

1920s Era Town

Case Study: Market Feasibility Study

BACKGROUND

Jan Presley is a woman on a mission. Her entrepreneurial spirit and passion for the energetic decade of the 1920s inspired her dream of recreating a town on the plains of Eastern Colorado into a living history lesson about the remarkable decade. She conceived the project in 2003 with a vision to reinvigorate the small town of Seibert, population 180 people. Jan believes this unique and entertaining attraction will provide an economic boost for Seibert and Kit Carson County by creating at least 61 new jobs and needed sales tax revenue, while also serving travelers along heavily traveled Interstate 70 in an area with relatively few visitor services.

The endeavor would create a block long district of a small town into a recreation of the roaring 1920s. She envisions an attraction that would include an 8-room Bed and Breakfast, two restaurants (one café and one fine dining), a Speakeasy Bar, an ice cream shop, two gift shops, and an Egyptian-themed movie theater. As her vision developed and she has engaged in business development endeavors, the looming question was: Is it feasible from a business standpoint?

CORONA'S SOLUTION

Following your dreams and starting a new venture is scary, but Kevin Raines can relate as an entrepreneur who started Corona Insights 15 years ago. Excited to get a call from Jan, Kevin Raines devised a plan to do an initial analysis of the market.

In Jan's case, a full market feasibility study would have been premature in the early stage of the project and very costly.

Instead, Corona Insights worked within Jan's budget to deliver the most relevant data in order for her to make informed business development decisions.

Rather than conduct a full feasibility study at this early stage of concept development, Corona concentrated on the most foundational element of restaurant sales. By conducting an analysis of traffic patterns, local restaurant spending, and the restaurant market both in the local area and along Interstate 70, we developed an estimate of the size of the restaurant market both in the local area and among travelers. This produced defensible and scientifically derived estimates that can be included in the business plan as the concept continues to develop.



Photo credit: 1920sEraTown.com



THE OUTCOME

The results of our research provided gross estimates to understand whether the restaurant traffic has the potential to support Jan's bustling 1920s Era Town in Seibert, CO. Utilizing rigorous research methodology, Corona developed figures to estimate local restaurant traffic, I-70 restaurant traffic, and recommendations on the project's financials.

- ➔ Local Restaurant Traffic- The first step in the process was to gather data to determine the size of the local restaurant market around Seibert, CO. Corona evaluated data for a 60-mile radius on the average annual expenditures for "food away from home". Using the data, we came to the total estimated value of market and extrapolated market capture to estimate the restaurant share.
- ➔ I-70 Restaurant Traffic – Jan believes that by capturing I-70 traffic, she can convert the roar of vehicles and gas fumes into tax dollars to build a better community in Seibert, CO. Utilizing traffic estimates, Corona Insights considered the impact of several variables on the number of potential customers to the planned restaurants. Corona considered Eastbound vs Westbound patterns, distance traveled, other stopping points on the route, and operating hours. In addition, Corona also took on the more tenuous duty of estimating non-local State Highway 59 traffic north and south through the area.
- ➔ Review of Financials – Recognizing that restaurant revenues will be a key driver for the feasibility of the project, the goal of this step was to see whether the initial restaurant market sizes are promising relative to the scale of the project. In coarse terms, Corona assessed whether the extent to which the estimated cash flow will cover the repayment on the estimated development loan.



“ I was pleased that the professionals from Corona Insights estimated slightly more daily restaurant customers from the highway traffic than I did! This will lend credibility to my estimates in the business plan. ”

*Jan Presley
Developer & Entrepreneur*

Every day, business owners make decisions based on a hunch or an ambitious idea. However, when it comes to investing your savings and professional dedication to a business, it is important to undertake that endeavor with the most rigorous data and research as your foundation.

The report contributed to Jan's business development endeavors as she continues to flesh out and develop her business plan.

Learn more about Jan's vision at <http://1920seratown.com>



Seibert, Colorado. Located in Kit Carson County along Interstate 70 on the eastern plains of Colorado.

Photo credit: Wikipedia