

# Agri-Entrepreneurship Program



## Unit: 2

### Lesson: 2.2

#### Research Equals Money in Entrepreneurship

##### Precepts:

- N. Decision Making
  - N1. Demonstrate the decision making process
  - N2. Demonstrate problem solving skills

##### National Standards:

- NSS-EC.9-12.7 Markets and Market Price
- NSS-EC.9-12.9 Competition in the Marketplace

##### Student Learning Objectives:

- As a result of this lesson, the student will ...
1. Summarize niche markets.
  2. Analyze data to make an informed decision to develop a product or service.



Instruction time for this lesson: 60 minutes

##### Resources:



- National FFA Organization. *Essential Learnings* materials, 2003.
- Lambling, Peggy A., Kuehl, Charles R. *Entrepreneurship*. Upper Saddle River, New Jersey. Pearson Prentice Hall, 2007.
- Mariotti, S. *Entrepreneurship: Starting and operating a small*

business. Upper Saddle River, New Jersey. Pearson Prentice Hall, 2007.

---

**Tools,  
Equipment,  
and Supplies:**

-  Copies of AS.1
  -  Copies of AS.2
  -  Copies of TM.1
  -  Copies of TM.2
  -  List of Niche Markets to act out
- 

**Key Terms:**

The following terms are presented in this lesson and appear in bold italics:

***Niche markets***

***Demographics***

---

**Interest  
Approach:**



*As students come into class, break them into groups of three and hand them a slip of paper that has one of the ***niche markets*** below on each sheet (if class sizes are large, feel free to have duplicate groups). Students will be allowed 7 minutes develop a skit with no words to depict their niche market in order that other students in the class might guess what niche is being presented. Remind students that the skits must be positive and appropriate.*

- *Guided hunts for deer or elk*
- *Organic vegetables*
- *All natural beef*
- *Taking manure from swine and selling it as plant fertilizer*
- *Entertainment act – Twirling rope act along with a motivational public speaker*
- *Running vehicles on bio-diesel*



Today, each of us has the opportunity to be Oscar winning actors and actresses. You along with your co-stars will be acting out the niche market business that is on your group's sheet of paper. When I say "Hollywood," each group will have seven minutes to prepare the niche market presentation. You may use any props that are in the class but you may not talk or make any noises during your skit, so be creative. Remember that your skits must be positive and appropriate! Following the seven minute preparation period, each group will present their skit. As a group acts out their niche market activity, the remainder of the class will try and guess what the activity or business may be. What questions do you have? Hollywood.

*After the seven minutes are up allow each group to perform. If a group has trouble or if the class is going in the wrong direction as groups are acting, you may give them some verbal clues to help the process along.*



Great job acting! Stop, listen to this question, think about it and be prepared to answer. You know we are investigating **niche markets** and we have watched several skits depicting common niches, so the question is: what are the characteristics of a **niche market**?

*Take answers from your students and probe for a deeper understanding of the common characteristics possessed by the six examples of **niche markets**.*



The last time we were together we learned about supply and demand. Keep in mind that we are learning the concepts related to successful entrepreneurship and how to potentially become entrepreneurs ourselves. Today we will capture information that will allow us to better understand **niche markets** and how to read and understand **demographics**. Be ready to focus and work independently through two different activities during our time together today.

---

### Objective 1: Summarize **niche markets**.

*Distribute TM.1 and have students capture the missing information on the handout. Encourage students to predict the meaning and words that have been removed from each statement.*



- A. A **niche market** is a focused targetable portion (subset) of a market sector.
- B. A **niche market** is addressing a need for a product or service that is not being addressed by mainstream providers.
- C. **Niche market** ventures may become profitable even though they are by nature small in comparison to the mainstream marketplace, due to the benefits of specialization and focus on small identifiable market segments; even without the benefit of economy of scale.
- D. **Niche markets** may be ignored or discounted by large businesses due to what they consider to be small potential; this in turn is part of the process that makes the niche market available to smaller businesses.
- E. **Demographics** is information about socioeconomic groups, characterized by age, income, sex, education, occupation, etc. that comprise a market niche.
- F. **Demographics** are used to analyze groups of people and locations to see if businesses would be profitable.

*After they have the information recorded, reflect back to how many of*

the **niche market** characteristics they identified at the end of the Interest Approach.

---

**Objective 2:**     **Analyze data to make an informed decision to develop a product or service**

*Students will use the data provided in the AS.1 and TM.2 to determine what businesses would thrive or be successful based on the **demographics** given.*



Now that we have some understanding of terms and concepts related to **niche markets**, we are going to put on a different hat and conduct a business analysis. We are going to use information or **demographics** from an area and make an informed decision about the success or lack of success in a given area. When I say, “Research” you are going to break into groups of two and complete the Business / Product / Services Activity Sheet using the Demographic Worksheet. While placing the businesses, products or services into the different sized towns or city, be sure to discuss with your partner why you have chosen the selected areas and be able to defend your answers. Each group will have 10 minutes to complete the activity sheet. Who will name three things important to this task?

*(Have 2-3 volunteers respond with three important concepts.)*



“Research”

*Allow students to work together and discuss the reasons for placing a given company in a town of a particular size. Walk around room and quietly ask groups why they are putting certain businesses in certain towns. By doing this you will be able to gauge how well they understand the research and **niche market** concepts.*



Great job students. I heard some really good conversations about where a business would be successful and where it would not. As everyone was going through the activity sheet, many of us determined that some of the businesses would fit in any of the three towns but they would be more successful in certain ones based on **demographics**.



Many times, agriculturalists are looking to find areas where we can create a niche market for our own products. Let’s shift gears just a bit and begin to develop a deeper understanding by building on what we have already learned. We are going to capture some **niche markets** and what makes them profitable.

*Distribute AS.2 and have students generate and capture the appropriate niche area in the Niche column of AS.2 as you discuss it with them. If students create examples not given on the AS.2 Key, feel*

*free to use them as well.*



Okay gang, when you receive the Niche Market Activity Sheet and Notes page that I am about to distribute, you will need to engage your inquisitive mind! On this sheet we will find eleven examples of potential **niche markets**. For each example there is a sector and a specific product and our challenge is to develop a **niche market** for each. Don't worry if we can't think of one, I have some samples. This should take approximately five minutes. What questions do you have? Let's begin!

| Sector            | Product                      | Niche                                                                                                            |
|-------------------|------------------------------|------------------------------------------------------------------------------------------------------------------|
| Agriculture       | Timothy hay                  | Race horse feed                                                                                                  |
| Agriculture       | Kosher milk                  | Religious groups following dietary laws                                                                          |
| Agriculture       | Organic vegetables           | Consumers wanting foods grown without pesticides                                                                 |
| Agriculture       | Extra fat beef               | Asian export market                                                                                              |
| Agriculture       | Corn silage                  | Confined dairy operations and beef feedlots                                                                      |
| Agriculture       | Custom farming services      | Other producers who do not have the resources to perform these services                                          |
| Agriculture       | Pasteurized goat milk        | Consumers allergic to cow milk                                                                                   |
| Consumer Durables | Sport utility vehicles (SUV) | Drivers desiring a vehicle with room, power, and strength                                                        |
| Consumer Durables | Internet auction sites       | Consumers desiring low prices for goods and services without having to physically move from merchant to merchant |
| Consumer Durables | Commuter airlines            | Smaller communities not served by large airliners                                                                |
| Consumer Durables | Cut your own Christmas trees | Fellowship, recreation, and consumers seeking quality                                                            |

---

### Review/ Summary:

*Using the Show What You Know e-Moment, have students verbally answer the following questions. With this spontaneous quiz-type moment, students can prove to you and themselves that they are learning what is being taught. Using Show What You Know, students show what they know in a brief mini-quiz during a lesson. "During" is the key component. It is in this moment of learning that students demonstrate their level of understanding. This is not about mastery, but about clarifying their emerging understanding. Use the questions*

below:

What is a **niche market**?

How can we use **demographics** to help us make a decision about starting a new business?

What makes **niche markets** profitable?

Why do large companies not go after **niche markets**?

What are some agriculture **niche markets** in our community?

---

### Application:

- ▶ Extended classroom activity:  
*Have students find at least one local **niche market** business or operation and come to class with five unique aspects of the business or operation and share with the class.*
  - ▶ FFA activity:  
*Have FFA students contact other chapters and find out if their chapters provide their community with some type of niche product.*
  - ▶ SAE activity:  
*Have students develop a one page research paper on how they could expand their own SAE projects to reach out to a niche market.*
-

**Evaluation:**

True or False:

1. \_\_\_\_\_ A college would fit in best with a Little Town (<5000 people).
  2. \_\_\_\_\_ Demographics is information about socioeconomic groups, characterized by age, income, sex, education, occupation, etc.
  3. \_\_\_\_\_ Niche markets may be ignored or discounted by large businesses due to what they consider to be large potential
  4. \_\_\_\_\_ Demographics can help use make decisions about starting a new business.
  5. \_\_\_\_\_ A niche [market](#) is addressing a need for a product or service that is not being addressed by [mainstream](#) providers.
-

**Answers to  
Evaluation:**

**Assess.1 Key**

1. False
2. True
3. False
4. True
5. True

Name: \_\_\_\_\_

**Niche Markets & Demographics – What are they?**

- A. A \_\_\_\_\_ is a focused targetable portion (subset) of a [market sector](#).
- B. A **niche market** is addressing a need for a \_\_\_\_\_ that is not being addressed by [mainstream](#) providers.
- C. **Niche market** ventures may become [profitable](#) even though they are by nature small in comparison to the mainstream marketplace, due to the benefits of \_\_\_\_\_ and focus on \_\_\_\_\_ [market segments](#); even without the benefit of [economy of scale](#).
- D. **Niche markets** may be ignored or discounted by \_\_\_\_\_ due to what they consider to be small potential; this in turn is part of the process that makes the niche market available to smaller businesses.
- E. \_\_\_\_\_ is information about socioeconomic groups, characterized by age, income, sex, education, occupation, etc., that comprise a market [niche](#).
- F. **Demographics** are used to \_\_\_\_\_ groups of people and locations to see if businesses would be \_\_\_\_\_.

**Business / Product / Services Activity Sheet**

|                                  |                              |
|----------------------------------|------------------------------|
| Quick Stop                       | Livestock Auction            |
| Car dealership                   | Equipment Sales Headquarters |
| Snow Removal Service             | Shopping Mall                |
| Oilfield Drilling Services       | House Cleaning Service       |
| Lawn Care Service                | Seed Wheat Cleaning          |
| Fine Dining Chain                | Cotton Gin                   |
| Organic Herbs and Vegetable Farm | Ethnic Food Store            |
| Oyster Farming                   | College                      |
| Medical Specialist               | Livestock Feed Store         |

Using the Demographics Transparency Master (*TM.2*), determine where the businesses, products, and/or services above would most likely be found and successful in the towns or city below. The business, product and/or service can be placed in more than one town or city if you believe that it is appropriate.

**Little Town (<5000)****Middle Town (>5000)****Metropolitan City (>115,000)**

**Business / Product / Services Activity Sheet**

|                                  |                              |
|----------------------------------|------------------------------|
| Quick Stop                       | Livestock Auction            |
| Car dealership                   | Equipment Sales Headquarters |
| Snow Removal Service             | Shopping Mall                |
| Oilfield Drilling Services       | House Cleaning Service       |
| Lawn Care Service                | Seed Wheat Cleaning          |
| Fine Dining Chain                | Cotton Gin                   |
| Organic herbs and vegetable farm | Ethnic Food Store            |
| Oyster Farming                   | College                      |
| Medical Specialist               | Livestock Feed Store         |

Using the Demographics Transparency Master (*TM.2*), determine which location below the above businesses, products, and/or services would most likely be found and be successful. The business, product and/or service can be placed in more than one town or city if you believe that it is appropriate.

**Little Town (<5000)****Middle Town (>5000)****Micropolitan City (>115,000)**

|                                  |                            |                              |
|----------------------------------|----------------------------|------------------------------|
| Quick Stop                       | Quick Stop                 | Quick Stop                   |
| Lawn Care Service                | Car dealership             | Car dealership               |
| Organic herbs and vegetable farm | Oilfield Drilling Services | Snow Removal Service         |
| Oyster Farming                   | Lawn Care Service          | Lawn Care Service            |
| House Cleaning Service           | Livestock Auction          | Fine Dining Chain            |
| Ethnic Food Store                | House Cleaning Service     | Medical Specialist           |
| Livestock Feed Store             | Seed Wheat Cleaning        | Equipment Sales Headquarters |
|                                  | Livestock Feed Store       | Shopping Mall                |
|                                  | House Cleaning Service     |                              |
|                                  |                            | College                      |

## Niche Market Activity Sheet and Notes page

| Sector            | Product                      | Niche |
|-------------------|------------------------------|-------|
| Agriculture       | Timothy hay                  |       |
| Agriculture       | Kosher milk                  |       |
| Agriculture       | Organic vegetables           |       |
| Agriculture       | Extra fat beef               |       |
| Agriculture       | Corn silage                  |       |
| Agriculture       | Custom farming services      |       |
| Agriculture       | Pasteurized goat milk        |       |
| Consumer Durables | Sport utility vehicles (SUV) |       |
| Consumer Durables | Internet auction sites       |       |
| Consumer Durables | Commuter airlines            |       |
| Consumer Durables | Cut your own Christmas trees |       |

## Niche Market Activity Sheet and Notes page

| Sector            | Product                      | Niche                                                                                                            |
|-------------------|------------------------------|------------------------------------------------------------------------------------------------------------------|
| Agriculture       | Timothy hay                  | Race horse feed                                                                                                  |
| Agriculture       | Kosher milk                  | Religious groups following dietary laws                                                                          |
| Agriculture       | Organic vegetables           | Consumers wanting foods grown without pesticides                                                                 |
| Agriculture       | Extra fat beef               | Asian export market                                                                                              |
| Agriculture       | Corn silage                  | Confined dairy operations and beef feedlots                                                                      |
| Agriculture       | Custom farming services      | Other producers who do not have the resources to perform these services                                          |
| Agriculture       | Pasteurized goat milk        | Consumers allergic to cow milk                                                                                   |
| Consumer Durables | Sport utility vehicles (SUV) | Drivers desiring a vehicle with room, power, and strength                                                        |
| Consumer Durables | Internet auction sites       | Consumers desiring low prices for goods and services without having to physically move from merchant to merchant |
| Consumer Durables | Commuter airlines            | Smaller communities not served by large airliners                                                                |
| Consumer Durables | Cut your own Christmas trees | Fellowship, recreation, and consumers seeking quality                                                            |

## Demographics Worksheet

|                            | Little Town USA                                                                      | Middle Town USA                                                          | Metropolitan City USA                                                                                                                                              |
|----------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Population</b>          | 4698                                                                                 | 11853                                                                    | 112936                                                                                                                                                             |
| <b># of Households</b>     | 1602                                                                                 | 5128                                                                     | 45158                                                                                                                                                              |
| <b>Household size</b>      | 2.79                                                                                 | 2.43                                                                     | 2.39                                                                                                                                                               |
| <b>% White</b>             | 65                                                                                   | 88                                                                       | 70                                                                                                                                                                 |
| <b>% Black</b>             | 0.7                                                                                  | 0.25                                                                     | 25                                                                                                                                                                 |
| <b>% Native American</b>   | 1                                                                                    | 5                                                                        | 0.2                                                                                                                                                                |
| <b>% Asian</b>             | 0                                                                                    | 0.7                                                                      | 1                                                                                                                                                                  |
| <b>% Hispanic</b>          | 25                                                                                   | 6                                                                        | 2                                                                                                                                                                  |
| <b>% Other</b>             | 9                                                                                    | 1                                                                        | 2                                                                                                                                                                  |
| <b>% have children</b>     | 36                                                                                   | 34                                                                       | 28                                                                                                                                                                 |
| <b>% Married</b>           | 56                                                                                   | 55                                                                       | 42                                                                                                                                                                 |
| <b>% Single</b>            | 15                                                                                   | 28                                                                       | 35                                                                                                                                                                 |
| <b>18 years or younger</b> | 30                                                                                   | 27                                                                       | 25                                                                                                                                                                 |
| <b>18-24</b>               | 8                                                                                    | 9                                                                        | 12                                                                                                                                                                 |
| <b>25-44</b>               | 26                                                                                   | 28                                                                       | 27                                                                                                                                                                 |
| <b>45-64</b>               | 20                                                                                   | 21                                                                       | 20                                                                                                                                                                 |
| <b>65 and older</b>        | 15                                                                                   | 14                                                                       | 14                                                                                                                                                                 |
| <b>Household Income</b>    | 38924                                                                                | 32441                                                                    | 36369                                                                                                                                                              |
| <b>Per capita Income</b>   | 16231                                                                                | 17040                                                                    | 20512                                                                                                                                                              |
| <b>% Poverty</b>           | 17                                                                                   | 13                                                                       | 19                                                                                                                                                                 |
| <b>Climate</b>             | Summer Temp - 90<br>Winter Temp - 50<br>Rainfall - 12 in<br>45 minutes from<br>ocean | Summer Temp - 91<br>Winter Temp - 34<br>Rainfall - 20 in                 | Summer Temp - 81<br>Winter Temp - 27<br>Rainfall - 40 in                                                                                                           |
| <b>Region of USA</b>       | Western Coastal                                                                      | South Central                                                            | Mid - Western                                                                                                                                                      |
| <b>Industries</b>          | Tree fruit<br>Vegetables<br>Hay<br>Dairy Production                                  | Wheat<br>Hay<br>Cattle<br>Oil & gas production<br><br>Oil & gas drilling | Industrial Equipment Company<br>World Headquarters<br>Construction<br>Mining<br>Corn Processing Company<br>Insurance Company World<br>Headquarters<br>Corporations |