

What is a feasibility study?

A feasibility study uses extensive qualitative and quantitative research to assess whether your idea and concept for a new hospitality business is viable. It takes an in-depth look at the crucial areas that can make or break your venture.

What is a preliminary feasibility study?

A preliminary feasibility study is a process that precedes a full feasibility study. It is intentionally brief in scope and its main aim is to aid you in your decision on whether to pursue your initial hospitality business idea further, which may require time and resources.

Why a preliminary Feasibility Study?

A full feasibility study itself can be time consuming and costly, as it is a detailed study that requires plenty of research and a certain level of knowledge and expertise. Before even commissioning a feasibility study, it makes sense to obtain an initial but informed idea on whether your concept is likely to be viable in the prevailing market. It is also useful in providing a systematic way for you to flesh out your idea into a more complete concept.

Start off your preliminary feasibility study by answering the following questions:

CONCEPT

What is the concept of your intended hospitality business?

< e.g. high-end fine authentic Italian dining in a modern setting with impeccable service; street food concept venue with a casual atmosphere and live performances; a vineyard with wine tasting, tours and degustation menus, etc. >

Where will your business be located?

< Do you have a location for your business? If not, what are the types of locations that you are looking for and why? Have you shortlisted possible locations? >

How do you envision the atmosphere in your venue to be?

< e.g. sophisticated and modern with classy vibes; casual and bustling where patrons are greeted as friends, etc. >

What is your unique selling proposition?

< e.g. secret recipes passed down over the years; your location overlooking the beach from a leafy and elevated vantage point; the longest bar in the city; the largest selection of whiskies in town, etc. >

What will your brand look like?

< Do you want your brand to be associated with quality and impeccable service? Or perhaps great value and fun times? >

MARKET

Which market segment are you targeting?

< e.g. young and affluent working professionals; families with children looking for a day out; discerning guests who want something specific and are willing to pay for it, etc. >

What price level(s) will your offerings be at?

< Are you competing in the value, mid-range or premium segments? Do you offer products at different price levels to cater to different segments of customers? >

Is there a market for your product at those price levels?

< Is your offering unique or will you have many competitors? Will you be cheaper than them or offer more value? Do you have something unique that enables you to charge a premium? >

Do you have a plan on how you are going to reach your target market segment?

< How will you reach your target segment? Will you be spending money on advertising? Are you relying on good reviews and word of mouth? Are you going to establish a strong social media presence? >

COMPETITION

Who are your competitors?

< Do you know who your main competitors will be? Have you identified a gap in the market or is the market segment saturated? >

Do you have a competitive advantage over your competitors?

< Do you have an advantage over your expected competition? Are you able to offer a lower price, better value, unique experiences, or something else to give you an edge? >

OPERATION & STAFFING

How big will your venue be? What is the capacity?

< What is the intended capacity of your venue? Will it be indoor only? Or will there be an outdoor area, a bar area or a courtyard for mingling? >

What will your operating hours be?

< Which days and what hours of these days will you be operating? >

How many staff will you need and how will you find the most suitable ones?

< How many chefs do you need? What is the size of your kitchen or service team(s)? How many shifts will your venue run per day? Do you intend to employ a venue manager or will you do it yourself? >

BUDGET and FINANCE

Do you have the funds to set up the business?

< Do you have an estimate of how much it will cost to set up the business? Are you missing anything and do you have a buffer if the setup costs turn out to be more than your initial estimate? >

Do you have the funds to operate the business during the initial startup phase before it gains traction and breaks even?

< A business may take a few weeks, months or even a year or more to turn a profit. How long can you afford to finance its operations before it becomes profitable? >

If you do not have the funds, where will you get them from?

< e.g. savings, loans from family and friends, bank loans, equity partners, etc. >

If you have managed to answer all the questions and still think that your proposed hospitality venture is viable, then congratulations! You have crossed the first hurdle to bringing your vision to life. However, this is just the first step of many to follow, and you will want to now embark on a full feasibility study to ensure that you have covered all the bases.

Merriweather Collective has a collection of templates that will be made available in the future to assess the following sections of a feasibility study in detail:

- Market Analysis
- Concept Development
- Competitor Analysis and SWOT
- Project Timeline
- Risk Assessment and Management
- Budget and Finance

and more...

If you require professional assistance in conducting a full and robust feasibility study for your hospitality idea, contact us for a tailored solution that will provide you with the confidence to embark on your project!