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**COURSE** : Afe 202

**Food Production and Health Awareness**

**QUESTION**

Prepare a business plan on a chosen agricultural enterprise following the guideline in the note. Spiral bind

**TABLE OF CONTENTS**

* Executive Summary/ Brief Description of the Project
* Sponsorship, Management and Technical Assistance
* Market and Sales
* Technical Feasibility, Resources and Environment
* Government Support and Regulation
* Timelines of Projects
* Estimated Projects Cost and Revenue
* Funding Mechanism
* Conclusion

**Introduction**

**EXECUTIVE SUMMARY**

Executive

Products

Nuel groceries plans to concentrate on Fruits as its primary product. This includes Apples, pineapples, oranges, guavas, strawberries, pawpaw, avocado and vegetables such as carrots, red onions, spinach, and pumpkins. The company's farm will have a capacity sufficient to supply vegetables and fruits per year.

The Market

Over the past decade the market for organic food has grown by 10% to 15% and every year 30% of Nigeria’s consumers occasionally reach for something labeled organic. Sales for organic foods are expected to top ‘ billion this year. Sales by farmers' markets have increased by 79% since 1994, to 3,137 markets in all the 47 counties , and the number of farmers who sell at them has more than tripled to 67,000. About 1000,000 Nigeria week now get their fresh food directly from the farmers who grew it. This makes for an excellent environment for an industry participant such as Nuel groceries that is willing to compete in a niche market and be first to the market with new products.

**Sponsorship , Management and Technical Assistance**

Financial Considerations

The company is seeking in both short-term and long-term loans and sponsorship from big firms like Shell , Nestle to finance the startup of Nuel groceries bussiness and cover start-up expenses and first year losses. It is estimated that the company will begin to make a profit in after 6 months of operations. The company does not Sexpect to have any cash flow problems during the first four years of operations.

**Market and Sales**

Market Analysis Summary

The market for fruits and vegetables supplements has grown over time both locally and internationally. This can be attributed not only to the increasing population, but also awareness on the rigth types of food to eat. In addition, positive medical results from major studies have further legitimized these products i.e. fruits and vegetables for better health.

Nuel groceries will be focusing on two distinct users of greens, individual consumers, and restaurants. The consumer market is seasonal so we will have productionn in shifts during the consumer off season and all of the production will go toward wholesale restaurant distribution. During the high season Nuel groceries will be serving both the consumer markets and the restaurants through direct distribution

Market Segmentation

The target customers include oriental vegetable markets demanding fresh and quality organic and semi-organic green vegetables and fruits and private individual buyers through direct selling and farmers markets. The company will use the Internet as one of its marketing channels for local markets.

The company's target customers will be as follows:

Vegetables and fruits:

• Oriental vegetable markets demanding organic and semi-organic vegetables.

• Vegetable processors.

• Roadside stands and farmers' markets.

• Working professionals for door to door delivery for local markets

Industry Analysis

There are three different types of competitors Nuel groceries face:

• Supermarkets. These stores sell both fruits and vegetables and also juicy fruits to consumers. The advantage of the supermarket is convenience. There are many supermarkets around the city and they are open many hours during the day. Their disadvantage is price and quality. The quality and variety lower than the standards set by the offerings of Nuel groceries. .

• Similar local farmers. These are very similar operations to Nuel groceries, sometimes larger and sometimes smaller. There appears to be room in the market for multiple farmers as most of the farmers sell out their products each day at the farmer markets.

• Large distributors. An example of this would be Quencher Nigeria which buys a wide variety of products and quality of produce from farmers and distributes them to restaurants. The produce is not usually local, and is a few more days older from the field compared with the local farmers. The price is comparable and the quality can be comparable, but not necessarily. The disadvantage of a fruits and vegetable distributor is the lack of flexibility relative to a local grower when serving local customers.

Buying patterns are based on the customer's desires. What is meant by this is that lower-end restaurants (or at least restaurants that are less concerned about quality) will not bother to get greens from local farmers, there is no need for them to. This pattern is similar for the individuals and also to exporters. There are some individuals that are content with the offerings from supermarkets. There are others that appreciate the difference in quality and are willing to schedule a trip to the farmers market to meet their weekly needs.

Target Market Segment Strategy

The Market Analysis Pie shown below reflects the total number of potential customers for Nuel groceries. The number of Oriental markets and vegetable processors represent national estimates of industry participants, whereas the number of individual buyers represents the estimated annual number of individuals that will be driving by the company.

Strategy and Implementation Summary

The strategy of Nuel groceries will be to profitably and efficiently utilize present and future marketing technology to increase the sales our products. The company, by acquiring an existing profitable fruits and vegetable farm with all the necessary custom-innovated equipment, will gain a significant industry advantage.

Through an assurance of top-shelf service and superior customer service and reliability, Magafruits will continue to grow its number of clients.

The company's long-term plan is to phase out whichever products are least lucrative and replace them with products that are practical and cost efficient.

Competitive Edge

Magafruits competitive edge has two main aspects: quality and flexibility.

• Quality. While the quality of the other local competitors is quite good, will work closely with local Agricultural and research universities to provides Nuel groceries with tools to create a superior products from fruits and vegetables.

• Flexibility. With Nuel groceries being both small and local in nature, it will be able to be flexible in meeting customer's demands. For instance, if local customers prefer more juice from our fruits than fruits themselves, Nuel groceries can rapidly shift production to meet the needs of that customer. Most of the farmers, and all of the distributors, typically have their production schedules set up for maximum yield and are unable to modify crop production very much. We are less concerned about maximizing profits, but much concerned with pleasing the customer. We believe, rightfully so, that taking care of the customer is the most important thing.

Marketing Strategy

Nuel groceries will initially market and supply its products to target customers. The company is further exploring marketing opportunities on the Internet. To this extent, the company will set up a website to market its products and attach the link to various sites like netlog, facebook, twitter.

Nuel groceries will advertise on newspapers like the standard and nation and will offer economical prices for easier market penetration.

Pricing Strategy

The company will set its pricing based on market rates as far as vegetable products are concerned.

Nuel groceries pricing for strawberries will exceed the average market price for the following reasons:

• Taste sampling at outlets will be encouraged.

• Unparalleled flavor superiority will addict greens tasters.

Sales Strategy

At Nuel groceries, the sales process is primarily the same for vegetables as it is for fruits, in that both products will be mainly sold through retail and wholesale marketing. As in the past, live shipments will be delivered by contract carriers in special oxygenated tanks carrying 8,000 vegetables or more, and will be continued as demanded.

Smaller, more local orders will significantly increase the overall sales when the 300-450 live vegetables carrying tank system is put into service late in 2000 or early in 2001.

The company's average sales cycle from first contact to closing of the sale is approximately 3 to 12 days for vegetable products. Furthermore, the company estimates that from first contact to sale conclusion, the cycle for fresh fruits will run 3 days or less.

Direct sales contacts of vegetable markets by delivery personnel, as well as cold calling by telephone of potential market outlets, will also be employed

**Technical Feasibility, Resources and Environment**

Technology

The company will keep within confines of technology and take advantage of the internet error. The company will use social networking sites for marketing.This include facebook, twitter, badoo, netlog, prodigits,linkeldn, wiser earth, 2go among others.

Nuel groceries will be located in Ondo town, Nigeria. Its  mission will be  to provide high quality, nutritional, and samptuous fruits, vegetables and their products for consumption in both near and remote regions of Ondo town

Company Locations and Facilities

The business is located in Ondo town Nigeria

The operation will utilize

• Filters, water treatment devices.

• wash facilities.

• Outdoor vegetable facilities.

• premises

• Warehouse preservation equipments

**Government Support and Regulation**

Government assisting in creating transportation and construction of rail ways transport and roads also repairing of bad bridges to avoid obstacle and low rate of production and also providing security for safety from The project will benefit from government intervention fund in the agriculture sector. And it will also be in the benefits of the government.

It will also create economic opportunities, market access, improved income for farmers and support food security objectives of the government.

**Timelines of Projects**

The Nuel groceries Business plan will be completed within 10months preferably between August, 2020 to May 2021

**Estimated Project Cost and Revenue**

Start-up Summary

Projected revenues for year 1 to year 4 are ksh 1,400,000, ksh 1,800,500, ksh 1,950,000 and ksh 2,750,800. Additionally the company estimates that once fully operational, income per product, per annum for both international and local sales would be as follows; fruits and its products (1,500,000) and vegetables(1000,000).

Start ups

Requirement Cost(ksh)

Legal fees 15,000

Consultants 25,000

Insurance 10,000

Transport and maintenance 200,000

Staff wages 10000

Purchase of fruits and vegetables 350,000

Research and development 30,000

Preservation equipments 150,000

Other expenses 50,000

Total assets 300,000

TOTAL 1,140,000

Sales Forecast

The following table and charts show our projected sales.

Sales monthly and yearly respectively

Sales forecast

Year 1(ksh) Year 2(ksh) Year 3(ksh) Year 4(ksh)

Sales

Sales 1900000 2000000 3768000 3567000

Others 0 0 0 0

Total sales 1900000 2000000 3768000 3567000

Year 1(ksh) Year 2(ksh) Year 3(ksh) Year 4(ksh)

Direct cost of sales

Sales 500000 700000 1087676 976736

others 0 0 0 0

Subtotal cost of sales 500000 700000 1087676 976736

**Revenues**

The company's revenue is derived primarily from the sale of vegetables and fruits.

Expenses

The company's expenses are primarily those of salaries, utilities, transport and insurance costs. Other expenses are based on management's estimates and industry averages.

**Funding Mechanism**

Start-up Funding

Funding Requirements and Uses

The company is seeking to raise of ksh 1,770,000 for the purpose of financing the acquisition of property and equipment system, facilities modifications, equipment, and funding operating expense.

**Conclusion**

Nuel groceries is a start-up seller of fruits and vegetables to various customers. Its objectives are to develop a product-based company whose goal is to exceed customer's expectations, increase production efficiency and, and develop a sustainable fruits and vegetable business, able to survive off their cash flow.