

SECTION 3

Basic Steps in Developing a Competitive Market Chain Strategy



Introduction

The main stages in developing a strategy to increase the competitiveness of a market chain involve a series of sequential steps shown in Figure 4. If you have been following the agroenterprise manuals in order, the information required for Steps 1 and 2 will have been gathered previously. The next stage in the process is therefore to map your chain and

identify key informants or contacts in the selected market chain.

Designing a Strategy for Increasing Market Chain Competitiveness

1. Collate information on market opportunities and socioeconomic assets of the area and target beneficiary group.
2. Select a market chain.

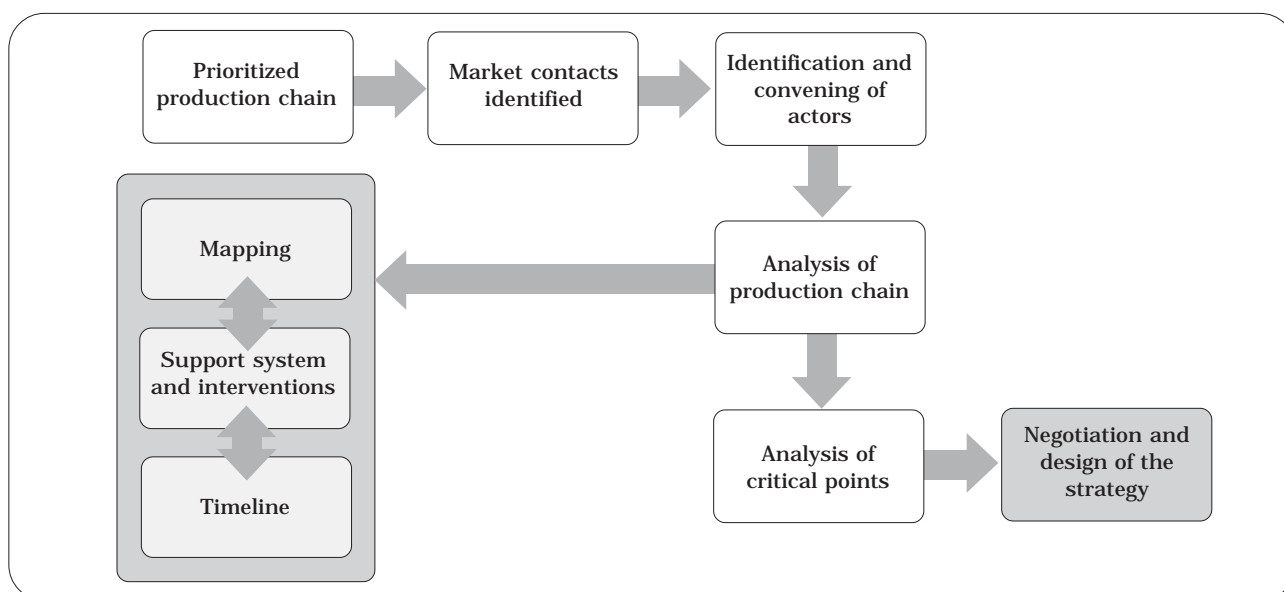


Figure 4. Stages in the design of a strategy to increase competitiveness.

3. Identify contacts including the different actors and interest groups that should form part of the analysis.
4. Map the market chain with participation from representatives from the chain.
5. Evaluate the level of business organization along the market chain.
6. Review the services available to support the selected market chain.
7. Catalogue past interventions in the area with particular attention to those which impact upon the selected chain and chain actors.
8. Analyze critical points for the development of the market chain.
9. Develop a long-term strategic vision based on market prospects and possibilities for product and process innovation.
10. Around this vision, design a set of strategies to resolve the critical points, taking advantage of opportunities that contribute to an increased level of competitiveness for the market chain and its actors.

Vision of the Market Chain

Given the many challenges of the marketplace, a practical starting point in developing a marketing strategy is to assist partners to visualize their market chain from beginning to end. The market chain should start at the point that your partners, i.e., farmers, local traders and processors, know best; in the case of farmers, the activities on-farm and the production of basic goods. Outlining the market chain should then work backwards to document the provision of inputs, before working forwards to document where produce is sold. At each point in the market chain, names of the people who sell input goods and buyers who purchase their goods should be recorded.

The next step should be for the group to work through the other aspects of how their products move from the initial buyer to a final consumer. This visioning process needs to include all the stages of preproduction, production, post-harvest, processing, selling, and retailing. The three main components of a marketing chain with their links and functions are shown in Figure 5. It may help for the facilitator of this process to work through these different aspects with different people and then join the ideas together so that time, and/or groups, can be developed effectively.

Use of the market chain mapping approach has several advantages:

1. It permits a more complete vision of the market chain and the roles that different actors play within a business framework.
2. Divides the chain into discreet functions and enables the actors to see who performs which functions and their relative importance. This allows the farmer group and service provider to begin to understand the market chain.
3. Access to more complete information facilitates the identification of critical points impeding the development of a market chain, and where improved and/or alternative interventions can be applied, so that investment in a particular market chain can be most effective.
4. Visioning the market chain with multiple actors facilitates the formation of alliances and synergies between the different actors through the identification of common interests, reduction of transaction costs, and a more efficient use of available resources.

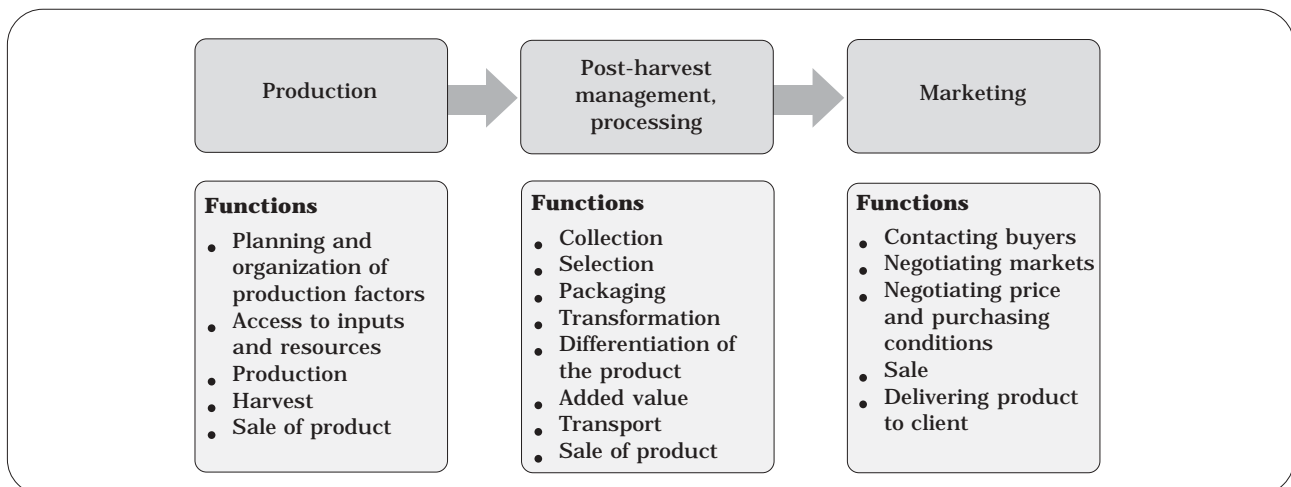


Figure 5. Components of a market chain.

This first impression of the market chain is a useful way of starting to appreciate where farming groups fit into a broader marketing context. However, this first look does not explicitly identify three important aspects that are key to understanding how a market chain operates. These include (i) the degree of business development of participating organizations, (ii) the provision of business development services, and (iii) the context in which the market chain operates.

A limitation of the traditional market chain approaches is that it tends to evaluate actors in isolation and does not take into account the combined business acumen held by the people involved in a market chain. A good understanding of the level of business organization along a market chain, and the actors that make up this business support process, will allow for the design of strategies that play to existing strengths. Taking this into account when designing intervention strategies will be more representative of the marketing chain and builds in a higher degree of sustainability in the overall approach.

Traditional market chain analysis can also overlook the role of business support services—both public and private—that support critical areas within a market chain. As in the case of business organization, it is important to understand the quality, coverage, and effectiveness of existing business development

services to find possible ways of improving the functioning and competitiveness of a selected market chain. Understanding the relationship between business development services and the bottlenecks that limit market chain development is equally important. Often it is more helpful to identify necessary services that do not exist or do not effectively respond to market chain bottlenecks than to focus on the evaluation of existing services.

Finally, a general understanding of the context in which the market chain operates is critical. Specific issues include local and national policies, the climate for economic development, social issues, natural resource management concerns and the existing technology within a market chain.

To address these issues, we propose a wider view of the market chain that combines the basic buying and selling role of market chain participants, with an analysis of the business organization of the existing support systems and the overall context of the market chain.

A Wider Vision of the Market Chain

The wider view of a market chain includes not only the functional aspects of a market chain (production—post-harvest—marketing), but also business organization, supporting services, and the economic framework in which the market chain operates (Figure 6).

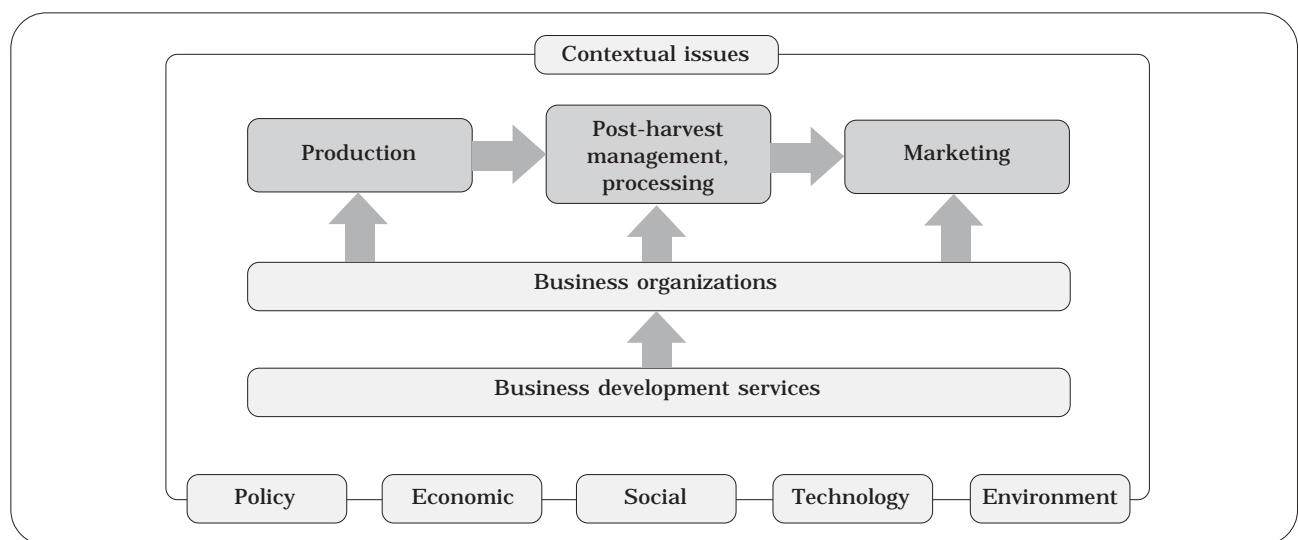


Figure 6. Wider perspective of a market chain.

By taking this broader view, this methodology aims to fill gaps that have been identified in traditional market chain analysis and by doing so contribute to the principles which we believe are essential from the perspective of the poor rural producer. These principles include:

1. Identifying chain actors and their roles

Experience has shown that the success or failure of a market chain intervention depends principally on the partnerships that are built between actors and business organizations that participate in a particular chain. This method therefore requires that market chain actors are clearly identified and existing relations understood. This information enables the individuals involved in the design of an enterprise to develop strategies built on trust and recognition rather than only focusing on opportunities and balance sheets.

2. Seeking equity in the market chain

Thorough analysis of the market chain and developing strategies to increase competitiveness is not only a matter of maximizing profit; it should also take into account a fair distribution of gains along the market chain. As such the method seeks to

identify interventions that generate a more equitable distribution of benefits, and also ensures that rural smallholders, their families and their communities are involved in the decision-making process. This aspect is crucial if the design of strategies is to achieve a major goal in poverty reduction through the provision of benefits for producers, i.e., those with least resources.

3. Designing strategies

The use of the term “strategy” permits the design and implementation of a series of complementary projects guided by common and clear, demand-led objectives, and an overall competitive vision for the marketing chain.

4. Focus on competitiveness

The methodology aims to generate a consensus between actors involved in the market chain with the view of facilitating better management of intervention resources by focusing investment on increasing the competitiveness of a market chain.

CIAT’s Rural Agroenterprise Development Project has developed the following working definitions of competitive strategies:

What is a marketing strategy to increase competitiveness?

A marketing strategy that increases competitiveness is a set of activities that are planned and carried out with the active participation of diverse actors within a market chain, that share common objectives, around which one or more business organizations and/or interest groups are linked.

Why focus on a strategy to increase competitiveness?

A strategy to increase competitiveness seeks to strengthen or establish a market chain that has been prioritized based on its market potential, sustainable production system, and capacity to generate income and employment for a given rural population.

How is a strategy to increase competitiveness carried out?

A strategy to increase competitiveness is carried out through short-, medium-, and long-term research and development activities in production, post-harvest management and processing, marketing, business organization, and business development services, involving multiple actors along the market chain and is based on an analysis of the critical points which limit the market chain’s competitiveness.

Market Chains and Innovation

Promoting processes of change or “innovation” is crucial when attempting to increase competitiveness within market chains. However, most opportunities for innovation are situation specific, touching on a few or many of the links in a market chain including: input supply, production, post-harvest management, processing, marketing, business organization, and business development services. Ideally innovations raise the competitiveness for the market chain as a system and thus capture added value that can be shared by many participants within the chain. It is more often the case that innovations assist particular actors or groups of actors along the chain enabling them to capture additional value. The ability to capture added value at specific points in a market chain should not be confused with the highly negative connotation associated with the extraction of “rents” that is often laid at the door of unscrupulous traders. Typically this type of exploitive behavior is symptomatic of highly inefficient market chains that are manipulated through local political power. The approach presented here aims to identify and remove such distortions.

The use of innovation is particularly important when attempting to differentiate a product in the market. The process of setting a product apart from the rest adds overall value by attracting consumers and then building product loyalty. Examples of this approach include the use of logos, branding or labels that distinguish one product from many similar types, or places emphasis on how a product was produced, such as organic, sustainable, or socially responsible, or via new presentations and the development of new products. These strategies are where innovation can play a major role in gaining longer-term added value for a product in the face of competition.

Over the past decade, trading standards such as fair trade and organic production have been developed as a means to gain higher market prices for small-scale producers. The logic behind the organic strategy was that many small-scale producers are by default, often organic producers as they do not have the necessary funds to apply chemical fertilizers or pesticides to their crops. These farmers can easily conform to organic

production and receive a premium price for their products. In this case, the innovation to increase market chain competitiveness was organic certification.

However, as illustrated in the case of organic cacao (see Box 1), simply taking on an organic “certification” based on a minimal financial investment without also taking on new skills or knowledge, may not confer long lasting market benefits. This is because when basic market strategies show themselves to be successful, many other producers can replicate the same “competitive advantage”. In economists’ terms, the “barrier to entry” for this market innovation was low and, thus, the innovation was easily replicable by others, leading to oversupply of the product.

Based on this experience with organic cacao, what lessons can we learn about innovation and competitive advantages⁶?:

1. If an innovation is easily replicable by other producers, it tends to be quickly copied and thus loses the advantage and added gain.
2. Profitable innovations, no matter how complicated, are copied sooner or later and thus the initial profitability will decline with time.
3. This indicates that processes of market information and innovation should be continuous and require periodic updating and analysis to maintain competitive advantages and profitability.

Large multinational companies invest considerable time and money in improving their products and generating product brands to differentiate their products from rival products. Branding is supported with large promotional budgets that can make certain products such as Coca-cola, Kiwi fruit, Manchester United, “household” names. It is often the case that the existence of an easily identifiable brand or label translates into a more sustainable competitive advantage in the long term rather than innovations in systems of production and post-harvest.

Does the power of branding have implications for the processes of rural enterprise development that are being promoted nowadays? New approaches to market-based

6. For wider discussion on this theme, consult Kaplinsky (2000). See also Kaplinsky and Morris (2001).

Box 1

Organic cacao and sustainable advantages

When the El Ceibo cooperative in Bolivia entered the market for organic cacao and fair trade cacao in 1992, it was one of the first to offer this product. Initially, the novelty of both products provided much higher prices than those offered for traditional cacao. As other producers and their organizations found the same “innovation”, profitability decreased as shown below.

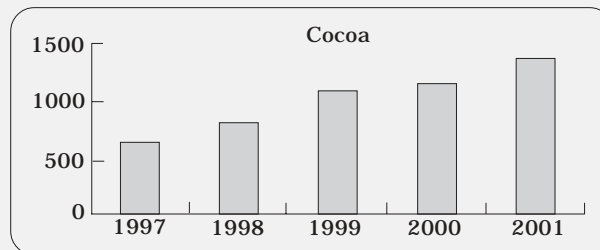
Although the possibility of additional income remains, it is not at the same level as at the start of the innovation.

Comparison of price increase according to market and quality of product.

Year	Conventional cacao		Ecological cacao	
	Free market (price in US\$)	Fair trade (price increase %)	Free market (price increase %)	Fair trade (price increase %)
1992	950	121	179	226
1993	1110	64	105	173
1994	1330	39	50	71
1995	1570	18	-	45
1996	1440	22	-	40

SOURCE: Adapted from Augstburger (1996).

Even when the initial additional income for the first innovators was good, these data show how an easily replicable competitive advantage loses value over time. The expansion of ecological cacao supply for the fair trade market is also increasing, as shown in the following figure.



SOURCE: Data from Fenway Libraries Online (FLO) (www.flo.org).

The combination of these two tendencies shows us that the competitive advantage conferred by the ecological certification and fair trade will tend to decline as more providers copy this strategy.

interventions need to take this point into account if rural producers are to compete effectively in the future. The Fair Trade movement is one strategy that seeks to use labeling or branding techniques to differentiate their products in the marketplace from those produced by large scale agribusiness and multinationals.

Individual Enterprise Efficiency versus Market Chain Efficiency

Strategies to increase competitiveness at the individual enterprise level are different from

options to increase efficiency across a market chain. Focusing on upgrading one enterprise is probably the simplest starting point and is the more common intervention. However, most market chains are comprised of several enterprises, which may be poorly linked. In these cases, individual gains can be lost through inefficient marketing channels. Given that most agroenterprise activities are not carried out by a single enterprise, but by various interrelated actors, achieving a competitive market chain requires improving organization along the chain. This requires establishing trust-based relations between

potential rivals. This challenges the service provider to facilitate a move beyond the conflictive competitive relations that operate in many market chains. When taking a market chain focus, there are no good or bad actors, the approach should focus on a “systemic” level of efficiency that seeks to benefit all the participants.

Raising Competitiveness through Market Chain Quality Assurance

Another important issue in sustaining market performance is product quality. For products traded formally, e.g., internationally or through major international supermarkets, products will only be accepted if they meet strict food safety protocols such as ISO, HACCP⁷, and EUREPGAP⁸. These protocols are conducted throughout the market chain and therefore it is vital that all actors within a market chain maintain these stringent quality procedures if they are to avoid losing income or have their produce downgraded. For consumers this mark of quality gives them greater confidence in buying a product that has been approved by a market chain scheme. Measures such as HACCP requires that actors along market chains work in a more coordinated manner and by doing so, gain a greater market share.

EUROTRACE is another legislative approach being used by the European Union to track quality from point of sale back to point of production. Retailers use this quality-based process as part of a market chain inventory process. EUROTRACE however offers another opportunity to differentiate a product on the market, as it provides an avenue to reduce the risk taken by a buyer when purchasing from multiple sources across the globe. Once again the emphasis is on recognition of roles and linkages between multiple actors within a market chain and this requires a high degree of coordination to be successful.

Raising Competitiveness through Mark of Origin (Appellation/Labeling)

In France, the government has invested large sums of money in promoting the certification of origin for agricultural products, known as “Appellation of Origin” Certification: First used in 1935 for validating wine vintages, the AOC has expanded to include a range of agricultural

products including dairy products, farm-raised poultry and olives.

While it does not guarantee quality, AOC does impart important knowledge to consumers—they can follow regions with good crop years, learn reputable producers and buy accordingly.

The AOC certificates essentially link the product with its locale and manner of production in such a way that it is easily distinguishable from products having similar characteristics produced by industrial firms. An example of this type of labeling by origin includes the exclusive drink of the rich, “Champagne”, an otherwise unremarkable sparkling white wine.

According to the mark of origin procedure, the label “Champagne” can only be applied to wine produced from the region of Champagne, according to traditional methods. Similar sparkling white wines that are grown elsewhere and sold at a fraction of the price of real Champagne, is now labeled “Method de Champagne”, to disassociate it from the original product.

The French government’s Institute of Denomination of Origin expects eventually to achieve coverage of 20% of French products sold. Currently, France sells US\$18 billion products with a certificate of denomination of origin (Becker, 2003). This method is now being applied to high value traditional products in other countries such as high quality coffee origins and in many developing countries this approach provides a lucrative opportunity for a limited number of producers.

Market Chains, Supply Chains, and Value Chains⁹

The terms production chains, supply chains, market chains, and value chains are often used interchangeably, but there are some important differences. In its simplest definition, the terms production chain, supply chain, market chain are synonyms used to describe all participants involved in an economic activity which uses inputs and services to enable a product to be made and delivered to a final consumer. A value chain is understood as a strategic network between a number of independent business organizations. According to Hobbs et al.

7. Hazard quality assurance at critical point.

8. For more information, see www.eurep.org

9. For more information, consult Hobbs et al. (2000).

(2000), a value chain is differentiated from a production/supply chain because:

- Participants in the value chain have a long-term strategic vision.
- Participants recognize their interdependence and are disposed to work together to define common objectives, share risks and benefits, and make the relationship work.
- It is oriented by demand and not by supply, and thus responds to consumer needs.
- Participants have a shared commitment to control product quality and consistency.
- Participants have a high level of confidence in one another that allows greater security in business and facilitates the development of common goals and objectives.

Table 3 presents other comparisons between a production market chain and a value market chain.

This guide seeks to provide a practitioner with a better understanding of a production chain and facilitate sufficient negotiations between participants to lay the groundwork for the formation of a value chain. The resulting value chain will most likely involve a smaller group of the participants than the production chain. Not all participants are interested or willing to enter into a value chain arrangement given the transaction costs involved in negotiation, information exchange, and the risks or costs that may be incurred by changes along the market chain. Generally the process of change and added responsibility within a value chain adds costs.

The advantages of a value chain are that complex strategies of product differentiation and innovation are easier to achieve, and thus contribute to building sustainable competitive advantages over time. Box 2 gives an example of a value market chain in a rural community.

Scale of Evaluation and Level of Participation

This methodology has been designed to be both scalable and flexible in terms of clients needs. However, the reader should note that this guide is biased towards a high degree of participation not only by the lead service provider, but also from representatives from all relevant chain actors. This bias is intentional as the method seeks to assist local service providers in building community capacity and skills.

The reader should be aware that there are alternative methods for market analysis and most market chain studies do not seek to transfer these skills and are therefore not conducted in such a participatory manner. This approach is most appropriate for use at the local and provincial levels and in value chain development. However, there are other more rapid methodologies that are less participatory for sub-sector¹⁰ analysis. These methods include Guide 8 in this series entitled “A Guide to Rapid Market Appraisal” by Wandschneider and Ferris (in preparation), and also the classic text on Methods for Rapid Market Appraisal by Holtzman (2002).

Considerations When Applying the Method at Diverse Scales of Intervention

This section seeks to present some of the implications in terms of capacities, resources

10. Sub-sector is the term used to describe the various levels of market chain activities that allows goods and services to flow from sites of production to consumption points. A sector is generally used to describe a consolidation of activities, e.g., an agricultural sector, a health sector, an education sector and within this context a sub-sector refers to a specific branch of activities based around one commodity or product within a sector, e.g., a maize sub-sector, livestock sub-sector.

Table 3. Enterprise relations: Production chain versus value chain.

Factors	Production market chain	Value market chain
Information flow	Little or none	Extensive
Principal focus	Cost/price	Value/quality
Strategy	Basic product (commodity)	Differentiated product
Orientation	Led by supply	Led by demand
Organizational structure	Independent actors	Interdependent actors
Philosophy	Competitiveness of the enterprise	Competitiveness of the market chain

SOURCE: Hobbs et al. (2000).

Box 2

Example of a value market chain: “Las Brisas,” Santa Cruz de Turrialba

When the cheese factory *Las Brisas* began activities over 10 years ago, it functioned like all the other plants in the cheese-making cluster of Santa Cruz de Turrialba in Costa Rica. The company had unstable relations with suppliers and buyers. As the sector evolved and became more competitive, *Las Brisas* developed strategies to move from being just one more player in the production chain to carving out its own value chain.

This search led to the establishment of trust-based relationships with both suppliers and buyers. On the milk production input market side, *La Brisas* made its biggest milk provider a new partner in the business, and thus guaranteed 70% of its daily consumption.

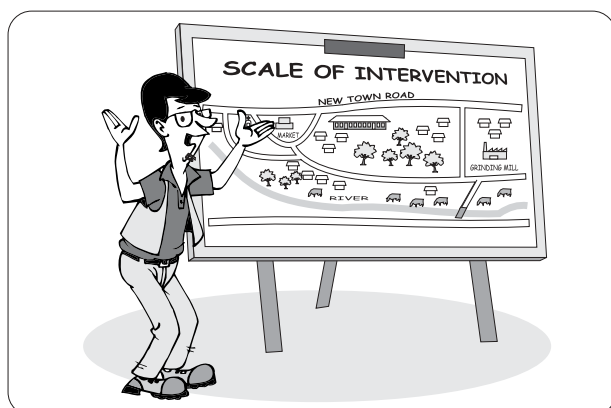
On the output market side, *Las Brisas* pursued two market strategies. First, it developed contacts with one of its clients—a biscuit factory—to produce a special cheese for manufacturing biscuits. The two businesses jointly obtained support from the University of Costa Rica for specific research on the best type of cheese for the biscuits. Through this product development process, *Las Brisas* was able to enter a new market, in which no competition existed, as well as assisting the biscuit factory to expand production and sales. Secondly, *Las Brisas* consolidated relations with an important chain of supermarkets in San José, the country’s capital, through the application of a methodical quality control process for its own brand. This relationship has resulted in joint promotion and marketing strategies as well as the development and testing of new products based on consumer demands detected by the supermarket.

What are the results has *Las Brisas* achieved through its value chain strategy?

1. The quality of its products is recognized as being the best in the zone and, therefore, have high acceptance in the market.
2. *Las Brisas* is the only business from the cheese cluster in Santa Cruz that sells consistently directly to supermarkets in San José. In 2001, a promotion of cream was so successful that it contracted additional production with other plants of Santa Cruz, but under its supervision and brand.
3. *Las Brisas* suffers less than other businesses during times of milk shortage.

In summary, constituting a value market chain has given *Las Brisas* an important competitive edge over similar plants that share the same comparative advantages.

SOURCE: Personal interviews (November 2002).



required, and methodologies for this approach depending on the scale of analysis. The term “scale” refers to the geographic coverage in which the market works. This guide works at three scales (local, provincial, and national) that can be defined as:

Local

Refers to a scale ranging from a village to a community/municipality. This scale is useful when seeking to work closely with processes of community development and community management of natural resources.

Provincial/District

Includes more than a municipality and can reach as far as a province or department/district. This scale is useful for working with more geographically dispersed agroenterprise market chains, or those with more complex interaction, such as clusters or local agri-food systems.

National

Focuses on one single market chain at the national level and presents advantages when the

objective of the exercise is to formulate policies or plans in medium- or long-term to promote national competitiveness in a given product.

As the scale shifts from local, through provincial to national, there are several changes that need to be considered. Some of the likely changes and questions that should be answered before starting are listed below:

Clients and capacity to convene

Who are the intended beneficiaries? How are they organized? Who are the key actors of the market chain and what are their roles? How will benefits from this process be shared between beneficiaries and the wider community? Whom should we convene for work at the scale proposed? Do we have the capacity to bring these actors together?

Your project design should have clarity in regard to these issues before any work is undertaken. Defining the client is probably the most important decision in the process.

Costs

What can we achieve with the available budget? The definition of viable objectives with the available resources is important and can have important implications for the scale at which we work. *It is better to work at a smaller scale rather than attempting to work at a level where resources are insufficient to guarantee results.*

Methodologies and level of detail

How do we choose an adequate basket of methodologies for the scale at which we wish to work? Methods that work well at a local scale are probably less effective at a national scale. This consideration is related to the degree of participation that can be achieved at the different scales, level of detail, information requirements, and costs. What is the key information that we have to collect and analyze? Collecting additional information, however interesting it may be, implies more analysis and additional costs.

Management, negotiation, and implementation capacity

What implications does the chosen scale have in terms of management and negotiation with important decision makers? How strong will our negotiating position be in relation to key decision makers in the market chain as we expand the area of coverage? Can we reasonably implement a strategy at this scale?

Representation and level of participation

What are the considerations for guaranteeing active participation and adequate representation of all actors and interests involved in the market chain? As we increase the geographical scope, the direct participation of our target beneficiaries is likely to fall, and these factors need to be discussed and resolved.

Recognition of actors

How do we assure that we hear the needs of all actors in the market chain? This point requires special care both with the market chain's weaker actors (i.e., the poor, ethnic minorities, women, among others) and those considered negative (i.e., traders) whose ideas tend not to be taken into account.

Differentiated strategies

How do we guarantee that the final strategy includes differentiated solutions according to the needs of the diverse actors? All agroenterprise market chains include heterogeneous actors, and thus demand differentiated solutions according to their needs instead of "one size fits all" strategy.

Potential for impact

What is the potential impact of actions at the chosen scale in terms of number of beneficiaries, economic development, natural resource management, social and gender equity, impact on class relations, or others?

Table 4 summarizes some of the considerations of scale in relation to the themes previously defined.

Observations on the Use of Participatory Methods

This guide is based on participatory methods adapted from the school of Participative Learning and Action (PLA). These methods, which include focus groups, mapping, visualizations, social dramas, and other forms of facilitated reflection, seek to prioritize not only documented results, but also the process of application. Although a concrete result is generated at each stage in the process, i.e., a map, a matrix, a table, etc., these products are not the central purpose of the exercise. Of equal importance and benefit to the group members is the time and space they have invested in analysis and reflection around the methodological tool. The discussions and

Table 4. Considerations when applying the method at different scales.

Theme	Scale		
	Local	Provincial/District	National
Client identification, representation, and participation	High: Clients are easily defined; study is being suited to their needs. Facilitates direct participation of actors throughout process from each interest group.	Medium: Clients can be identified and integrated with study at specific points. Need to select representatives from each group with the capacity to clearly represent the interests of all.	Low: Clients defined in terms of income categories, less easy to integrate clients with data gathering and analysis. Actors selected represent a larger group and therefore need to have recognized ability/reason to share information and credibility within their group.
Capacity to convene	Good for local actors, but more difficult with external actors.	Good with provincial actors, although may leave some out greater possibility of working with external actors.	Good with national actors, but with little real representation possibility of convening national decision makers.
Costs	Low: Costs of participative workshops, generation and analysis of information and feedback to participants.	Moderate: Costs of workshops, generation and analysis of information, transfer, lodging, communication of results.	High: Costs of workshops, generation and analysis of information, transfer, lodging, publication, and formal communication of results.
Methods and level of detail	Participative, with local actors. More detailed, with direct information from individual actors.	Participative at times, but with the support of survey teams or systematized data. Less detailed, with systematized data and averages for the province.	Emphasis on systematized data (databases, means, surveys, etc.) with key decision makers. Mean data or national aggregates—sector trends.
Management, implementation, and capacity to negotiate	Limited: Depends on local resources and desires of participants. If advances are achieved they may be sustainable.	Medium: Mix provincial resources with external. May fall into the trap of depending on external actors and resources.	High: Good possibility of obtaining resources, but difficulties in implementation if clear rules do not exist among the actors.
Needs differentiation	This can be done by income, access to market, gender, class, technology employed, or any other criteria. It is necessary to ensure that all relevant groups are included.		
Strategy differentiation	This can be done by income, access to market, gender, class, technology employed, or any other criteria. It is necessary to ensure that all relevant groups are included.		
Potential impact	Limited to the work zone, and perhaps some neighboring sites.	Medium , with wider coverage.	Higher , but with the challenges in implementation previously mentioned.

agreements reached are generally more important than the final tangible result of the method.

The use of participative methodologies in this guide encourages members to air their views and we aim to hear many voices speaking about a single market chain. These points of view will be quite different—what the rural producer thinks is very different to what a city trader thinks—but all the viewpoints have important information regarding the reality of the market chain. To understand the market chain, its

strengths, weaknesses, and the design of a shared strategy to increase its competitiveness requires listening to all voices equally. The role of the facilitator in this process is to systematize and document the information and present it back to the market chain actors so that they can use this analyzed information to make more informed decisions on what to do, together, to improve their economic activity.

The design of a strategy to increase competitiveness is a systematic way to generate an open, informed discussion among actors

from a market chain. But, at the end of the day, those who decide what to do, design action plans, and implement them are the actors themselves.

Summary

In this section, we have reviewed some basic concepts about market chains; an initial definition of what the strategy to increase competitiveness can be, how it is designed, and how it is carried out; some key ideas on

production versus value market chains; some appreciations regarding the scale of intervention; and finally, some initial ideas on the use of participative methodologies. In the next section, we will look in more detail at the principles behind this method. Many of these principles relate to the concepts that we have seen in this section, and together form a philosophy that supports the design of strategies to increase competitiveness.