



@SENCEAGRIC

Agriculture is our wisest pursuit, because it will in the end contribute most to real wealth, good morals, and happiness."

- THOMAS JEFFERSON

Takolikali Farms' Investment Decision Supported by Market Research. (2021)

This market research was meant to highlight possible areas for investment for the company.

Background

Takolikali Farm was a start-up with about 80 hectares of land in Agaie Local Government Area of Niger State., Nigeria. The company owner had inherited some of the land and increased the size by buying additional parcels of land totalling about 80 hectares. As a busy director in a government parastatal in Abuja, he had little time to spend on the cultivation or management of the land and so it was left to the community to do with it whatever they wished. Occasionally, he would try to cultivate crops like cassava, millet,, sesame etc on the land but it never yielded much.

The land owner was looking to retire within a 6 year period and wanted the land to serve as his means of sustenance during retirement in addition to other considerations. He started exploring various ways to utilise the land. He knew he wanted to use the land for agriculture but he did not know what area of agriculture to explore.





The Brief

Takolikali farms commissioned a market research to enable it to make an informed decision in determining the best area of the agriculture sector to invest in. The company's goals in considering this investment in agriculture were as follows:

1. To become a successful business and a source of a steady revenue for the owner.
2. In the course of making money, enhance the community where the business is located.
3. Create jobs for the members of the community.

To achieve this, Takolikali was ready to consider both long- and short-term projects directed at consumers across the country that will allow them to achieve their goals. The initial capital outlay of N5 million was going to come from the owner's personal finances, while further investment consisting of both equity and loan was expected to boost the amount of money available for the project.



What We Did

1. Our first step was to understand the motivations behind choosing the agriculture sector as a retirement plan. It was necessary because by understanding the motivation, it would help us determine the areas of the value chain that best suited their objectives and abilities. This we did by designing a questionnaire that was administered to the business owner.
2. We needed a lot of varied information that would help us make recommendations for the best investment options. Thus we needed to decide on the best data collection method to adopt, and we settled on both qualitative and quantitative methods. The data collected was obtained through the analysis and review of information from various sources, including international agencies, newspapers, existing research, etc., enabling us to produce a comprehensive summary of the agriculture value chain in Nigeria.
3. From our analysis of the agriculture value chain we highlighted the processes that food goes through from farm to table and the opportunities within each step in the value chain. For a comprehensive understanding of the opportunities, we examined the context within which any investment within the sector would occur, and this was divided between the global context and the local context.
4. For emphasis, we examined selected areas within the value chains to show the gaps between demand and supply and the opportunities they present for Takolikali farms.

5. We also analysed the location of the farm, looking at the availability of resources, nearness to major markets, available infrastructure, and labour.

Recommendations

At the end of the analysis, we recommended three main areas we believed Takolikali farms should consider. The recommendations were based on factors such as availability of resources, like land and capital, the demand and supply of the product or service, the areas of competitive advantage bearing in mind the location of the farm etc.

We recommended livestock feed production because of the shortage in the production of livestock feeds and the almost nonexistent livestock feed companies in the North, where the farm is located. We also recommended the cultivation of maize and wheat, in view of the recent ban and the shortfall this has caused in the market. Besides we believe that the cultivation of maize will complement the production of livestock feeds, seeing as maize is a major component in its production. Finally, for a long-term investment we recommended Cashew nut, based on the increasing demand for the product both locally and internationally.