producer always have to market products based on upward-moving trends? It depends. It certainly is easier to market a product in a category that is experiencing increasing demand. If the market is growing, producers can acquire entirely new customers. If the market isn’t growing, producers are required to attract existing customers (and their money) from existing competition. The latter is a difficult task. **It is no secret in marketing that it is nine times easier to retain a customer than it is to convert an existing customer to your product.** Converting an existing customer takes a great deal of money, advertising, and a distinct competitive advantage. Lacking effective advertising (before and after the sale) and a clear competitive advantage will make market entry nearly impossible. If market entry doesn’t look favorable, overall feasibility doesn’t either.