

# Feasibility study term paper example

[Business](#), [Customers](#)



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## **Business**

### Introduction

This is a feasibility study project that aims to establish a pre-plan for the restaurant business. This feasibility study is also aims to provide basic information that will help in better decision making for the proposed restaurant business. Study will include some key points that may help establish a strong and stable business and aims to target the possible opportunities and challenges that this business might encounter. The paper will be written in a form of providing the industry and market feasibility; discussing the overview of the industry which the proposed business is included and its strengths, weaknesses, and viability from the entrepreneur's prospective. With the proposed business, this feasibility study will also include the major threats and opportunities that the food industry faces, as well as its target market. Another inclusion will be the Product and service feasibility which aims to analyze the consumer's willingness to purchase

from the proposed restaurant business including its products and services. In addition, this study will show the financial feasibility that shows the rough estimate in regards to startup capital needed to start the business based on the entrepreneur's reasonable capacity, also, along with the capital needed, financial feasibility will also include the earning capability of the business that is essential to stay viable economically which covers the possible overhead expenses of the restaurant business. Finally, conclusive writing will portray the general feedback on the study if this plan will push to the next step and that is the business plan itself. His position will be based on the information included in the three parts of the feasibility study especially the key points that will affect his decision like the business' market potentialities, financial implications of the proposed opportunities, and technical implications. All of these will help him in developing future plans for the business.

## **The Industry and Market Feasibility**

A small restaurant is a business that provides customers with table service. Small restaurant businesses often have an informal, family-style environment, and a limited selection. The service is often small, with limited sitting. The kind and variety of small dining places differ significantly from group to group, as do the selection and variety of customers. Small dining places may also have local and periodic choices for customers from outside the area. This kind of restaurant has the most powerful potential for success in non-urban areas, particularly in airport terminal locations with established traffic. Restaurant businesses are basically suppliers of ready meals, and their operating efficiency is affected by many of the same aspects that

impact conventional suppliers. For the most part, dining places have business designs that are relatively clear and understandable. However, there are a number of exclusive aspects to consider when making financial commitment choices regarding this large and segmented market. Providing great food and services that clients come back to some time to time again is no longer enough for a restaurant business to endure. As a restaurant proprietor, you need to be regularly considering one thing, and that is increasing your earnings at every turn. You need to be persistent and innovative in discovering other, several, method for improve your product to your faithful customers.

This kind of business has strength in terms of being resilient in whatever economic status is. Since food is one of the basic human needs, restaurant business supports that kind of living essentials. Overall, the dining places market has confirmed its strength in the experience of the recession. This is because eating out and going for beverages has become an integral part of consumers' way of life worldwide. Despite financial doubt, many customers continue to sustain this element of their public lifestyles. They are, however, keener than ever to make sure they are getting value-for-money and commitment to particular brand or individual dining places is declining as a result of more customers looking for the best deal for their refreshments. Some opportunities of the restaurant business may come from the target market. Individuals' preferences are changing as they become more aware of the side effects of consuming the ready made meals and quick carry-out meals that were so popular nowadays. More customers than ever prefer healthier options over fatty unhealthy foods. Fast informal dining places

have an opportunity to determine what healthier fast-food consuming means for the modern consumer. In addition, Fast-casual restaurants' operational systems are possible to gain more income into their local economies compared to bigger fast-food outlets. Smaller fast-casual stores often buy produce, beef and other substances locally, offering a increase to farming economy wherever a fast-casual restaurant is located. This small increase to the local economic system can somehow increase the demand in the local restaurant industry, such as the fast-casual segment. Fast-casual dining places often pay higher on per hour basis income than traditional fast-food stores. This provides an opportunity to entice more experienced and qualified job candidates, consequently enhancing service and product quality.

The size of the restaurant industry in the target market should also be considered, for it will be one of the areas of success in starting up the restaurant business. The size of the restaurant should coincide with the target market's population so that strategies can be planned accordingly based on the target market's density. This part will help the business in targeting the profit required to be sustainable in the market. Good customer service or quality service is equal to a business' success. An entrepreneur has no business in the restaurant company without having a good product. For example, your meals, quality assistance can update average meals and keep people returning. Top quality service is the key to a successful business. When a restaurant offers excellent service, the likelihood for the customers to return is excellent. If the service is not good, odds are, they'll never come back.

The restaurant industry is extremely competitive with regard to price, value and special offers, service, location, and food quality. There are a significant number of restaurant functions that contest for customer traffic, some of which have significantly greater resources to strongly industry to customers, which could result in the ideas losing business. Customers are extremely targeted on value and if other dining places are able to advertise and provide a higher degree of value, visitors levels may suffer, affecting earnings. In addition, with enhancing product special offers at quick-service dining places and shops, in addition to the present state of the economic system, customers may choose to trade down to these solutions, which could also adversely impact earnings.

As food is one of the basic needs of human, operating or having a restaurant business is an advantage. This will cater to one of the human essentials to live. The competition may be present in the restaurant and food industry, but there would be no substitute that the consumers can turn to if they are fond of eating outside the comfort of their own home. That is why having a better service is also essential in getting and attracting more consumers, hence getting the right recipe to get them coming back is important. There would be no substitute industry that can replace the restaurant business or food business. This applies especially to those people who are always on the go. These types of people often eat outside rather than consuming more time dining at home. Restaurants also target people who are more of having a good meal outside their home or celebrating good times with families by dining out.

The food industry including restaurant has been running for hundreds of

years and it shows that this kind of industry is one of the oldest type of industry in the world. In fact, restaurants have been operating hundreds of years before the first television has been introduced. Basically, this means that even if the marketing strategy of the earlier restaurants does not involve using media exposure, it still continued to grow as an ideal business that an excellent entrepreneur can possibly think of.

Restaurant suppliers play a big role in a restaurant's success in achieving the targeted profit. As the economy faces the challenges, the more possible that the supplies that the restaurant needs to operate may likely go higher as well. This challenge is one of the normal circumstances that a restaurant business faces. However, there are a lot of options that the entrepreneur may consider to cope with these challenges. One of which is changing to another supplier. Suppliers also have competitions among them. An entrepreneur can choose another supplier who can supply the same amount of products needed to operate the business for less.

## **Product and Service Feasibility**

Consumer's willingness to purchase the product depends on how it is being presented. In a restaurant business, convincing your customers to buy your product is not that easy because of the extreme competition that is present within the industry. In this case, determining if there is a healthy willingness on customer's part to dine in the restaurant is important, this will be one of the key indicators that the business is in good shape and if the business is doing the right thing. This kind of business can turn ordinary by passers to be their customers, better yet, their loyal customers. Keeping the right pace, and right timing, along with the right marketing strategy of your product

would turn them into your regular diners. Make a business, organizational and promotion strategy. This is to guarantee that your restaurant is operating the way you desired it to be and to be straight notified if something incorrect happens so that you can instantly take appropriate activities to appropriate everything. Figure out what types of clients do you focus on. Establishing the right price is also important. Also select the best location. The best location does not really matter if it is far or near. What matter again here is the industry you focus on. Individuals who are adventurers want a restaurant which is not really accessible. However, the mass people select restaurant which are situated in downtown. These practices will help the restaurant operator to easily determine if the customer has the willingness to purchase or dine in the restaurant. Restaurant business can be as a profitable if it is able to hit its target market's taste. In this kind of business, it is important that there is a trademark product that consumers will remember to be unique for your restaurant. Most of the restaurant businesses do this kind of strategy to keep their consumers on coming back. Once the business is successful in marking its product as to be unique of their own, this will create a mark on the customer's mind which eventually creates an environment for the business to be more profitable in the long run. The restaurant may also eventually focus the trade marked product while developing the others to be also unique will bring a possible unimaginable profit in the future. These steps may bring more than the targeted profit of the restaurant business.



## **Financial Feasibility**

Restaurant start-up expenses can differ extremely from business to business. Price is affected from the dimension, design, variety of staff, if the food outlet is a franchise or self-owned, and as well as the location of the business. Given that there are many things to consider, you can still get the estimated amount of the initial expenses to start your food business, provided that you have a powerful company strategy. If you are buying a pre-established restaurant, the cost for your equipment will focus on improvement and considering the essential equipments you need to continuously operate the business. However, if you are beginning from the scratch, your most expensive products will be air flow equipments, cookware, and fridge. In the kitchen you will also need surfaces with under counter fridge and heaters, racks and all of your food preparation and storage tools. This can cost anywhere from \$100, 000 to \$500, 000 or more, based on the type of cafe you have. You will also need to price range for all the clothing, silverware, cups and other products for the service, as well as for breakages and equipment maintenance and repair. Once you are up and operating, your greatest expenses will be for meals and drinks. Based on the restaurant idea, the beverages and the actual food overhead must run not exceeding twenty five to forty percent of the profit, with casual dining places at the lower end of the range. Paying the staff will be an additional of twenty to twenty five percent of profit. With new dining places, food supplies often have to be paid for when delivered, so you will need to price range enough money to buy supplies until you earn the profit. You may also want to price range for unique offers and special events. You will have to get ready a

appropriate price range and see the right quantity you will need to set up a restaurant.

As the restaurant earns profit, it makes the business stable and more profitable in the long run. This means that the earning power of the business can sustain the operational costs of the restaurant business and at the same time cope with the challenges of the economy. One of the earning powers of the restaurant business is making a good profit from loyal customers. Having customers who keep on coming back and patronize your restaurant dishes will likely spread the news of your restaurant having a great meal. Another earning power of the restaurant business is the ability to manage its costs to make it lower than the targeted one. If the restaurant business will be able to manage the overhead expenses, more likely it will affect the markups to higher than target profit. Building income is a valuable part of maintaining a viable restaurant business. Increased income can allow you to flourish your restaurant to provide more customers and improve the funds available to entice skilled workers. Three strategies may help you improve your restaurant's income to build a strong, maintainable food service company. Restaurants may improve do it again company and entice customers by interesting in public networking like Twitter and Facebook, you can run competitions and keep customers aware of special choices, special discounts and other special offers. Social media allows you to find out what your clients want, so you can adjust your customers company to become more attractive than your opponents. Social media services can also allow customers to check in when they reach your restaurant, which let their friends know that they've chosen your restaurant instead of a competitive restaurant.

The chance of earning a profit in the restaurant business is very high. Since it has been mentioned that this business caters to one of the basic human needs, earning a profit in this business is easy as long as the strategies and plans are well executed. No matter what type of restaurant is being established, food business will likely earn profit even on the long run. The breakeven point in this business will be reached after all the startup capital has been gained back. Margin of safety is used in break-even research to indicate the quantity of revenue that is above the break-even factor. In other terms, the margin of protection indicates the quantity by which a business' revenue could reduce before the organization will become unprofitable. The essence behind break-even point is to determine the factor at which earnings begin to surpass expenses. There area lot of chance for the restaurant to earn profit. Chances include the economical status which can be a potential for a good competition among restaurant businesses which may lead to better strategy that eventually helps achieving the target revenue. If the company is able to sustain the revenue, it is more likely that the business will reach the breakeven point earlier than normal.

The restaurant business is regarded to be one of the most growing companies where you can quickly generate success when began effectively. Studying how to set up a restaurant is essential when you want to earn more from this company in shorter period. This means that there is a big chance of earning a profit in this kind of business. Food business is ideal to put your investments on which highly ensure that the capital can be earned back as the business maintains its profitable income through good business strategies. This kind of business is regarded as one of the most effective

profit earner you can begin with. With the right program, there is so much cash you can produce from for dining places business. As food is a basic commodity, the need is ongoing. You are confident that individuals will always look for excellent meals. If you are able to provide the excellent foods that individuals look for, the success of your restaurant is confident.

## **Conclusion**

In this feasibility study, it showed that there are a lot of things that need to be considered. Based on the information gathered and presented, the ideas that are included in the study will make the proposed business to be successful as there are a lot of opportunities that can be good factors in having a successful restaurant business. On the other hand, these opportunities can be taken as an advantage in starting up the restaurant business. With all the possible challenges that this business may face, there are a lot of good opportunities that can make the business achieve the profitable goal. And based on the good attributes that are included, it shows that restaurant business is very profitable. Other than the initial amount that is needed to make it successful, this business will bring a better lifestyle and wealth to the owner. There are many things like plans and efforts that are needed to achieve great results from this business. In order to get the targeted profit, everything must be completely executed, because the restaurant business has a very small risk, hence considered to be a safe investment. In just a few months or year depending on the restaurant size, the capital that was put on the business will likely earned back faster. Having the right modification on a regular basis and making your products unique will keep the business in good stand. Better customer service, reasonable

price, and passion about the business will surely achieve success. The capital startup that is going to be spent will likely be gained back because this kind of business produces a product that people needs to survive, hence, with this kind of business will target the people that are normally on the go. Most of the people's lives nowadays are very active wherein it needs to focus on their professional life, and given that kind of lifestyle, they tend to have lesser time to cook for themselves which as a reaction, they tend to eat outside like restaurants or fast food chains to save time. In addition, a business proposal is like a strategy of company achievements. It allows you explain your objectives, type out your main concerns, and know, at a look, what your next step should be to enhance you business, and your professional status. What's more, a well-crafted restaurant strategy is one of the most crucial resources in getting funding for your project. Another thing is that based on the information gathered, this kind of business is an ideal one for many people around the globe, and that means that many aspiring people know that restaurant business is a profitable way of earning and another way of being successful in life. Finally it is considerable to push this study to the next step and put up a business and to start a restaurant business, for there are insights of what might be the possible outcome and challenges that this business may face. But with the strategies and plans that were indicated in the feasibility study, it is more likely that the project will succeed.

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