3 My Options

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Overview
This section is where you will decide your best and preferred option(s) for diversification, drawing on your understanding of current farm capacity and financial health (developed in Mapping your current situation), and your vision and goals (developed in **Section 1**).

In this section of the Workbook there is some guidance around diversification options and key considerations including: who will buy it, can it compete profitably, and what could affect market access or stability?

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You will start a process of shortlisting options using scenario analysis and the Business Model Canvas (BMC). These tools help you think through preferred options at a relatively high level. From this, you will be able to shortlist option(s) to analyse in-depth in **Section 4 (My Plan)** and **Section 5 (My Final Check)** of the Workbook.

Note: It is absolutely fine to change your mind and come back to the start of this section. You might make it halfway through Section 3 or 4, and realise that the option you thought was viable, is not going to work out. It's much cheaper and less painful to do that on paper, than when the plants are already in the ground.

If the first option you select isn't right, return to this section and select a different option to analyse.

3.1 Identifying options for growth or diversification

"When the world zigs, zag."

- Attributed to Barbara Noakes (1982)

3.1.1 Key questions

In the past, decisions about what to grow on a farm were often more production-led (*What can I grow?*) than market-led (*What will I be able to sell?*). Farms often grow what they have always grown, or crops that are familiar and widely grown in the local area.

Now, input costs have increased and margins are tight. Many are competing in a corporatised environment with some substantial dominant players. This means it is a good idea to take a detailed look at the market before settling on a particular crop or strategy to diversify farm income.

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There are a range of questions to ask and attempt to answer, to be confident that the diversification strategy will land your farm in a more secure, lucrative or stable revenue position. The three main questions are:

Who will buy it?

You will need to identify the target buyer/s and what drives their decision to buy a product. This might include: price, quality, provenance, reliability of supply or consumer trends. It is wise to check if demand for the product is growing, steady, or declining. Ideally, you are looking for real, lasting 'market pull' rather than a short-term opportunity. See **Appendix 1: Financial terms explained**.

Can it compete profitably?

Develop a clear idea of realistic/likely prices beyond the farm gate and assess what portion usually returns to the grower. It can be useful to compare competitors' costs (if available) and test various margins against likely yield, quality grades, and price variations to ensure your option remains profitable with fluctuations over time.

Running the numbers using a range of assumptions about yield and return (best case, worst case) is a form of 'sensitivity testing' to work out how tight the likely margins are and hence how risky or robust a particular option might be. Sensitivity testing is explained in **Appendix 1: Financial terms explained**.

What could affect market access or stability?

You will need to consider external factors that could impact success. These can include competition from imports, regulation, trade barriers, competition into export markets, shifting consumer preferences, or input/supply fluctuations. Seeking to understand these risks for alternate crops will help you to judge how secure or volatile that diversification option may be.

In **Section 3.2** you will look at market analyses you can undertake to explore and identify what diversification options will suit your vision, your farm capacity, and your financial situation.

"Eyes on the forest, not on the trees."

- Collins, S. (2010) The Mockingjay: Hunger Games Book 3. Scholastic Inc.

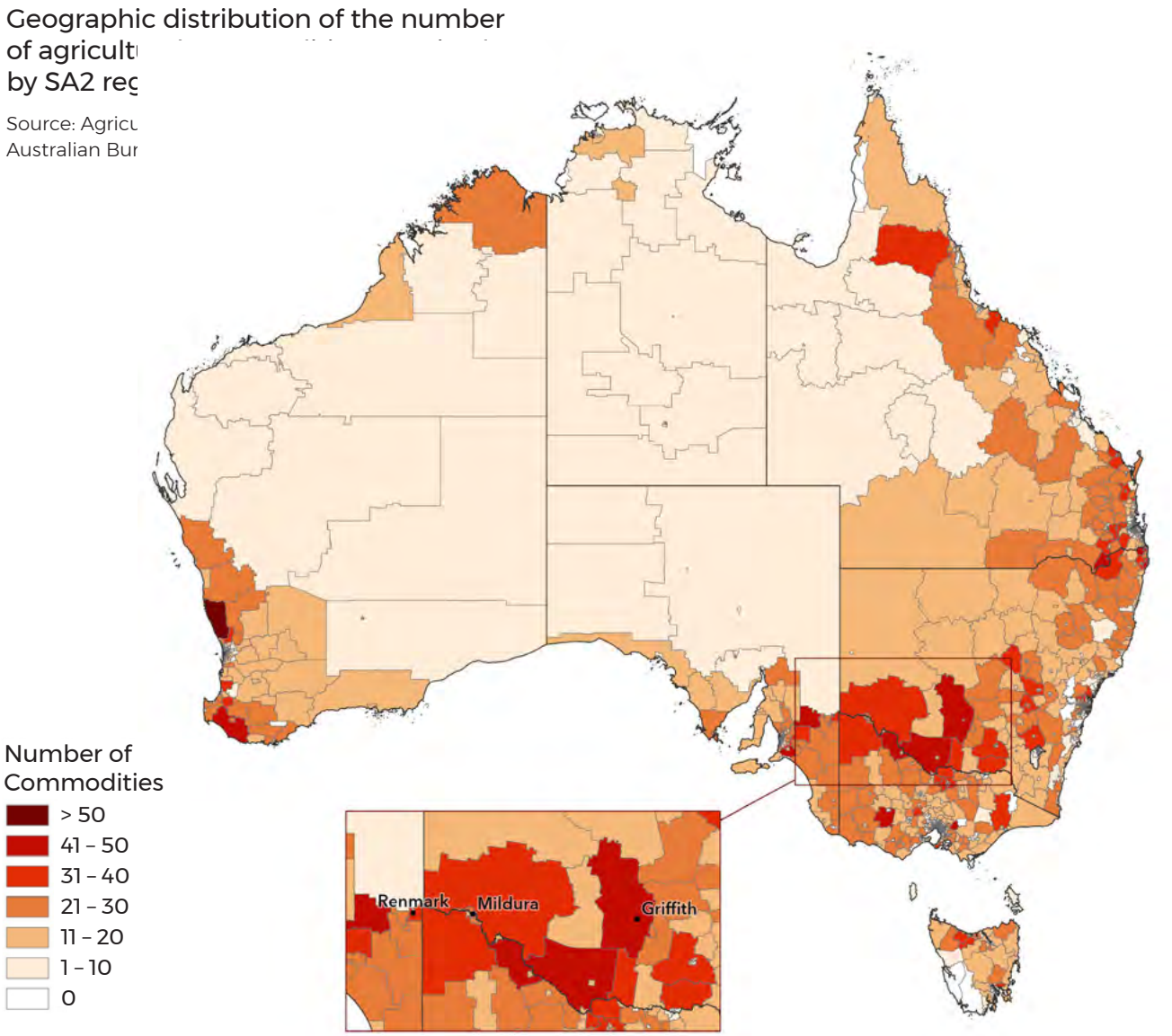
3.1.2 Pathway to market

Pathway to market is about the intervening part; the barriers and enablers between the farm gate and the buyer. You will need to assess what infrastructure exists or is needed, including physical supply channels, consumer readiness, access to agents, grading standards and options for seconds/value adding. You have already started considering the pathway to market advantages of your farm in **Section 2.1** Farm capacity.

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The Murray Valley, Riverina and Riverland are already highly diversified, which suggests that supply chain infrastructure and local knowledge likely exist for a wide range of alternatives to winegrapes (Figure 3.1).

Figure 3.1 Inland winegrowing regions have highly diversified crop production[2]



[2] Lawes, R. and Herrmann, C. (2025) Diversification in Australian agriculture: a comprehensive overview. www.farminstitute.org.au/wp-content/uploads/2025/06/LawesHerrmann-FPJ_Vol.22_No.1_2025.pdf

3.2 Market analysis

"Keep your finger on the pulse."

This section is about identifying and prioritising your diversification options and making sure they align with your goals and capacity (completed in **Section 1** and **Section 2.1**). The process of market analysis for a new crop option can be challenging especially if you have longstanding production practices and knowledge, and an established pathway to market/buyer.

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Change is hard and it is important that you take time and seek diverse, high quality information about the realities of making decent money from a new revenue option. Table 3.1 lists various sources for market information, and explains some of the strengths and limitations of each.

Table 3.1 Gathering market information from a range of sources to build a full picture

SOURCE	INFORMATION AVAILABLE	STRENGTHS	LIMITS / CAUTIONS
1. Peak industry body (for chosen crop)	Industry scale and structure, market access pathways, standards and specifications, levy-funded research and reports.	Highly crop-specific, commercially grounded, credible with banks and investors.	Quality varies between industries and information may emphasise upside over risk.
2. Industry processors, buyers, aggregators	Actual demand volumes, price drivers, quality specifications, contract structures, logistics requirements.	Current, real-world intelligence that tests whether a market is genuine.	Information is informal and uneven; buyers may discourage new supply if impacts margins.
3. Local successful growers	Practical insights on prices, buyers, grading/ quality, timing, quality risks, establishment and scaling realities.	Highly regionally relevant and experience-based.	Growers can be cagey and insights may not transfer to new entrants/different farm set-up.
4. State Departments of Agriculture	Crop suitability, regional trials, yield and gross margin ranges, market access notes, case studies.	Strong regional focus and often candid about risks.	Market analysis may be shallow, coverage/ depth varies by state.
5. Levy-funded Research and Development Corporations (RDCs) (e.g. Horticulture Innovation Australia; Wine Australia)	Market demand trends, consumer and retail insights, supply–demand analysis, export opportunities.	High credibility and good commercial relevance.	Best coverage/ information is for established crops; some reports require levy access.
6. Emerging and non-levy industry RDC - AgriFutures Australia	Emerging crop profiles, value chain descriptions, market snapshots, R&D roadmaps.	Useful for diversification decisions, accessible for growers.	Coverage and currency vary by crop, data can be limited for new industries.
7. Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)	Commodity outlooks, trade and export data, long-term demand trends, global market context.	Very credible, useful for testing big-picture demand.	Big picture focus – limited detail for niche crops.

CONSIDER GLUT RISK: A glut in agribusiness, or market over supply, occurs when production of a product exceeds demand which causes a fall in prices. This then threatens the financial viability of a business. Market analysis should be a process that is iterative – 'keep your finger on the pulse'. This continual check-in process and market research will help you to identify risks of glut.

3.2.1 Scenario analysis

Before doing a deep dive into a preferred option, it can be useful to shortlist options via a high-level, analysis of preferred options and initial ideas. You can use the template below to explore each option. It is a good idea to map each back to your vision and goals (**Section 1.1**).

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Once you have completed this high-level analysis you will have a better idea of which options might be viable on your farm. You can then narrow down to 2 or 3 options to complete the remaining activities in this section, and **Section 4**.



Template 3.1 Scenario analysis template

OPTION 1

Why are you considering this option?

OPERATING ENVIRONMENT

Climate



Consider preferred climate (e.g. hot, drier, frost intolerant etc.)

Water



Consider water needs and irrigation

Soil and nutrients



Consider type of soil (characteristics), pH and drainage requirements

Pest and disease risk



Consider current and potential pest and disease risks and management options (including costs associated with this)

Harvest and post-harvest considerations



Consider type of harvesting equipment needed, labour requirements, transport, processing and market demands

PROFIT POTENTIAL AND MARKET OUTLOOK

Investment timeline:

Market opportunities:

Similar options I could consider:

Other notes:

3.2.2 My business on a page

* This is an optional next step or an alternative activity to the scenario analysis.

The Business Model Canvas (BMC) can expand on your scenario analysis. Having narrowed your preferences down to 2 or 3, you can work your way through the BMC for each one. Comparing the BMC for each option will show up new ideas, pros and cons, and things to double check, before you decide on a preferred option.

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The BMC is a simple 'plan on a page' that helps you map how a new revenue idea might work in practice. The BMC can help break down how viable the option is, including who will buy it (customer segments), what their specific needs are (quality, quantity, methods of delivery) and the range of systems that might need on-farm and beyond the farm (e.g. advice, skills and inputs).

The BMC is made up of nine building blocks which fit into three general areas:

Marketplace

- **Customer segments** – Who are your customers?
- **Customer relationships** – How do you find new customers and keep them?
- **Channels** – How do you deliver your product to the market and customers?
- **Value proposition** – What is the customer need you satisfy so they buy from you?

Production

- **Key resources** – What resources (things) do you use to grow or make your product?
- **Key activities** – What activities (work) do you undertake to grow or make your product?
- **Key partnerships** – Who outside of your team enables your business to operate?

Money

- **Cost structure** – What are all of the costs to make or grow your product?
- **Revenue streams** – How does the business earn money?

You can complete the BMC template on the following page based on the work you have completed so far.



Business Model Canvas

MARKETPLACE

Customer segments

Customer relationships

Channels

Value proposition

PRODUCTION

Key resources

Key activities

Key partnerships

MONEY

Cost structure

Revenue streams

STOP AND CHECK!

- What is the option(s) you are proceeding with and why?
- Do you have any concerns or major risks that are causing you to hesitate? How can these be resolved or managed?
- Have you spoken with a range of people and received enough advice and input from experts about the options you might want to diversify into?
- Does your preferred option(s) align with your vision and goals for your farm?

Write your answers in the box below.

