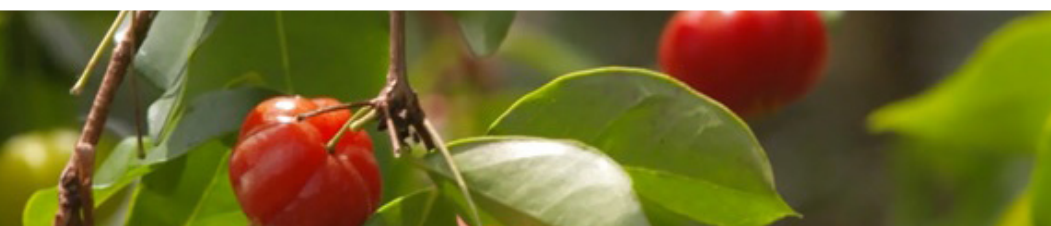




Agriculture in Education:
an educational resource for Year 7 Economics and Business

Growing Exotic Fruit - A Niche Farming Enterprise



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Growing Exotic Fruit - A Niche Farming Enterprise

Year 7 Economics and Business

Content Description

The ways consumers and producers interact and respond to each other in the market *ACHEK017*

Characteristics of entrepreneurs and successful businesses *ACHEK019*

Develop questions about an economic or business issue or event, and plan and conduct an investigation or project *ACHES021*

Source: Australian Curriculum v8.1

<http://www.australiancurriculum.edu.au/humanities-and-social-sciences/economics-and-business/curriculum/7-10?layout=1>

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Learning Outcomes

At the end of the unit, students have a greater understanding of:

- The characteristics of a successful entrepreneur;
- The factors contributing to the success of a niche farming enterprise;
- Business inputs and outputs;
- The features of a niche product and a niche market;
- How to plan and operate a niche market business
- The importance of managing risks and responding to consumer needs.

Description

This unit is based on the successful operation of an exotic fruit farm in northern NSW in which tropical and sub tropical fruits grown are sold in the local markets. This resource should be used in conjunction with the associated video *Growing Exotic Fruit – A Niche Farming Enterprise* (<https://youtu.be/OJlvWXB9TOE>) where over 200 varieties of tropical and subtropical fruit are grown and marketed in the Northern Rivers region of NSW.

The video and associated activities enable students to identify the owner's entrepreneurial skill in promoting and marketing an array of well-known and not-so-well known exotic fruits into the local market. It builds on students' awareness of their own buying habits and those of their families and various age groups. Students undertake a series of discovery activities, to consolidate their understanding of the characteristics of a successful entrepreneur and the skills required to operate successfully in a niche market.

Learning outcomes from the exotic fruit case study are reinforced through a comparison with a niche tomato growing enterprise located in the same region in northern NSW and an insight into niche market possibilities for beetroot growers and the role of grower groups and industry bodies in assisting fruit and vegetable growers, through research and promotion, in maintaining their viability in an ever changing market environment.

This resource includes:

- Teacher Guide and Student Activities
- Accompanying video - *Growing Exotic Fruit – A Niche Farming Enterprise* (<https://youtu.be/OJlvWXB9TOE>)

Activity 1: Thinking about Consumers

Activity 2: You be the entrepreneur

Activity 3: Getting into growing exotic fruit - case study

Activity 4: Niche farming: Business inputs and outputs

Assessment task: Niche farming Part 1 and 2

Activity 5: Case study: A niche market for tomatoes.

Assessment task: Plan your niche farming business.



Teacher Background Information

Entrepreneur - a person who organises and manages a business venture, showing initiative by taking advantage of an opportunity usually with considerable risk.

(derived from the French - entre - between, prendre - to take up/take hold of).

Niche market - a small area of trade within the economy, in which all marketing efforts are concentrated on a small, specific and well defined segment of the population. It often involves specialised products.

Niche product - A good or service with features that appeal to a particular market subgroup. A typical niche product can be easily distinguished from other products and will also be produced and sold for specialised uses within its corresponding niche market.

There are many websites advising people how to set up a niche market. The following approach can be used as a template for introducing and consolidating required knowledge.

Steps involved in planning the creation of a niche market

Step 1: Make a wish list of the type of customers you would like to do business with and decide the geographic spread of your target market.

Step 2: Focus on what you want to sell, your interest in it and what you know about how it is produced and sold.

Step 3: Know your customers' needs, wants and concerns about the product.

Step 4: Synthesise (pull together) the qualities of a suitable niche product.

- What do you want the business to do for you?
- Will your customers want it?
- Have you researched and planned your product or service?
- Is it unique to the area? If not, what will you do to overcome that?
- How might you change your product or service over time and develop other sources of profit?

Step 5: Evaluate – be prepared to start your planning over again if it doesn't pass all five qualities above.

Step 6: How will you test the market to gauge receptiveness to the product

<http://www.entrepreneur.com/article/240163>

Requirements for setting up a niche market for a product or service.

1. Understand the potential market;
2. Identify the needs and wants of that potential market; and
3. Look for ways to tailor the product or service to meet those needs.



Setting the Scene

Introduce this unit by asking students:

- How do they buy things they want?
- Do any members of their family purchase items over the internet? Examples?
- Do they know someone who runs a business? What product or service does it provide?
- Where is it located?
- What are some examples of large businesses? What products or services do they provide?
- What are some examples of a small business? What products or services do these provide?
- What is their favourite shop and why?
- Are there always lots of customers there?
- Has the business changed hands recently? If so, did the new owners make any took over?
- What they think is important in running the business.

Introduce the following terms (see Teacher Background notes) and have students record them in their notebooks:

Entrepreneur

Niche market

Niche product

- Ask students to think of someone they know who could be regarded as an entrepreneur
- What type of person is he or she?
- What skills might an entrepreneur need?
- Identify some examples of a niche market - targeting an age group, type of person, sports, recreational or fitness activity?
- Identify examples of a niche product and market subgroups.

Ensure students record key points raised during the above discussions.



Activity 1: Thinking about consumers

In this activity, you will think about why people buy things and the factors they consider when doing so.

STEP 1:

Working in pairs, assume that each of you have \$100 in pocket money to spend on something you really want. It could be the same or a different product or service.

- Decide how much you will spend and what you will buy?
- Why do you want to buy it?
- How did you find out about this product or service?
- Where would you purchase it? Give reasons for your choice.
- Can you buy it somewhere else?
- Would your parents or grandparents want to buy it?

Share with the class what you decided to buy and why.

STEP 2:

Record your own thoughts on your \$100 purchase, by answering the following;

- What means of transport did you use to buy it and did you factor in this cost?
- Is the product available online?
- What is the likely target market for this product?
- Are there similar products/brands/services available? If so why did you choose this one?
- How long will it last?
- How soon will it be before you might want to buy another or similar product?
- Could it be described as a specialty or niche product?
- If you owned or managed that business, identify three factors that could increase sales.

STEP 3:

As a class, discuss your findings from Step 2.

- Prepare a class list of the products or services that students nominated?
- Classify each one as either as a general or niche item or service.
- What were the most popular student choices? Was there a standout preference?
- What were some of the more commonly reasons given for choosing the item?

STEP 4:

Reflect and record at least three key aspects that this exercise has lead you to think about. It will be useful to look at these again at the end of this unit to determine what else you know about these aspects.



Activity 2: You be the entrepreneur

As a class, recall your definition of an entrepreneur, niche market and niche product.

Working in pairs, your task is to plan the following business venture.

Scenario: *The local council has recently advertised that it is providing a sum of money to a successful applicant to take over the lease of small 2 x 3 metre shop front on the main street of a popular seaside holiday destination.*

The site was originally used as a kiosk for selling newspapers, but has been closed for many years. The footpath in front of the 3 metre wide shop front has recently been widened to 4 metres making it more attractive to pedestrians. You have been given the opportunity to put in a bid to take on the management of the premises.

Applicants are invited to participate in an initial interview before a selection committee. From this, the committee will short list a number of applicants to submit a detailed proposal.

Decide on a suitable product to sell and prepare your case to present to the selection committee.

Think about each factor below to enable you to organise present your ideas to the Council.

1. What product or service will you sell? This will be your business output.

Entrepreneurial Skills:

- Who will your customers be - what are their needs?
- How will you tailor your product or service to meet those needs?
- Know your competitors - is there a similar business nearby?
- Do you have the skills to make the product or provide the service? Would you need to employ help?
- How will you attract your customers and market your business?

Business inputs – think about the following – they are resources that contribute to the production and delivery of your product or service. They will help you determine whether your business could be successful.

- The nature and attractions of the surrounding area.
- The location, size and accessibility of your premises – your opening and closing hours.
- The Council will provide initial capital of \$5,000 to set up and run the business.
- How will you manage this \$5,000 and what will you spend it on?
- You have access to electricity and lighting within the premises. The footpath is lit by the council.
- The infrastructure needed in the shop.
- What help will you need to run a successful business?

Other considerations - make a list of other aspects you might need to consider.

2. Present a short convincing proposal to the selection committee (your classmates) demonstrating you and your partner's **entrepreneurial** skills and your ability to come up with a **niche market** opportunity for your business?

The selection committee will decide if your business will be short listed for the next stage of the selection process.

Activity 3: Getting into growing exotic fruit

Teacher Background Information

John Picone's exotic fruit growing business is located on 51 hectares in the sub tropical Northern Rivers region of NSW. The owner grows over 200 varieties of tropical and subtropical fruits and over 20 different vegetables on the fertile volcanic soils.

Some of the species grown originate from South America, Europe, Asia, India, Japan and Mexico.

A list of all the fruits grown on this farm can be accessed at the link below:

<http://www.byronfarmersmarket.com.au/farmers/view/58>

His farm is on Foxs Lane, Tyagarah just west of Brunswick Heads NSW. It is approximately 2km from the roundabout onto the Pacific Highway. Find this roundabout on Google Earth.

Owing to the relatively small scale operation, John sells his produce locally at the nearby weekly farmer's markets at Byron Bay, Mullumbimby and Ocean Shores. These markets are held on different days. His specialty produce is also highly sought after by a number of local restaurants.

Surplus or unsold produce is given to charities and local institutions.

He is quite content with the size of the operation and doesn't want to increase his production as he would need to invest further capital, buy more equipment and hire additional labour.

John's passion for producing from the land, goes back to childhood in Sicily. He is constantly researching and experimenting with new varieties to service the market with high quality produce year round. He understands that his customers want fresh and nutritious food and he enjoys the challenge of introducing people to new flavours and fruit and educating them about their qualities.

He understands the growing requirements of his various fruit species and is passionate about their growing requirements.

Exclusion netting protects the fruit from fruit flies and bats, reducing both the need and cost of spraying. A simple yet effective bee hive arrangement enables bees to pollinate the plants and to move in and out of the netted area searching for pollen and nectar.

He and his family are well known business people in the region and he sources all his equipment and supply needs from within the local region.



task

Activity 3: Getting into growing exotic fruit

Exotic fruit is fruit that is not native to the area in which it is being grown. We often think of exotic fruit as tropical fruit, but not all of it is.

1. Draw up a table titled Exotic Fruit with three columns. In the first, list as many different exotic fruits as you can. In the second, place a tick beside those you have eaten. In the third, sketch some of these.
2. Share and compare lists and compile a composite list for classroom display.
3. Select some of these to investigate. Research their nutritional value and growth requirements.

Watch the video: *Growing Exotic Fruit – A Niche Farming Enterprise* (<https://youtu.be/OJivWXB9TOE>)

John, the owner provides an insight into his personality and the things he believes are important in managing and running a successful business.

His farm is on Foxs Lane, Tyagarah just west of Brunswick Heads NSW. It is approximately 2km from the roundabout onto the Pacific Highway. Find this roundabout on Google Earth. Calculate the approximate distance to the weekly markets at Byron Bay, Mullumbimby and Ocean Shores.



discuss

As a class, talk about what you found out from the video:

1. Your initial reaction to the farm and its surroundings shown on the video.
2. What might the climate be like – how can you tell?
3. The varieties of fruit you were able to identify.
4. What type of person is John?
5. How many people are employed on his farm?
6. How does he ensure that the fruit is easy to pick?
7. The measures taken to keep the fruit free from pests of diseases.
8. The purpose of the bee hives.
9. Other tasks that would be involved from growing to marketing.
10. Sources of energy on the farm - renewable and non-renewable.



Activity 4: Niche farming: Business inputs and outputs

Below are some of the concepts used or implied in the video *Growing Exotic Fruit – A Niche Farming Enterprise* (<https://youtu.be/OJlvWXB9TOE>)

1. In the spaces provided, add any further relevant features you can think of that are a feature of John's successful fruit growing business.

Name:

land	knowledge of plants	location of markets	sustainability	climate
biosecurity	wind energy	innovation	fuel	personality
capital	product surplus	farm machinery	bees	labour
distance to market	yield	passion	exclusion netting	quality product
electricity	market knowledge	time	transport	harvesting

To help you fill in any remaining empty spaces, think about the fact that John only sells into three local markets. Imagine you met him at one of these:

- Why might you be tempted to try one of these exotic fruits?
 - What other factors might influence your decision?
 - How does he keep up a supply of fruit all year round?
2. Classify each of the features in the table above as either an input, output or entrepreneurial skill. Decide which category it belongs to. Hint: Pencil in I, O or E within appropriate boxes.

Reflect: John's farm is near Byron Bay. What type of people might be his regular customers and his casual customers? At what time of the year might he have to make sure he has additional produce to sell?



assess

Niche farming enterprise part 1

Name: _____

From what you have discussed so far in this unit and your knowledge about John's exotic fruit farming business, write answers to the following:

1. What entrepreneurial skills does John have?
2. John demonstrated his initiative in running his business. Describe some examples.
3. There are number of reasons why John only sells his fruit locally. What are these.
4. What are some likely risks John could face in this business? How would these impact on his profitability?
5. What methods does John use to promote his products? Why are these successful?



assess

Niche farming enterprise part 2

Name: _____

6. In the space below, construct a diagram that provides a graphical representation of the farming operation.

Clearly show:

- a. the inputs - includes the materials and information required for the process;
- b. the process itself;
- c. outputs - the products and by-products resulting from the process: and;
- d. entrepreneurial skills.

Use each word once only. Include an appropriate title for your diagram.

A large empty rectangular box with a black border, intended for the student to draw a diagram of a farming operation. The box is positioned below the instructions and occupies most of the lower half of the page.



Activity 5: Case Study - A Niche Market for Tomatoes

Below is a transcript of an interview with one of two owners of a successful family tomato growing and marketing enterprise. It provides an additional perspective and insight for the subsequent assessment activity. Students can read it themselves, or it can be read and discussed as a classroom exercise.

<p>Niche Product: Tomatoes – with eggplant, capsicum and cucumbers as a side line.</p> <p>Grown in the Bangalow Hinterland of northern NSW and servicing the local <i>niche market</i>.</p>	
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Location and description: Our business is located on a 40 hectare farm in the northern rivers of NSW. We grow tomatoes and vegetables in eight greenhouses on two hectares. Windbreaks have been planted to provide protection from strong winds we often get in this coastal area. A permanent creek flows through the property and we pump water from it for irrigation. The rest of the property is used for beef cattle grazing

Why tomatoes? The property had been in the family for over 100 years. It was an unproductive beef cattle farm. My husband knew a lot about horticulture - he wanted lifestyle change and to make the land more productive. I agreed to the challenge and became a partner in the business.

Initial attempt: We took 12 months leave from our work and came back to the family farm. We decided to grow tomatoes and vegetables for the Brisbane and Sydney markets. We bought two second hand green houses, other things we needed and started planting and harvesting. We soon discovered that our costs far outstripped our income. Because we were selling into the controlled metropolitan markets we had to sort, grade, label and package our produce. We had to buy the standard boxes and liners and pay the freight costs to get the fresh produce to the market. There was usually a two month delay between sending off the produce and receiving payment. Not surprisingly, our business failed and we went back to our previous jobs.

Second Attempt: After much thought and research, we came back a few years later. In 2002, the farmers' market commenced in the region. We signed up as a foundation seller. We liked the idea of direct selling to customers. At our first farmers' market, we set up a stall with just 8 bags of tomatoes. We did try setting up a road side stall so we could sell the left overs, but this wasn't worth it. The honesty system for payment was a risk, so we decided to sell only at farmers' markets that were setting up in the local region at the time.

Growing requirements: Tomatoes have particular soil requirements and insects and pests can be a problem, in the warm moist months. We use an integrated pest management system, namely - native wasps to destroy whiteflies. We plan planting and harvesting so we have produce all year round and can supply the busy holiday seasons. We factor in the varying planting to harvest period for tomatoes, eggplant, capsicum and cucumbers.

Risks: A lack of rain and excess heat. Even though the produce is grown in greenhouses, wind and hail can be a problem. Despite the integrated pest management system, there is always the risk of a crop failure, through pests



discuss

Inputs: We had to borrow to set up the business and buy the equipment and infrastructure we needed. This included six more greenhouses and a packing shed. Our costs are met from the income generated at the four local markets. We periodically update the market stall - gazebo, tables, display baskets. We employ staff, mostly back packers, on a part-time basis to plant, maintain, harvest and pack the produce and assist with selling.

Current Situation: It's a successful and well known business and we sell a highly sought after product. As the markets are held on different days of the week, we pick one day, put it into crates, then straight onto the truck and we drive it to market early the next morning. Unsold produce from one market becomes the produce sold as seconds at the next market venue. We have customers who regularly grow our seconds for cooking. Tomatoes are used in our local brand name and they are a distinguishing feature of our business. Many local restaurants purchase our tomatoes as part of the increasingly popular "low food miles" concept.

Success factors:

The expanding network of local farmers' markets provided the direct producer to consumer marketing style that we prefer. We had the skills and could see a niche market opportunity. Other factors now include:

- Being well known in the local community and understanding the customers' needs;
- Balance of skills - one of us has the desire and skill to grow the produce and the other has the personality and flair to market it;
- Selling a high demand, quality and comparably priced product that can be sold all year round;
- Continual production and sales throughout the year, provides regular and immediate income;
- Control over cash flow, no need for cold storage as produce picked one day and sold the next;
- Investing in a local brand and marketing image that appeals to customers - fresh, organic, local;
- Capitalising on what our customers want. They are increasingly seeking niche products – initially truss tomatoes, heirloom tomatoes to grow from seeds) https://en.wikipedia.org/wiki/Heirloom_tomato;
- Financial security for the family;
- Willingness to try new niche related products and to shelve unsuccessful ones;
- Keeping up-to-date on trends and innovations in tomato growing, but accessing the latest market research from respected sources such as Horticulture Innovatino Australia (HIA) - <http://horticulture.com.au>;
- Continually thinking and planning ahead, searching for new opportunities and listening to customers.



task

Reflect: Students suggest how their initial thinking about themselves as consumers and their reasons for buying a particular product, have been refined since the start of this unit of work.

Plan your niche farming business – assessment task

Teacher Background Information

This assessment task requires students to plan the setting up of a niche farming enterprise, drawing on the knowledge and skills they have acquired and from their analysis of the case study examples.

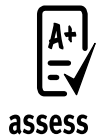
Students will be expected to have a reasonable appreciation of the following.

Entrepreneurial Skills:

- Understanding customers and their needs - the target market.
- Awareness of competitors - other types of businesses nearby.
- Willingness to modify and adapt to changing circumstances, passion for the business and the work that it involves.
- An understanding of regulatory requirements as appropriate eg health standards for marketing food and other community expectations such as the use of chemicals and sprays and the desire for organic produce.
- Factoring in technology considerations - managing your daily sales and expenses, advertising methods.
- Understanding general economic aspects - is the economy healthy, what are people prepared to spend their money on?
- Setting an appropriate price for the goods being marketed.

Business inputs - the resources that contribute to the production and delivery of a niche product.

- Nature and attractions of the surrounding area.
- The location and size of the premises.
- Research capability.
- Membership of an appropriate groups such as grower organisations.
- The capital required to purchase stock, fit out and lease the premises, pay staff.
- The equipment and materials required.
- Costs – energy supply, transporting products to market.
- Labour - who will you get to help you run the business successfully.
- Advertising and promotion.



Plan your niche farming business

Niches do not 'exist' they are 'created. This is done' by identifying needs, wants and requirements that are either being addressed poorly or not at all and developing and delivering goods or services to satisfy the demand.

Working in pairs, imagine you have been able to buy 30ha of land. You can choose where the land is, but it must be suitable for the type of farm you select.

Preparation:

Your challenge is to plan how you would set up a niche farming enterprise. You will need to:

1. Select what you will produce and where you will locate it.
2. Research its growing requirements. If not suitable, you will have to think again.
3. Decide what inputs will you need? (resources contributing to the production process);
4. Identify your outputs (final products to be produced or delivered);
5. How will you advertise and market your product?

Demonstrate your Entrepreneurial Skills:

- Understand your customers and their needs - the target market.
- Know your competitors - other types of businesses nearby.
- Plan thoroughly.
- How will you ensure a steady flow of income to meet business and personal expenses?

Follow up Scenario: Three years after starting up, ABC Rural has invited you onto its flagship weekly radio program - the Country Hour. (This weekly show is officially recognised by the Guinness Book of Records, as being Australia's longest running radio program.)

<http://www.abc.net.au/news/rural/programs/nsw-country-hour/>

You have also been asked to prepare an accompanying article on your business. Your article will be put up on the ABC Rural website. **You see this as a perfect opportunity to promote your product.**

What to do: In readiness for your interview, prepare your article. The following template is provided to assist you plan your article. You can add images. Be creative.

Planning your niche farming business - Suggested template

Name of Enterprise:

Joint Owners:

Description of the Farming Enterprise:

Reasons for setting up the business:

Location:

Product:

Climate:

Growing requirements:

Seasonal activities:

Your research:

Is the same product being grown nearby?

Who are your customers? What do they want from your product?

Risk factors:

Sources of capital:

Capital, labour and skills requirements:

Business inputs - Equipment/machinery/vehicles/irrigation:

Innovation and technology:

Marketing strategies:

Don't forget the fundamentally important success factors for your business enterprise.



web

Online Teacher Support Resources

1. Entrepreneur – 7 Steps to Defining your Niche Market
<http://www.entrepreneur.com/article/240163>
2. Case study video – *Growing Exotic Fruit – A Niche Farming Enterprise*
<https://youtu.be/OJlvWXB9TOE>
3. Byron Bay Farmers Market: Overview of John Picone’s farm and the products grown
<http://www.byronfarmersmarket.com.au/farmers/view/58>
4. Fruit Info website: General information on varieties and nutritional value of exotic fruit
<http://www.fruitsinfo.com/exotic-fruits.php>
5. Horticulture Innovation Australia
<http://horticulture.com.au/>
6. AFN Food for Thought
<http://ausfoodnews.com.au/2015/08/31/health-conscious-consumers-turning-to-beetroot.html>
7. AUSVEG website
<http://ausveg.businesscatalyst.com/news/latestnews.htm>
8. Gardenate website
<http://www.gardenate.com/plant/Beetroot?zone=3>
9. Heirloom Tomatoes - Wikipedia
https://en.wikipedia.org/wiki/Heirloom_tomato
10. ABC Country Hour
<http://www.abc.net.au/news/rural/programs/nsw-country-hour/>

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