

Executive Summary

The owner comes up with her free- range egg farm name in a smart way. She chose to name it “EGGSellence EGGS” which easily attracts the customer from the name itself. EGGSellence eggs offers good quality and healthy eggs in an affordable price. The business only focuses on selling eggs and is located at Baracatan Toril, Davao City. Lastly, the business is a sole proprietorship owned by Mrs. Maria Chona Ruiz.

Highlights of major assumptions and summary findings:

Market Feasibility

Market Feasibility involves identifying the target groups and market segments of the business. Internal and external factors are also considered to understand how this affects the market demand and supply. We conducted a survey to be able to gather information about what the target market thinks about our product. We used this information to choose the best marketing strategy that will help us introduce our product to customers. For example, we consider competition as one of the threats that can change customers preference, may it be because of price war or quality difference. Therefore, market feasibility determines whether our product can sustain in the egg farming industry despite other factors, and if it can produce enough profit.

Technical Feasibility

The criterion of the technical feasibility is about the process of production of eggs. One factor that can affect the production of eggs is supply of the chickens. Second factor is the wide and accessible area for the chickens to roam around. The area should be surrounded with vegetation for the chickens to be stress and disease free. Third factor is the health and well- being of each chicken, because if one chicken get sick it might affect all the chickens. Also, the water supply can sustain and

accommodate the needs of the chicken. The last factor to be considered is the proper waste disposal of the business. Putting a compost pit reduces waste and it also helps our environment.

Financial Feasibility

In financial feasibility, we consider the start- up capital and the sources of financing the business. Financial analysis is done to estimate the probability, liquidity and growth over time. Methods are also used to determine if the expected revenue can cover up the costs incurred. Here, we use the Payback Period to assess how certain the cash inflow of the business is.

Management Feasibility

EGGSellence Eggs is a sole proprietorship which makes it easier to manage. Its organizational chart includes the owner which at the same time is the manager; the maintenance which is responsible in taking care of the chickens wellness; the driver who's in-charged of delivering the ordered or purchased eggs; and lastly, the operational staff who's more likely an all-around employee from loading or unloading the chicks up to administering the delivery along with the driver.

Socio- Economic Feasibility

EGGSellence primary concern does not only revolved around its expected profit. It actually goes beyond the profit because it is also concern to its stakeholders. Its primary concerns also includes establishing a business that have a significant effect to the customers by offering healthy product at an affordable price, to the community by offering employment to those who are seeking for farm related and accounting job, and to the government as it can help increase its revenue and could be used for different projects in our country.

CHAPTER I

INTRODUCTION

1.1 Name of the Project and Location

The free-range system poultry farm business has a primary product of brown eggs. The proponent suggests the name of the business would be *EGGSellence EGGS*, because it aims to provide the customers with healthy and affordable eggs. The name is a combination of the word "*Excellence*" and "*Eggs*" to showcase the quality and the primary product of the business. The egg in the free-range system is more natural compared to the commercial eggs. The name also helps the business to build its identity in the market because it entices customers.

The proponents add a logo for the purpose of representing the nature of the business. The logo contains color green and grey which are earthy tone and in relation of food, they are associated with natural ingredients, healthy, fresh and good taste in which the business aims to provide its customers. Another color of the logo is brown which depicts the organic presence and natural farming used in the business. And the color black which is used to add power and sophistication in the strokes of the words "*EGGSellence EGGS*" and "*FREE-RANGE EGGS*" and for the chicken to show simplicity and clear impact. (Howell, 2016)



In establishing the business, the proponents have privately owned a site located at Purok 4 Baracatan, Toril District, Davao City. This is where the main facility for production is located. Upon establishing the poultry business it has criteria and factors that are needed to be considered. First is the size of the location which must be suited for a free-range system which requires a large area for the birds to be exposed to sunlight and forage for their own food in the pasture (Poultry Manual, 2019). Second is the site must be in rural areas in order to protect the birds from theft and possible spread of diseases and in accordance with the standards and regulations stated in Department of Agriculture Administrative Circular No. 04 Series of 2015.

1.2 Description of the Project

“Poultry farms are farms that raise chickens, ducks, turkeys, and other birds for meat or egg production. In the past, raising chickens in the backyard was necessary in order to produce eggs daily for family consumption. However, as time passed by, poultry farming today is a huge business that is split into several operations including hatcheries, pullet farms for meat production, or farms for egg production. This paper will focus on poultry farms for egg production (Hamra, 2010)”.

Egg is considered as an alternative source of protein to meat. Recently, there has been increasing demand for free range eggs due to welfare issues in the cage egg production system such as flu and viruses. The key feature of free-range housing is access to outdoor areas during the day. Hens with access to both indoor and outdoor areas have the greatest range of behavioral opportunities and have better feather condition. However, too much outdoor exposure may potentially result in toxins, wild birds and their diseases, predators, and climatic extremes (Lay et al., 2011).

The egg industry has displayed strong growth over the past decade due to rising per capita consumption of eggs in 2016 (a little over 4.11 in kilograms per year) (PhilFIS Website). Organic products become the new trend for most people who are now shifting to

healthy products. The market of free-range eggs is almost reliant on the household and some of the food establishments who are selling eggs.

1.3 Project's Long Range Objectives

Within five years from its establishment, EGGSellence Eggs aims:

- This study will examine the feasibility of egg producing farms in Mindanao, specifically Davao City.
- To recover all the investment cost incurred in putting up this business in the span of 3 years
- To expand our production line not only in other regions but in the whole country.
- To increase sales by 50 percent next year
- To increase number of our client by 20% within 2 years of existence
- To keep and maintain hygienic farms for healthy eggs and birds.

1.4 Scope and Limitations

This study will focus only on the production of brown eggs through free-range system poultry farming. The scope of this study is to assess factors of feasibility of the business in terms of financial, technical, marketing, management, and socio-economic study. The scope of this project is based only on the gathered data within the City of Davao and it will be used only on the conducted study. This is a proposal of the fourth-year Accounting Technology students of Ateneo de Davao University, conducted on Free-Range system poultry farming which will focus only on production of eggs.

The limitation of this study is the limited accessibility of data about free-range system poultry within Davao City. Hence, the researchers use only the gathered information from random sampling surveys, interviews and online articles. When data is available the researchers have filtered the gathered data and relied only on reliable resources.

CHAPTER II

MARKET FEASIBILITY

2.1 Product Description

Free range eggs come from hens that have an access to the outdoors and have at least two square feet roost per hen. Farmers also referred to this as “antibiotic- free” or “naturally-raised. “ Farming site is flat, grassy and is shaded with trees that serve as protection from predators. It is situated in an area where it is far from roads and train trucks that is free from pollution and possible diseases. Roosting space must be enough and must contain side openings for easier access outside.

Chicken diet affects the nutritional value of the eggs. Since hens have access outside pasture, they search for food in their natural surroundings like forage grass, seeds and insects. Hens are more exposed to fresh air, clean water and sunlight that increases the nutritional quality of an egg. It is free from chemical elements and fertilizers that make the egg contain more vitamins beneficial to consumers.

Eggs are considered a complete source of protein. And nowadays, people are already health conscious and prefer products that are organic. One of the benefits of eating an egg is that it promotes brain health. It contains all the vitamins and minerals that help the cells, brain, nervous system and memory function well. Another benefit is that it lowers the risk of heart disease since it is rich in betaine and choline. High quality protein produces energy and makes you feel fuller. That is why eggs are also an effective healthy diet. These are only some of its benefits.

Choosing a healthy egg is essential since it is where we get all those nutrients that are beneficial to our body. Here are some advantages of free- range eggs compared to conventional eggs.

Omega- 3 Fatty Acids: These are known as essential fatty acids that can only be consumed from food. Studies show that free- range eggs contain twice as many omega- 3 fatty acids than conventional eggs. These affect heart health, cholesterol, blood pressure, digestive disorder, cancers and many more. The National Health and Medical Research Council also recommends increasing the consumption of food that has these fatty acids.

More Vitamin A: This nutrient helps maintain healthy bones and teeth. It is also essential to vision and eye health. This provides protection against eye disease like Age- related Macular Degeneration (AMD). According to Sustainable Agriculture Research and Education (SARE) studies, free- range eggs contained 67 percent more vitamin A than conventional eggs.

More Vitamin E: Free-range eggs have more vitamin E than conventional eggs do since according to Pennsylvania State University research, hens that consume forage grass have double vitamin E. This has skin benefits that protects cells and tissues, improves the immune system, blood and circulatory system.

Less Fat and Cholesterol: SARE studies found out that free- range eggs contain less than 10 percent of fat and less than 34 percent of cholesterol compared to conventional eggs. The American Heart Association gave advice to decrease intake of saturated fat and cholesterol since this results in heart disease and strokes.

2.2 Market Description

Eggsellence egg's target market are those consumers who are living in Davao region. Since our farm is located in Barakatan, Toril, we will focus first in distributing our products here in Davao City. Based on the regional statistics of Philippine Statistics Authority, Region XI: Davao Region has a total population projection (medium assumption) of 5,247,900 as of June 2018. In terms of population, it is ranked as the 7th fastest growing region with 4.8 million residents which is 4.85% of total population (Philippine Statistics Authority, 2018). Davao City has 1,632,991 population of 1,632,991 which is based on the 2015 Census of Population (POPCEN, 2015). In the long run, we plan to distribute our products in some cities of Davao Region which

are Tagum City, Panabo City and Digos City. But as of now, we will focus our distribution here in Davao City.

According to a Pulse Asia survey in December 2015, Filipinos started to be health conscious and are more concerned about the economy. It gained three out of five or 62% of Filipinos prioritizing health in their life. Since 2012, top personal concerns of residents were to stay healthy and prevent illness. Results of the survey conducted by Hong- Kong based AIA Group also shows that Filipinos spend more time in fitness gyms to workout. With all these changes in people's lifestyle, it is an opportunity for us since we offer a healthy product of eggs that suits the concern of people.

There was a 9.94 percent increase in the volume of chicken production during July to September 2018 relative to its result in 2017. As of October 2018, laying flock inventory of native/ improved chicken also has a 6.32 percent increase which is at 22.82 million birds compared to 2017 stocks (Philippine Statistic Authority, 2018). Healthy way of producing an egg is appealing to the growing market. Since people are more conscious of what they are eating and are more into healthy products, free-range eggs suit their preference best. This shows that the chicken egg industry is growing well.

We intend to first distribute our products in Davao City mainly in public markets which are Bangkerohan, Agdao, Sasa and Panacan. The result of our survey in public markets is that, out of 55 respondents, only 10 suppliers are selling brown eggs. Most of them sell our white eggs because there is not enough supply of brown eggs. According to them, almost all brown eggs suppliers distribute their products in malls located here in Davao. Many are also looking for brown eggs, but because of lack of stocks, consumers tend to settle with what is available. That is why, we decided to mainly supply our product in public markets. This will be a big opportunity for us since our competitors in this area are focused more on supplying white eggs. In addition, 87.5% are also willing to have a new supplier of brown eggs. This indicates their acceptance of our product which will not be hard for us to enter their market. We also consider the next supply in malls where most brown eggs can be bought. Specific malls that we are planning to supply are Gaisano Mall, Gaisano Grand in Buhangin, Abreeza, SM Ecoland, SM Lanang and

NCCC. Since the competition is high here, we know that our first year of operations will not be easy. We still have to build trust with our customer through providing a product that is healthy, with quality and affordable. We also notice that the supply of brown eggs is easily consumed because of lack of supply. Although, all suppliers of brown eggs focused their distribution in malls. Still, the supply is still not enough to cover up the demand. For the next 5 years, we plan to also expand our distribution to some of the cities and municipalities in Davao Region.

Since Eggsellence eggs will offer its products in Davao City. We consider Iluminada, Davao Farm Corporation and Monte Maria as the major competitors. They are the main supplier of eggs in public markets. All of them are suppliers of brown eggs in public markets and malls. However, their supply of brown eggs is concentrated in malls. Then, being able to establish their name in the industry, the business knows that we have an edge from these competitors. We will first supply our brown eggs in public markets, then later on in malls after we expand our operations. Through the quality of our products and enough supply, we will be able to cover up consumers patronizing healthy eggs, may it be in malls or public markets.

2.3. Demand

The study for the demand of free range eggs is necessary to confirm and prove the feasibility of the proposed business. Due to the lack of available historical data to determine the overall demand of free range eggs, a survey has been made to prospective customers. Prospective customers for the free range eggs were identified and categorized into two, namely households and business competitors, and surveyed in focus group format. There are a total of 117 respondents composed of 63 households and 54 business establishments, all situated in Davao City.

The following factors are taken into consideration in computing for the demand:

1. Income or Allowance

Demand for a product or a commodity is affected by the income and/or allowance of the customers. This will determine the capability of the prospective customers to buy the products available.

2. Customer Preference

Preferences of consumers are the backbone of every successful purchase since it directly influences the demand for a product or a commodity. It is important to identify and cater to the demands of groups of people sharing the same preferences to increase sales. In this case, people who prefer free range eggs than conventional eggs will most likely purchase the product.

3. Frequency of Consumption and/or Purchase

Demand is also affected by how frequent a customer consumes or purchases a product during a period of time. The higher the consumption and purchase frequency, the higher the demand for a certain product and vice versa.

4. Willingness to Try or Sell

Conventional or standard eggs are the most well-known type of eggs purchased by and sold to the general public. Since not all people know about the products

(free range eggs) the proposed business sells, the willingness of the people to try a product that is new to them and the willingness of egg sellers to sell new products should be taken into consideration.

A formula was derived to determine the overall demand of free range eggs after taking into consideration the factors stated above. Below is the procedure made in arriving at the estimated demand:

1. Potential Customers or Market of Free Range Eggs for household & business establishments

a. Households

Formula: $x = (p * w * i) (s - e)$

Where: x = Potential Customers

p = Percentage of households who have heard or tried brown eggs

w = Percentage of households who haven't tried brown eggs but are willing to try

i = Percentage of household respondents' whose monthly income or allowance is P10,000 or more

s = Percentage of Survey Population

e = Margin of Error (90%)

$$\begin{aligned} x &= (66.67\% * 92.06\% * 73.02\%) (100\% - 8\%) \\ &= (44.81\%) (92.44\%) \end{aligned}$$

$$\mathbf{x = 41.42\%}$$

b. Business Establishments

Formula: $x = (d * s * t) (p-e)$

Where: x = Potential Customers

d = Percentage of business establishments doesn't sell brown eggs

s = Percentage of business establishments that are willing to be supplied of brown eggs

t = Percentage of business establishment respondents' that are willing to spend P300 or more per tray of brown eggs

p = Percentage of Survey Population

e = Margin of Error (90%)

$$\begin{aligned} x &= (83.33\% * 87.04\% * 50\%) (100\% - 7\%) \\ &= (36.27\%) (92.69\%) \end{aligned}$$

$$\mathbf{x = 33.62\%}$$

Based on the result, 41.42% represents the potential customers of Free Range Eggs for households and 33.62% represents the potential customers of Free Range Eggs for business establishments. 46 out of 63 household respondents have income/allowance of P10,000 or more and 20 out of 40 business establishments have answered that they are willing to spend P300 or more per tray of brown eggs. Thus, $i = 73.02\%$ and $t = 50\%$, respectively.

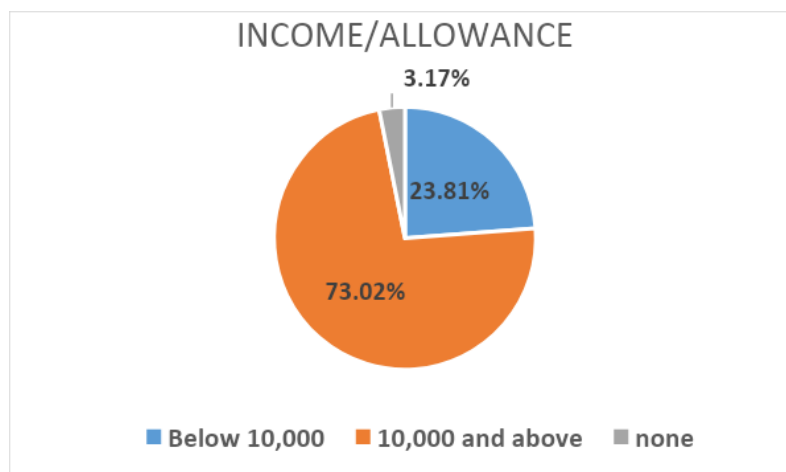


Figure 2.1 Household

2. Target Market per Month in the Population

Formula: $T = n * x * F$

Where: T = Target Market

n = Actual Population

x = Potential Customers of Free Range Eggs

F = frequency of order of free range/brown eggs

$$T_{daily} = (478,308) (33.62\%) (0.106) = 17,046$$

$$T_{every\ other\ day} = (478,308) (33.62\%) (0.0019) = 306$$

$$T_{weekly} = (478,308) (33.62\%) (0.267) = 42,936$$

$$T_{monthly} = (478,308) (33.62\%) (0.0056) = 901$$

$$T_{average} = (17,046 + 306 + 42,936 + 901) / 4 = \mathbf{15,297}$$

$$\% \text{ Share in the Market of Free Range Eggs} = 15,297/35,186 = \mathbf{43.47\%}$$

The total Target Market (T) of EGGsellence Eggs in Davao City based on average orders per month is 15,297. Actual Population (n) which is 478,308 people working age (18-59 years old) of household population, is based on the 2010 Actual Survey conducted by Philippine Statistics Authority (PSA) of Household Population.

1. Total Demand per month in units (Q)

The monthly demand is derived by considering the annual growth of the population level in Davao City. See Appendix for a detailed computation.

Year	Monthly Demand of Free Range Eggs	% Share in the Market of Free Range Eggs		Monthly Demand
2018	35,186	X	43.47%	= 15,295
2019	36,005	X	43.47%	= 15,651
2020	36,842	X	43.47%	= 16,015
2021	37,699	X	43.47%	= 16,388
2022	38,577	X	43.47%	= 16,769
2023	39,474	X	43.47%	= 17,159

Table 2.1

2. Projection of Future Demands

Year	Monthly Demand		Annual Demand
2018	15,295	x 12	= 183,540
2019	15,651	x 12	= 187,812
2020	16,015	x 12	= 192,180
2021	16,388	x 12	= 196,656
2022	16,769	x 12	= 201,228
2023	17,159	x 12	= 205,908

Table 2.2

2.4 Supply (Competition)

EGGSellence eggs is a type of business in which its product, free-range eggs are becoming popular due to the shift of consumers to a healthy lifestyle. The proponents considered some poultry egg providers as a competitor since they already established their name in the market. Among those competitors, the proponents identified three major competitors which are the following;

Illuminada Farm Inc.

Illuminada farm Inc. is a Poultry farm business in Davao City. It has been in the industry since 1980. They are producing premium quality farm fresh eggs. They also sell different types of eggs of different sizes. It is located at Libby Road, Puan, Bago Gallera, Toril, Davao City. Today, the company distributes its product in most major cities and provinces in Southern and Northern Mindanao. The proponents considered it as one of the major competitors because they are one of the suppliers of fresh eggs in the public market.

Monte Maria Poultry Farms, Inc.

Monte Maria Poultry Farms was established in 1962 by Francisco M. Soriano and Dalisay R. Soriano in Catalunan Grande, Davao City. It was first set up as a single proprietorship but later changed to Monte Maria Poultry Farms, Inc. in 1972. As of today, Monte Maria offers a vast array of products ranging from broiler meat, table eggs and to a certain extent commercial feeds. The proponents labeled Monte Maria as a major competitor since they are one of the biggest suppliers of egg products in the market.

Davao Farm Corporation

The Davao Farm Corporation was organized on September 30, 1967, and is located in Corner Fr. Selga St, San Pedro Extension, Barangay 6-A, Davao City, 8000 Davao del Sur. It currently has 8 branches in 6 cities in the Southern Mindanao region. They also have fresh eggs that are less cholesterol and salmonella free. They provide good quality eggs that guarantee customers' satisfaction. The proponents viewed the

Davao Farm as a major competitor in the sense that they already have an established name in the market and have a number of loyal customers.

2.5 Demand and Supply analysis

Factors that affect the demand and supply:

1. Price Fluctuations

The price is considered as one of the most important factors in purchasing a product and in which the fluctuation of it has a strong impact on the demand and supply. When a product price increases or becomes expensive, consumers tend to feel that it is not worth purchasing anymore and will likely ship to other substitute products as an alternative.

2. Income Level

The income of the consumers can be considered as one of the factors that affect the demand and supply in the sense that the higher the income, the more the consumers are likely to spend for such products.

3. Competition

Competition is one of the factors that have a great impact on the demand and supply because competitors will always take part of the market, they might lower the prices or they might have a new marketing strategy that could entice the customers.

4. Price and Availability of Related Goods

This pertains to the cheaper price of substitute and complementary products such as chicken white eggs, duck eggs, etc. as an alternative to chicken free-range eggs of EGGSellence.

5. Growing Population of the Target Market

According to PSA or Philippine Statistics Authority, the population as of August 1, 2015, was 4,893,318 in Davao Region which means that EGGSellence could use this opportunity to broaden its market and to provide the product to the consumers most especially to its target market which is the public markets.

6. Commercial Advertising

Advertising plays a big role in the supply and demand in which it allows people to become aware of the availability of the product. Availability of the product entices the customer to purchase the product.

2.6 Price Study

The product pricing is primarily based on the researcher's manual survey from the households. The price ranges were given on the survey paper which is actually based from the lowest to highest prices in the market. As shown in the table, 67.70% of the correspondents chose the lowest price, ranging 100-120 per dozen while 0% of the survey chose the 161-above range. The results simply express the customer's preference when it comes to their willingness to pay.

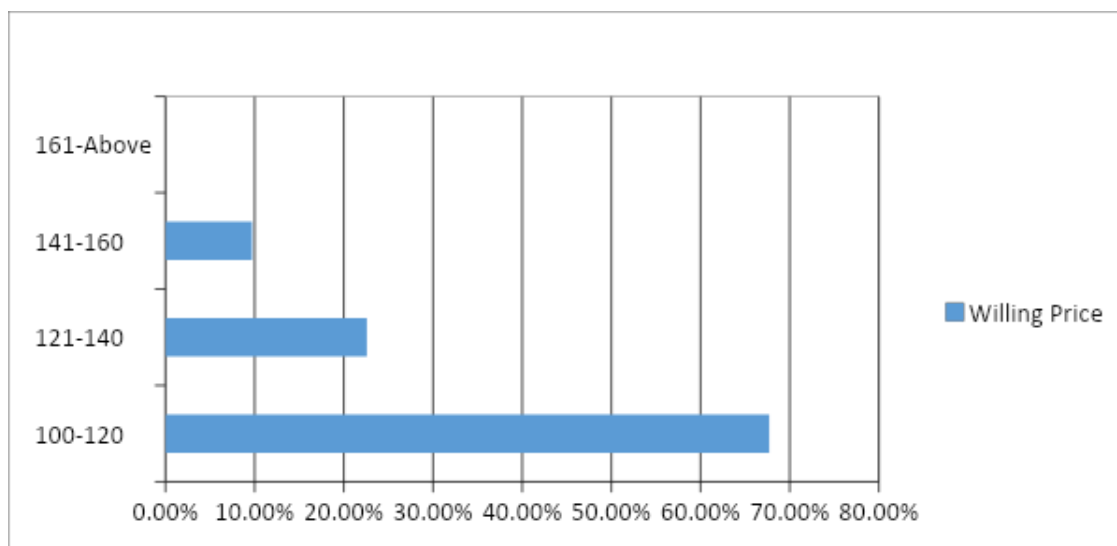


Table 2.3: Price Survey (Household)

Other Factors Affecting Change in Selling Price:

1. Availability of Substitute Products

The substitute product of free-range eggs can be chicken white eggs, duck eggs, etc. which can also be considered as its indirect competitor. These substitutes are cheaper than free-range eggs and are more available in most stores, may it be in a supermarket or just even just in the small sari-sari store.

2. Changing Economy

The economy has also had a great impact on pricing decisions. If the economy of one's country is weak and in which the unemployment rate is high, the prices of the products usually decrease. So in order for such a business to generate profit, it needs to lower its price which usually results in products that have discounts or promos.

2.7 Marketing Program

Proposed Marketing Program

1. Marketing Mix

- **PRODUCT STRATEGY**

EGGSellence eggs will offer free-range egg products that are healthier than the usual white eggs. It will provide eggs that have a high content of vitamin A and E, and in which the amount of omega-3 fatty acids are doubled. Aside from that, free-range eggs are also less cholesterol and saturated fats. Lastly, EGGSellence eggs products are of quality and fresh from the farm eggs which are bound to distribute to retail stores.

- **DISTRIBUTION STRATEGY**

EGGSellence eggs' way of reaching its target market is through the use of direct marketing such as giving catalogues, fliers, mail, etc. directly

to its customers or potential customers. Another means is through word of mouth which is an easy and natural way to promote the product as it involves customer's feelings and emotions which depend on their experience about the product and services. Lastly, is through online marketing which is a common and easier way of advertising since most of the people nowadays spend most of their time on social media. EGGSellence eggs will take this as an opportunity to promote its product on various platforms such as Facebook, Twitter, etc.

- **PRICING STRATEGY**

EGGSellence eggs will use the penetration pricing strategy that uses low pricing for a new product during its initial entry. In addition, penetration pricing will help the business to attract more customers and to build customers' loyalty. Above all, EGGSellence eggs will use penetration pricing because its target market focuses more on price conscious-consumers.

2. Marketing Goal

The proponents aim to make EGGSellence eggs one of the outstanding distributors of free-range eggs in the market.

3. Marketing Objective

- To have our product/brand be recognized around the city
- To target new customers during the first year of operation
- To generate lead against competitors
- To be in par of competitors

4. Marketing Strategies

1. DIRECT MARKETING

Direct marketing is a form of advertising in which companies provide physical marketing materials to consumers to communicate information about a product or service (Investopedia, n.d.).

EGGSellence Eggs aims to market their products by sending materials like catalogues, mail, fliers, letters, or postcards which would provide a message directly to past, current, or potential customers who have shown interest in their products. The business may also opt to directly sell and market their products to customers on the premises where the production of eggs takes place. This strategy is also an opportunity to meet consumer demand for local and fresh products.

2. PARTICIPATING IN AGRICULTURAL TRADE SHOWS AND EXHIBITIONS

Exhibiting at an agricultural trade show or exhibitions can be a great way to advertise to a target market and create brand awareness. Exhibitions are open to a large and sometimes diverse range of audiences (Businessqueensland, n.d.). Events like these can provide a platform to businesses to promote their products and services to a large audience that may not be aware of or have little to no knowledge about their business and products.

EGGSellence Eggs can also advertise their products, free-range eggs, by participating in popular agricultural trade shows and exhibitions in the Philippines like World Gamefowl Expo, Agrilink Foodlink Aqualink, and Davao Agri-Trade Expo (DATE). Involvement in the said events will create a lot of benefits not only for the company but also for the free-range egg production industry.

3. WORD OF MOUTH

Word of mouth is one of the overused marketing strategies. It is an easy and natural way of spreading information among customers which utilize components of viral marketing. This form of advertisement is shared among

customers and is usually triggered by an event the customers' experience. According to Mosley of SocialMediaToday (2017), it's all about creating a buzz. It's a passive way of gaining a following. The more you interact with people, the more likely your name will spread.

Although word of mouth is already overused by many, one can't deny that this strategy is the most powerful marketing channel. It is for this reason that it involves customers' feelings and emotions which may be good or bad, depending on the customer's experience that will probably leave a significant impact on the business.

4. ONLINE MARKETING

Everybody hangs around the internet these days. A large percentage of people make use of the internet around the world daily. Social media can be used as an advertising tool to promote their products to the general public especially the households.. It is perfect to grab the attention of the mass.

EGGSellence Eggs will take the opportunity of promoting the products on various platforms such as Facebook, Twitter, and Instagram. Facebook and Instagram allow you to network yourself with people who are important to your business. It's not new for everyone that the majority, if not all; of the population of the target market, especially the households have their own account.

EGGSellence will create a Facebook page to notify the general public about the product to catch their interest and for those who are far away from our location. The Internet reaches a long range of distance with just one click. In addition, they will create an Instagram account to highlight the visual presentation of the product.

5. PRINTED ADVERTISEMENT

One of the most versatile and affordable types of marketing materials are flyers. These are full page advertising prints which are given away to get people to notice your brand. With these print materials, you are not only using materials that help you promote your business, you are also grabbing the chance of letting them know you in a creative way. (PrintRunner, n.d.)

EGGSellence Eggs will promote their free-range eggs by producing posters, fliers and pamphlets. The posters are posted at places that are frequently visited by our target markets. Another one is fliers; it will be distributed in various places, especially on marketplace and supermarkets in malls.

6. CONTROL MANAGEMENT PLAN

SOCIAL MEDIA ADVERTISING	
<u>TIME FRAME</u>	<u>ACTION</u>
Two months before the opening of EGGSellence Eggs	Create and launch social media accounts (i.e. Facebook and Twitter)
Three weeks before the opening of EGGSellence Eggs	Preparation of all the advertising materials needed to promote the brown eggs
Two weeks before the opening	Officially announce the opening of the EGGSellence Eggs by means of the social media account and spreading the word of mouth
Once a week	Post descriptions and photos regarding the products availability

Table 2.4

PRINTED ADVERTISING	
One to two months before EGGSellence Eggs officially open to the public	Prepare and print flyers, pamphlets and posters emphasizing the business and the product
One week before the opening of EGGSellence Eggs	Post posters at public market regarding the opening of EGGSellence Eggs
For the first 4 weeks from the opening date	Start of giving out flyers and pamphlets at public markets within Davao City that highlight the product of EGGSellence Eggs

Table 2.5

7. ADVERTISING AND PROMOTION COSTS

MEDIUM	UNIT COST	ANNUAL COST
Flyers (Paper Type: 100gsm, Glossy Paper)	P0.53 per flyer	Annual number of Flyers: 500 500 Flyers x P0.53= P265.00
Pamphlets	P45 per pamphlet	Annual number of Pamphlets: 360

(Paper Type: 100gsm, Glossy Paper)		360 Pamphlets x P45= P16,200.00
TOTAL ANNUAL ADVERTISING COST		P 16,465.00

Table 2.6

2.8 Projected Sales

Sales Projection is an estimate about the business sales and performance in the future considering other factors that affect this. This shows the reasonable increase or decrease in the sales for the upcoming year. Through sales projection, the business can use this to make decisions regarding the operations. This is based on the estimates and assumptions of the researcher.

With the rising trend of healthy lifestyle, this is a good opportunity for EGGSellence EGGS to introduce their native and healthy products which is egg. We have a total of 2,500 hens that can lay eggs for a maximum of 150 eggs per year. Every day, it is expected that there will be 34 trays of eggs that will be collected but we assume to have 30 trays to give an allowance for uncertain events. In one tray, it is composed of 30 brown eggs. So, in a month, the business can produce 25,200 eggs that will be sold at the price of P7.00. Therefore, our expected sales in a month and year would be P176, 400.00 and P2, 116,800.00 respectively.

Our estimated increase in sales every year is 10% due to shifts in the customer's lifestyle. Based on a Pulse Asia survey that was conducted in 2015, 62% of Filipinos prioritize their health and consider many factors like from what they eat to what type of exercise they do. So we assume that in a span of 1 year, our customers will be able to try and see the difference between brown eggs and white eggs.

Lastly, our projected unit sales increased by about 5%. In the long run, we plan to add hens in order to supply more brown eggs not just in public markets, but also in supermarkets around Davao Region. As for now, we will focus first on our distribution to Davao City's public markets.

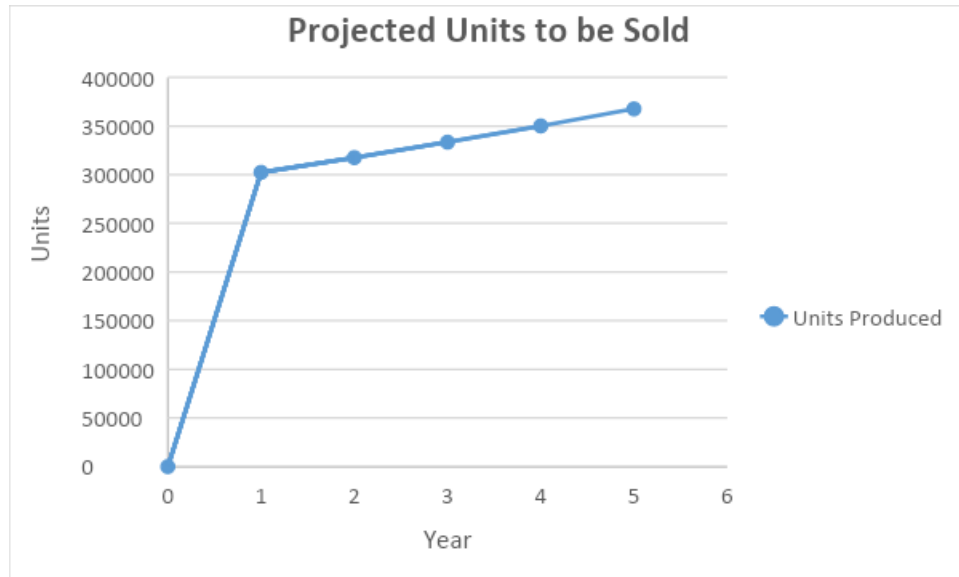


Figure 2.2

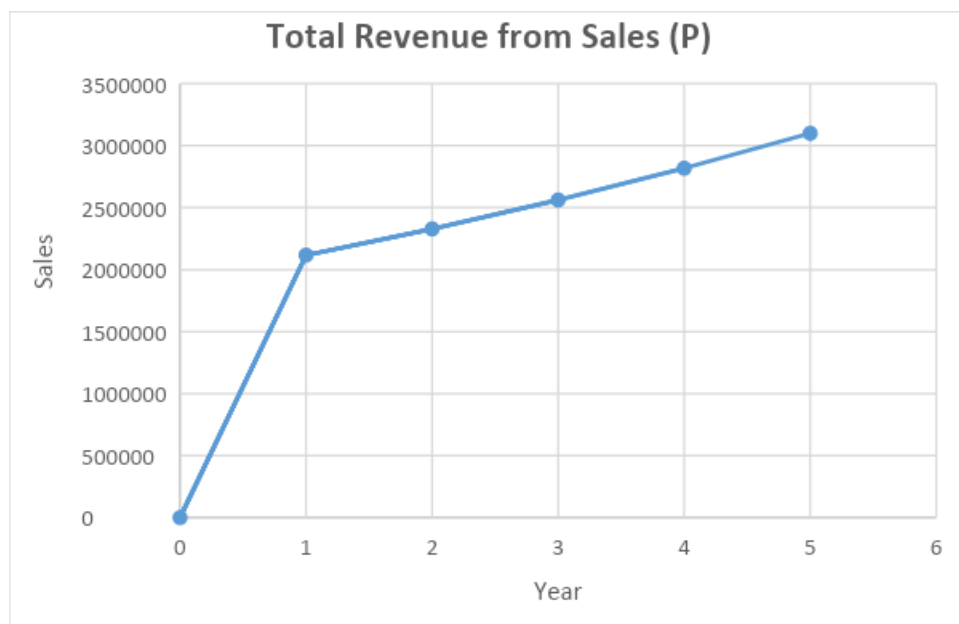


Figure 2.3

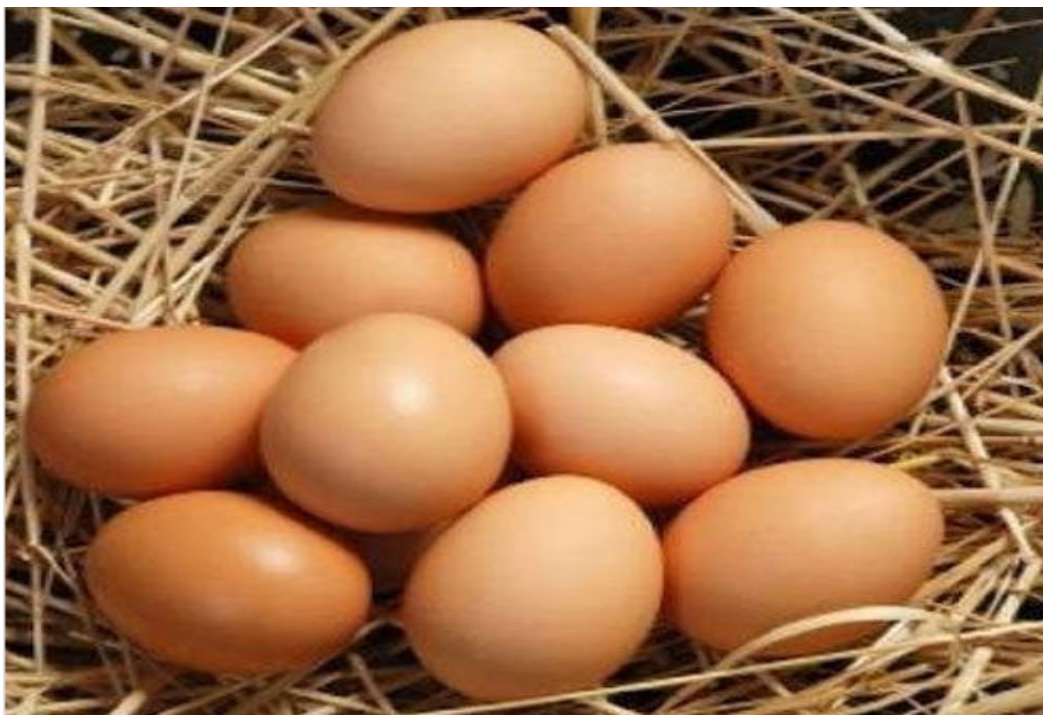
CHAPTER III

TECHNICAL FEASIBILITY

3.1 The Product

EGGSellence EGGS is a brown egg made from native chickens in free-range system poultry farming. Free-range is a system of production of eggs, where chickens are allowed to roam around in a wide range of areas. This will exhibit the chickens to access forage, insects and sunlight. (Bureau of Agriculture and Fish standards). This maintains its quality product through proper feeding and sanitation of the chickens. There are three types; commercial broilers which is for meat production, commercial layers which is for production eggs and native chickens which can be used for production of egg or production of meat, and it is suitable for free-range system poultry.

Native chickens are used for the production of *EGGSellence EGGS*, specifically the breed of Banaba brown rooster and hen. These components can produce brown eggs which are beneficial for the consumers. Brown and white eggs are nutritionally the same but they just differ in color and the process of producing the egg, but as to the public, brown eggs seem to be more nutritious than white eggs. This is because in the process of producing brown eggs, the birds do not depend on antibiotic injections, or artificial feeds unlike commercial chickens.



Free-range chickens are usually being raised in a backyard. Raising free-range chickens need not to be big in number. You can already start poultry with at least two dozens of hens for the production of eggs. Aside from eggs, you can use them for the production of meat, for barter or for paying household bills. (Department of Agriculture-Bureau of Agricultural Research)

A. Nature of the chicken

- **Weight (live)** = 1- 2.0 kilo
- **Days for laying eggs** = 5-6 months
- **Number of eggs per year** = 60 – 100 eggs
- **Weight of eggs** = 40 -45 grams

B. Varieties of Chickens

BROILERS	Pure: Rhode Island, Barred Plymouth Rock, Cornish Hybrid: SASSO, HUBBARD- GRIMUAD
LAYERS	Pure: Leg horns (brown and white), Rhode Island, Barred Plymouth Rock, Sussex Hybrid: Dominant, Dekalb Brown, Hy-line Brown, Shaver Brown, Bovans Brown, Lohmann Brown, ISA Brown
NATIVE CHICKEN	Paraokan, Banaba, Darag, Joloanon, Camarines, Bolinao, Boholano, Zampen

Table 3.1

- **Banaba** comes from Batangas, black color, has single comb *palong*, black color feet, rooster weighs about 1.7-2.0 kilo and hen is 1.5 – 1.8 kilo.
- **Paraokan** comes from Palawan, black in color, has white feathers in the tip of the tail, long legs, yellowish feet, rose comb *palong*, the rooster weighs 2.0 – 2.5 kilo, and hen weighs 1.8 – 2.0 kilo.
- **Joloano** comes from Basilan, has a smoky red color, rooster weighs 2.0 – 3.0 kilos, and the hen weighs 2.0 – 2.5 kilos.

The specific qualities in choosing hens to lay eggs:

- ***Palong*** = big, red and slick
- ***Paligid ng mata*** = whitish or pale
- ***Lambini*** = smooth and soft
- ***Puwit*** = big, egg shape , damp, white
- ***Sipit- sipitan*** = soft and has spaces at the end

Also, choose a hen, which is healthy, spry, shiny, and has a well built body.

Only one rooster for each 7-10 hens needed for having good egg cells. If there is more than one rooster, it might end up fighting. Moreover, it can affect the food budget of the poultry. In addition, choose a rooster that immediately grows big and active. (Department of Agriculture-Bureau of Agricultural Research)

3.2 The Production Process

EGGSellence EGGS operated its business on a daily basis. It supplies fresh and healthy eggs to the distributors and customers.

Below is the process of the free-range eggs production.

1. Cleaning the area, preparing chicken feeders and drinking stations. The farmer will open the chicken coop which will allow the birds to roam around the area according to age group to avoid clashing and spreading of viruses and diseases if any. Letting the chickens out will give them fresh air and sunlight and for them to feed and drink water. And for the rest of the day they're out scratching for the worms, the bugs might as well as the grasshoppers or feed them with grains. (Short, 2016)

1.1. Feeding

It is possible to give ordinary feeds to chicken such as *giniling na palay* (mash grain), *darak* (rice bran), *palyat* (Copra meal), *binlid at tahup*, and even leftover foods such as rice, bread, etc. But it is still better to give them commercial starter feeds from 1 day old to 1 month old. In the age of 1 and 1/2 month, it is allowed to gradually change the feeds given such as lessening the amount of commercial feeds and changing it to ordinary feeds that were stated above. (Department of Agriculture-Bureau of Agricultural Research)

2. Continuous monitoring of the chickens and collection of eggs inside the chicken coop. The eggs must be collected everyday by hand; it has been proven to be an effective way to gather lots of eggs from the chickens before they brood. Removing the eggs immediately from the chicken coop will ensure that the eggs are well taken care of and it will reduce the count of cracked and contaminated eggs. Store the eggs in a cool and dry place and place it on a basket or cardboard boxes. The eggs should be stored for not less than 5-7 days. It can also be stored in a refrigerator. (Department of Agriculture-Bureau of Agricultural Research)
3. Cleaning and sanitation in the area. This is important for a poultry farm to maintain cleanliness to avoid contamination among the chickens and also for the eggs. This process starts in the afternoon where chickens roam around the area; the farmer will clean the chicken coop, the feeders, and the drinking stations. And when chickens are inside the chicken coop, this is the time when the farmer cleans the whole area, washing and cleaning the collected eggs and storing them.

Choosing the eggs for brooding is very important because it is one of the factors that will determine what kind of chicks will hatch. If the selected eggs for brooding are of good quality, then it is more likely that the chicks are of good quality too. Keep the hatching area clean. Eggs for brooding should have appropriate sizes and shapes, no cracks, and have thick shells (Department of Agriculture-Bureau of Agricultural Research).

Raising a Chicken

After a month in a cage, the chicks are placed in a much bigger space specifically in a caged-free area which has grasses on the ground. Aside from that, it must have a measure of 1 ft per head until it reaches its 2 and ½ month. In this way, the chicks will be nourished and trained to adapt to its surroundings before letting it roam around. By this, it will lessen the expenses in terms of its food and it will also be healthier for the chicks to be exposed to that kind of environment. The raising of chicks is in a span of 2-5 months old.

Protection of Chicken's Health

The following are the guidelines on how to protect the chicken from possible sickness:

- Provide a clean and spacious area for the chicken specifically for its housing, and feeding and drinking area.
- Feed the chicken with enough and healthier feeds for it to avoid unexpected diseases.

Diseases Commonly Acquired by Chicken

- Cold - Cage the chicken for a week and put some medicine or herbal in its water. Wait for 2-3 hours before giving the water that has medicine to a chicken.
- Smallpox - Putting tincture of iodine every day in chicken's wound can be of great help. It is also important to put medicine or herbs in its drink.
- Pest - The infestation of a pest to a chicken could spread suddenly and may cause the loss of all chicken. To avoid this, vaccinate the chicken at the age of 7-10 days and repeat this on the 28-30 day.

It is also important to consult a veterinarian or technician if there is something wrong regarding the health of a chicken.

3.3 Plant Capacity and Production Schedule

Plant Capacity

The business's full production capacity caters a maximum stocking density of 2,500 birds per hectare (Egg Info) that can produce 1,027 eggs per day. In a week it can generate 7,189 eggs and in a month 31,237 with proper monitoring and feeding of the birds. With this the expected full capacity of the business can generate up to 374,855 eggs. The basis of the business production is that each bird can produce 100-150 eggs per year. (Research, Department of Agriculture-Bureau of Agricultural)

Production Schedule

The EGGSellence EGGS will operate its production process 7 days per week, starting 8:00 in the morning to 5:00 in the afternoon. The proponents consider this schedule because the best time for birds to lay eggs starts 9:00 in the morning to 3:00 in the afternoon. If the birds are inside the chicken coop, they can lay eggs earlier than 9:00 am and 3:00 pm onwards the birds start brooding. (Research, Department of Agriculture-Bureau of Agricultural)

The productions take action upon preparation of the feeders and drinking stations in 8:00 am. After that the farmer will open the chicken coop to let the chicken roam around the area in groups according to age, to avoid spreading of viruses or diseases if any. The remaining hours will be continuous monitoring of the birds, collections of eggs inside the chicken coop, cleaning the laying beddings and the roaming area.

The schedule of distribution process of the collected eggs will be on Mondays, Wednesdays, Fridays and Saturdays. Since, the birds lay eggs the whole duration of the day, and presented below are the detailed everyday procedures.

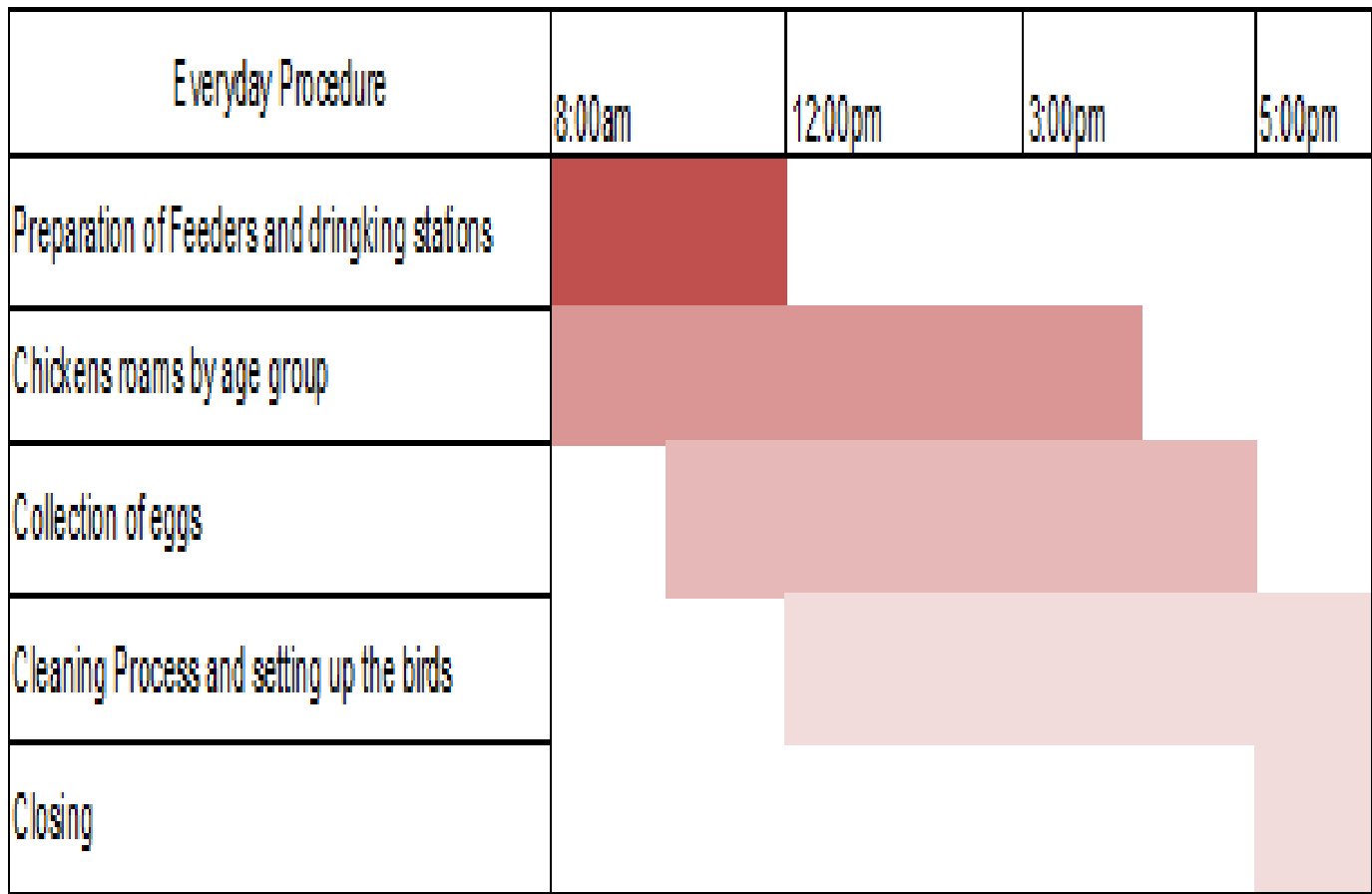


Figure 3.1

3.4 Materials and Inputs

The raw materials are available and can buy within Davao City. These materials can easily be obtained because of the resources, also the accessibility to the suppliers.

The following raw materials and supplies to be used in the production of chicken eggs. In addition, the specific measurements given below.

Item	Description , Specification, Qualities	Quantity	Cost per Quantity	Total
Native Chicken: Breed	Black breasted with red-orange hackle	1	220	220.00
Banaba Brown Rooster	feathers, black tail feathers, straight-comb with bright red earlobes, stands upright with slate colored shanks	1	220	220.00
Banaba Brown Hen	Heaten breast color, straight-combed feathers, black tail feathers, white earlobes, stands upright with slate colored shanks Supplier:	1	220	220.00
Feeds: Mash	A blend of several feed ingredients, ground to a small size but not to a powder. Supplier:	1	120.00	120.00

Egg Grader	Use for egg grading, it will determine the size of the eggs whether small, medium, large or extra-large. Supplier:	1	10, 487.95	10,487.95
Plywood	Use for chicken coop Supplier: Ross Build N' Save	230	310.00	71,300.00
Hardiflex	 Supplier: Ross Build N' Save	15	510.00	7,650.00
Course Sand	 Supplier: Ross Build N' Save	10 cubic meter	750.00 per cubic meter	11,250.00
Portland Cement, Holcim	 Supplier: Ross Build N' Save	45 bags	220.00 per bag	9,000.00
CWN #2	 Supplier: Ross Build N' Save	10 kilos	56.00 per kilo	560.00

Roof	Supplier: Ross Build N' Save	30	150.00	4500
CWN #3	Supplier: Ross Build N' Save	5	56/kl	280
Hollow Blocks	Supplier: Ross Build N' Save	1500	10 each	15,000
Coco Lumber 2x2x10	Supplier: Ross Build N' Save	140	70/length	9,800
Coco Lumber 2x3x10	Supplier: Ross Build N' Save	40	80/length	3,200
DRB 8mm	Supplier: Ross Build N' Save	50	97/length	4,850

DRB 10mm	Supplier: Ross Build N' Save	50	142.50/length	7,125
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Table 3.2

3.5 Labor Requirements

Direct Labor

Employee	Qualification	Number	Salary/ Wage per person	Total Salary/ Wage
Owner/ Manager	- Is willing to finance the business. - Able to manage the business. - Is knowledge in chicken egg laying business or poultry industry.	1	500.00	500.00
Maintenance	- Male, a full-time worker who is able to maintain poultry cleanliness and administer the laying of the chickens. - At least 18-35 years old. - Is knowledgeable about chicken egg laying business or poultry industry.	2	330.00	660.00

	• Must be responsible, industrious and hard worker. • Must be loyal and trustworthy. • Must be dedicated to his work.			
Operational Staff	• Male, at least 20-35 years old. • At least high school graduates. • Must be knowledgeable about the chicken egg laying business or poultry industry. • Must be loyal and trustworthy. • Must be responsible. Industrious and hard worker.	2	330.00	660.00

Driver	• Male, at least 20-35 years old. • At least high school graduates. • Must have a driver's license. • Have knowledge in repairing delivery trucks. • Must be loyal and trustworthy.	1	330.00	330.00
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Table 3.3

3.6 Location and Site

The business is located at Baracatan, Toril, Davao City. The lot is approximately 2 hectares of land. In addition, the location is far from the downtown areas.



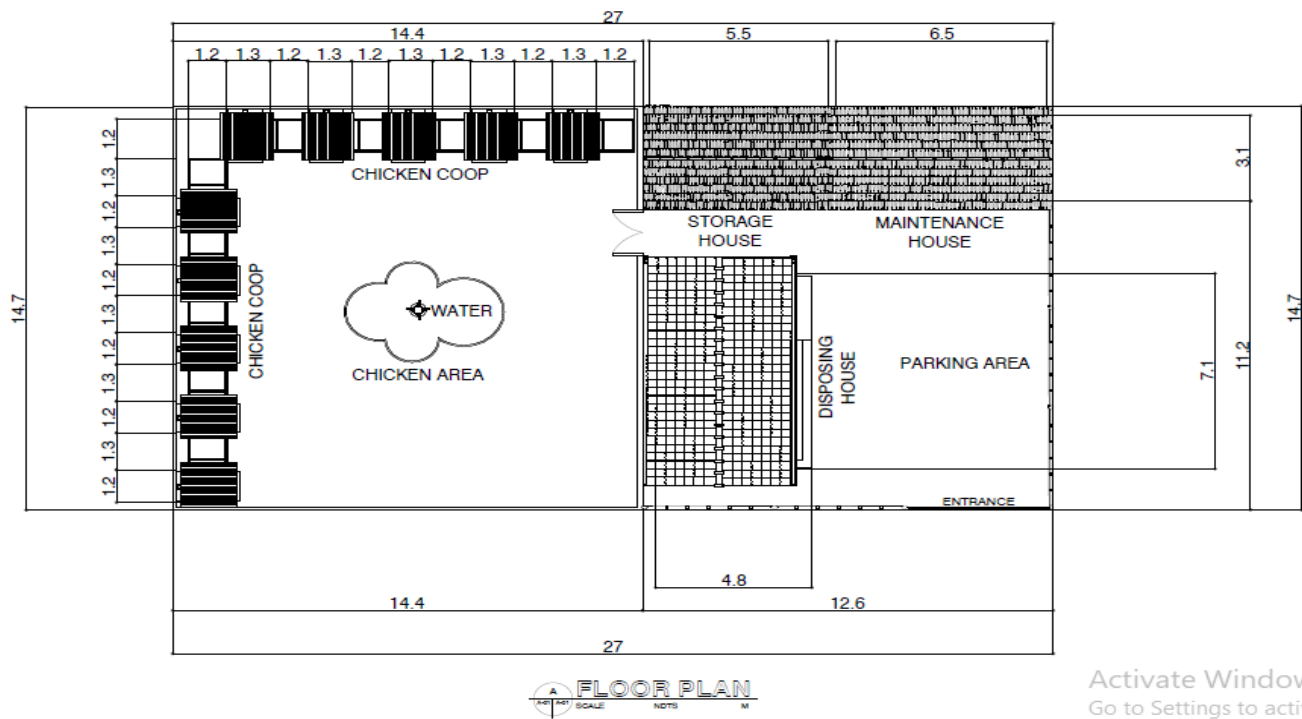
Figure 3.2

In order to achieve animal welfare, environmental, resource-use sustainability and other inputs relevant to poultry production is the management of livestock as a land-based system is a low-cost free-range system that works for small-scale farmers. The location is free from disturbance where the chickens are raised in a non-stresses environment. The location is very suitable for raising a chicken because it is so spacious and surrounded by lots of trees, they can have a natural diet of grains, forage, and bugs because they are free to roam around the area. In addition, they can have fresh air to breath and sunlight, which is appropriate to relieve the chicken from stress and diseases. Unlike conventional or commercial poultry, the birds are raised in unnatural conditions in confinement houses. This causes stress on the birds from the crowding spaces, noise pollution and polluted air they breathe. (Poole)

3.7 Production facility and Utilities

The use of a housing system, which allows natural behavior patterns, followed high priority to the chickens' welfare considerations, especially for laying hens. The chickens' behavioral considerations are important for housing the birds to prevent the stress, disease and contamination among the flocks. Housing with nest boxes, which facilitates dust-bathing and appropriate shelter when the temperature outside is high. There are two kinds of housing which are mobile and static housing and it will depend on the scale of production. And, for Free-Range Poultry it uses the mobile housing because it offers greater opportunities for the integration of poultry into a diversified organic farming. A high level of care is necessary in raising healthy chickens and preparing them for foraging without vaccinations, sterilizers and antibiotics. Outside access to land covered by vegetation which parasite control is necessary to maintain the health of the birds and to encourage the concept of organic poultry production as a land-based enterprise. (Poole)

Floor Plan



Activate Windows
Go to Settings to activate Windows



Figure 3.4



Figure 3.5

Figure 3.6



Housing

Chicken housing plays a significant role in providing the chicken a space for it to stay specifically when there is rain and for its egg-laying purposes. It is also important to provide enough space in which the chicken and chicks could roam around and it must be in a measure of 1-2 square meters per chicken. Chickens with the same age must be placed in the same roaming area to avoid the spreading of viruses or diseases.

Chicken Coop

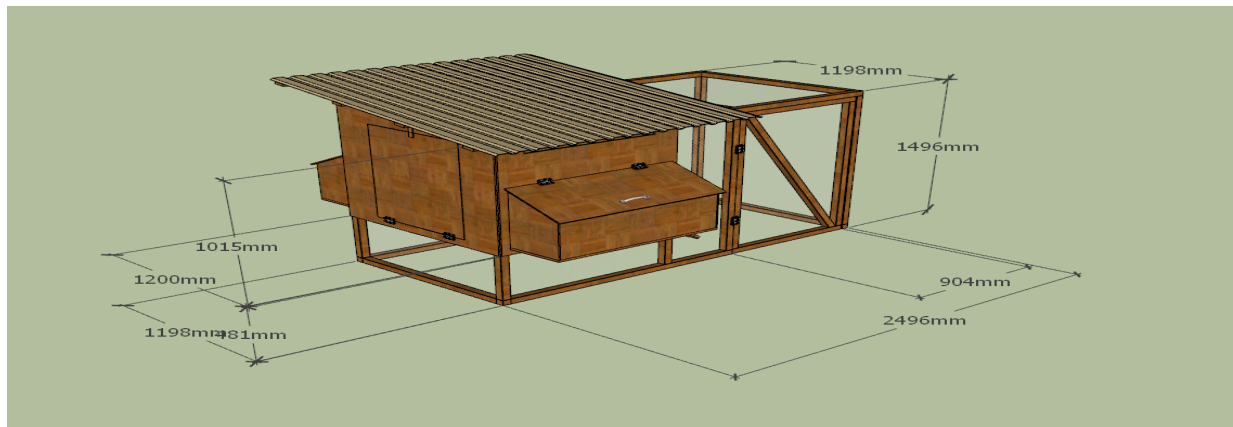


Figure 3.7

Maintenance House

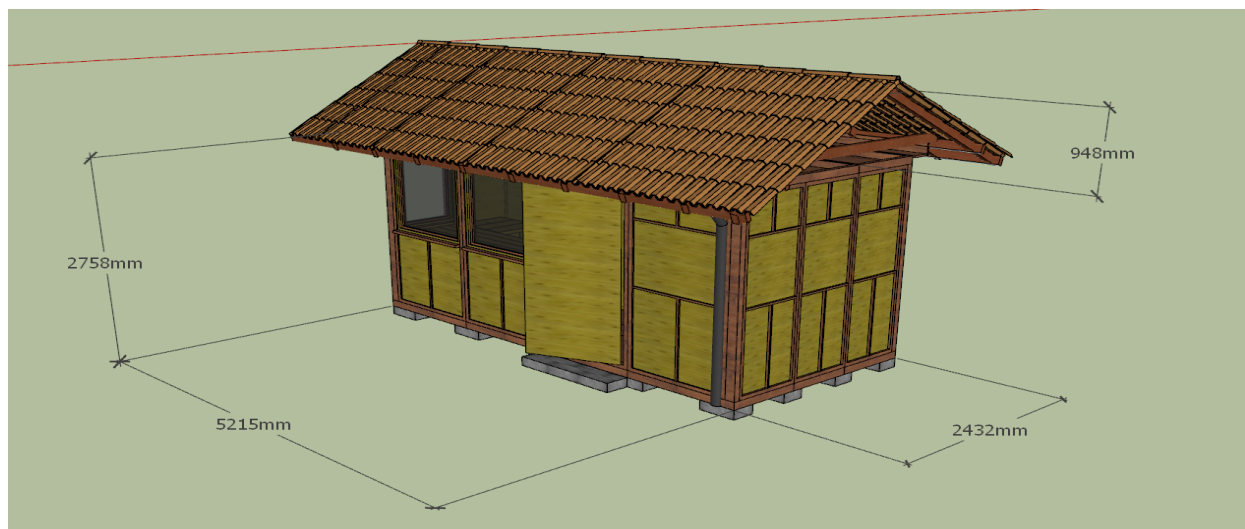


Figure 3.8

Storage House

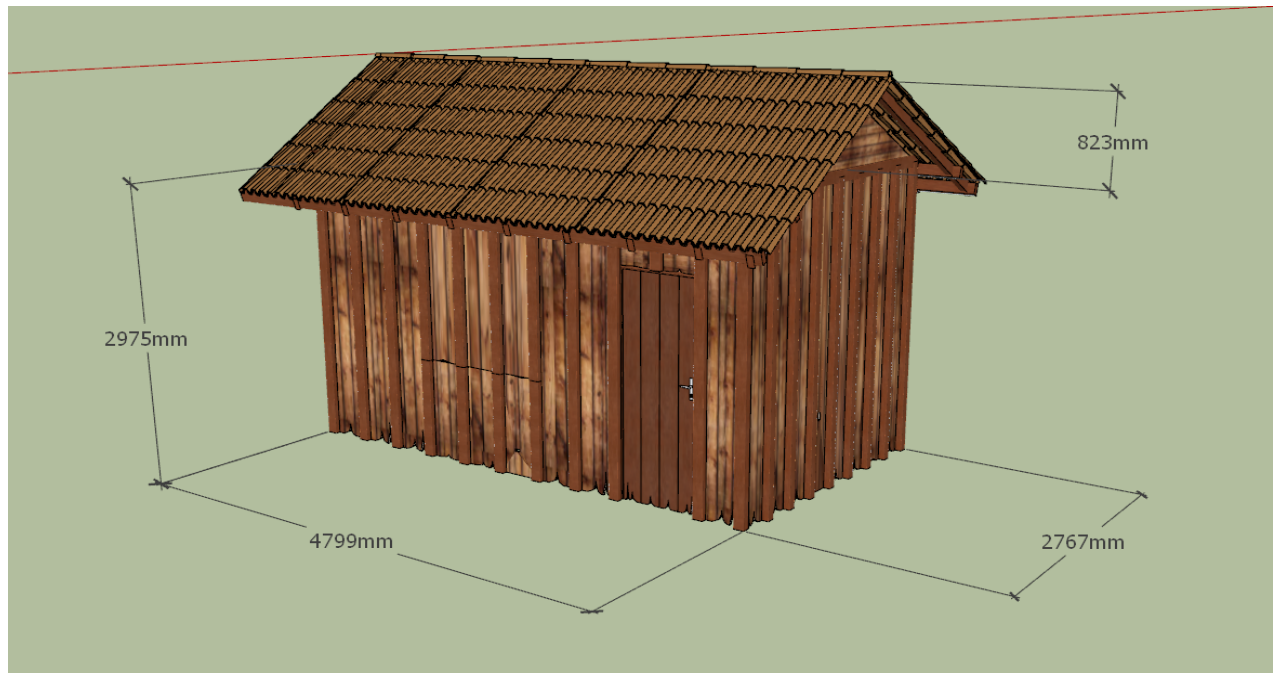


Figure 3.9

Disposing House

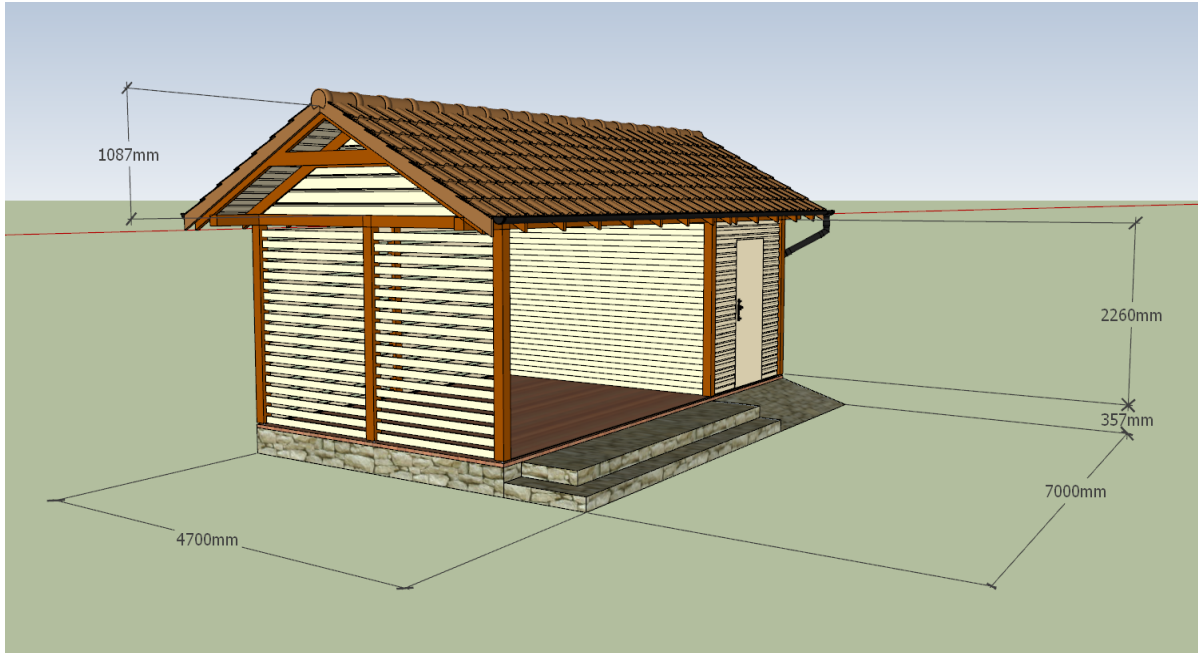


Figure 3.10

Egg graders



Figure 3.11

3.8 Utilities

The following utilities are the estimated costs to be incurred in the production for a month.

Water

The source of the water of EGGSellence EGGS will be the Davao Water District. The minimum rate of the water in the household consumption as of now is ₱54.90 per cubic meters.

Cubic Meter	No. of Chickens	30 days	Cost	Monthly Total	Annual Total
0.0005	2,500	37.5 m ³	₱54.90 per m ³	₱2,058.75	₱24,705.00

Table 3.4

Electricity

The source of the electricity of EGGSellence EGGS will be the Davao Light & Power Company. As of now the minimum kilowatt-hour is ₱9.7666.

Light Bulb

Kilowatt-hour	Hours	30 Days	Cost	Monthly Total	Annual Total
0.176	12	63.36 kWh	₱9.7666	₱618.81	₱7,425.72

Table 3.5

Kilowatt-hour	Hours	30 Days	Cost	Monthly Total	Annual Total
0.55	2	33 kWh	₱9.7666	₱322.30	₱3,867.60

Egg Grader

Table 3.6

3.8 Waste Disposal

The sanitation around the farm is important for its stable and healthy environment. Also to ecologically maintain its natural resources as land-based farming. (Poole) As for the waste management, EGGCellence EGGS engaged in an environmental business, where the waste must be properly disposed of. In line with this, the business made a compost pit to put all those waste such as chicken manure, rotten eggs and chicken carcass. The compost pit measures about 2 meters wide and 2 meters deep. This will help to lessen the foul odor of the waste.

CHAPTER IV

MANAGEMENT FEASIBILITY

4.1 Form of ownership (sole proprietorship, partnership, or corporation)

The EGGSellence EGGS will adopt a sole proprietorship type of organization where the owner will also be the manager. This form of organization is chosen because it is easy to establish.

The following are the nature and characteristic of EGGSellence EGGS:

1. The owner, who is also the manager, takes full responsibility for anything that happens regarding the business.
2. There is no limit in its existence as this depends on the death or prolonged illness of the owner that will lead to the end of the business.
3. In case of liability, the owner is liable up to their personal properties.

Sole proprietorship is required to register in these government agencies:

1. Department of Trade and Industry

2. Local Government Units where our business is located:
 - a. Barangay
 - b. Mayor's Office
3. Bureau of Internal Revenue
4. Employees need also to register to the following:
 - a. Social Security System
 - b. Philippine Health Insurance Corporation
 - c. Home Development Mutual Fund

4.2 Organizational Chart

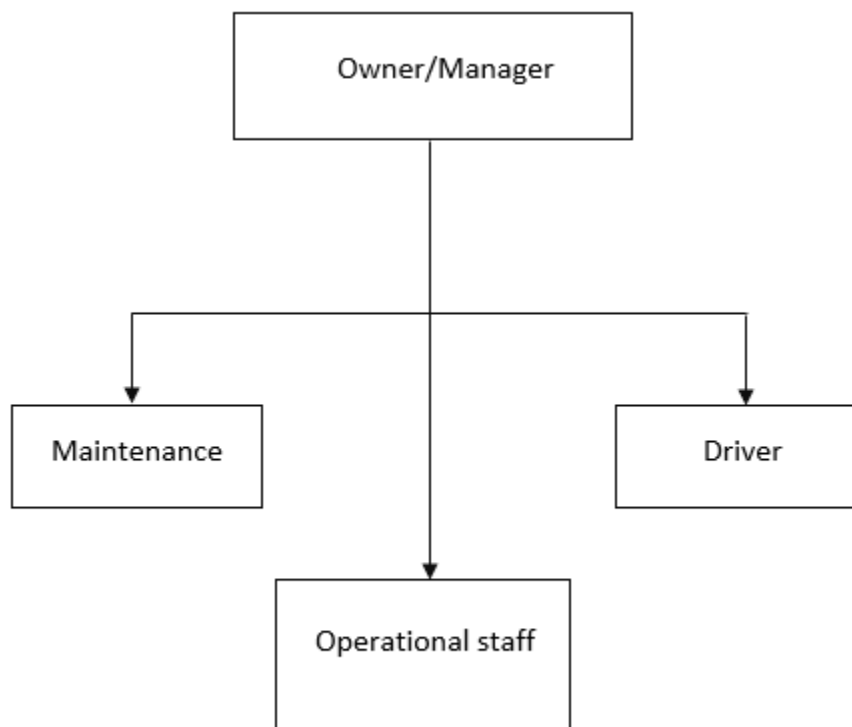


Figure 4.1

4.3 Personnel

A. Owner/Manager

The owner which is also the manager of the business is responsible for the production and business management such as supervising the daily operation, purchasing chicks, feeds and other necessities for the chicks, accept orders, receive payments from the customers with official receipts, pay the bills, and acquire assets that are needed to the business. He/she will also maintain the financial reports, records, and general ledgers; prepare and analyze budgets; and perform general bookkeeping.

B. Maintenance

The Maintenance responsibilities are to replenish food and water for the chicken on a daily basis, ensure the chicken has access to food and water, walk through the farm to identify sick or injured chicken, administer the vaccination of the chicken, and clean the surroundings of the poultry farm.

C. Operational staff

The operational staff is responsible for assisting in egg collection, washing and sorting, putting eggs in cartons, responsible for the loading and unloading of the chicks, responsible for the weighing, bleeding, scalding, evisceration, and cleaning the refrigeration of the product. Administer the delivery of the customer's orders.

D. Driver

The driver will be the one to check the condition of the delivery van regularly, drive the delivery van, and administer the delivery of the customer's orders.

CHAPTER V

FINANCIAL FEASIBILITY

5.1 Major Assumptions

- A. Total project cost
 - Initial fixed investments cost
 - Pre-operating expenditures (cost incurred during pre-production period)
 - Initial working capital investment
- B. Sources of financing
- C. Proforma financial statements (5 years)
 - Income statement
 - Balance sheet

- Cash flow statement (indirect method)
 - Owners' equity statement
 - Notes to financial statement (including production cost)
- D. Accounting and control plan (e.g. Credit and account receivable policy/management; Inventory management)
- E. Financial analysis
- Break even analysis
 - Liquidity ratio (ex. Current ratio)
 - Profitability ratio (ex. Profit margin ratio, return on equity)
 - Stability ratio (ex. Debt to equity)
 - Payback period, simple rate of return, internal rate of return.

CHAPTER V

SOCIO-ECONOMIC FEASIBILITY

The socio-economic study contains the benefits of free-range chicken egg farming to society and the economy. In this area of study it emphasizes its impact on the stakeholders such as to its consumers, employees, suppliers and the government.

Consumers

The business will be beneficial to the customers especially to those health-conscious individuals. Free-range eggs are packed with nutritional values and have better nutritional quality unlike the usual kind of eggs. Free range eggs have higher A and E vitamin content which promotes healthy development of teeth, bones, soft tissue, and tissues in the eyes needed for good vision and protects cells by acting as antioxidants. Besides having more nutrients, eggs from free range chickens have also been found to have less cholesterol and saturated fats.

Employees

The business will be beneficial to some locals in the sense that it can offer employment for those who are seeking for poultry or farming related jobs especially in the town of Toril. The business will be hiring __ employees who would serve as an egg farmer and a bookkeeper who will manage the financial aspect of the business.

Distributors

The business will also be beneficial to business distributors such as to some public markets, sari-sari stores, etc. in a manner that the way of ordering and delivery is accessible and convenient.

Government

In starting up this business, several requirements are needed and among those requirements include business permits from the government. Through these paid permits and along with taxes, the government will gain revenue from it and may use it to fund or support different projects and expenditures for the development of certain communities or of the country as a whole.