

## SECTION 6

# Planning and Executing a Rapid Market Survey



### Guiding questions

1. What are the key steps in planning for a rapid market survey?
2. Why is secondary data important?
3. Why is it useful to have up to date market information for the market chain's products before beginning the analysis?
4. What information is it useful to have about the product or products, the market, the rules of the game, and the buyers?
5. How can we generate reliable information on the market in a quick and efficient way?
6. What decisions can be made based on up-to-date market information, and what implications do these have for elaborating a strategy to increase competitiveness?

### Introduction

Following the selection of one or more market chains, the next step is to gather commercial information on the product and market chains identified, to identify buyers, and determine issues of price, quality, and delivery that are acceptable to an identified buyer, who is seeking to undertake new business with your

farmer groups. To undertake this analysis, we recommend reviewing existing data and carrying out a rapid survey with known or potential buyers of the product. This phase of the method seeks to place the agroenterprise design process on a firm footing with reliable market data, and at the same time to identify and get to know the actors in the market chain.

Likewise, this is a good opportunity to invite key market chain actors to participate in the analysis of the market chain and to assist in developing a strategy to increase competitiveness. The following sections outlines the steps in planning data gathering through secondary data mining and conducting a market survey. It takes into account the type of market, the skills of the team, and the time and financial resources that are available.

### **Planning for the Survey**

A good survey must be well planned and have clear objectives. The group involved in the data gathering and survey need to discuss the level of information required, geographic scope of the survey, people to be involved, and their roles and responsibilities. The following section outlines some aspects that the survey team should consider as part of this exercise.

#### ***Formulate the survey team according to skills and size of the study***

- The survey team should ideally include representation from the service provider, research, accountancy, and one or two representatives of the relevant farmer groups. Depending on the type of product selected, it is an advantage if one of the group members has some expertise in this area, i.e., a livestock specialist if the dairy sector is being evaluated.
- Team size should be relative to the scope of the study. The team should consider how many surveys will be conducted, their locations, and the logistics required to enable the survey team to get to these points in the market.
- A budget should be developed which meets the needs of the survey team and provides resources to write up results in addition to the field time.
- We recommend that teams of two or three persons conduct market interviews. One person will ask questions and engage the interviewee, a second person will record notes and observe gaps in the information, and a third person can monitor the process and keep time.

#### ***Make sure the survey is focused on the selected market chain***

- When formulating your plan avoid collecting information that is interesting but not relevant to the needs of the enterprise/client group.

- Draw a theoretical map of your survey zone and market channels to be included in the survey. Make sure you collect all the information you need to develop a business plan and later link up with particular actors in the market chain.
- Find key informants to give you background information and insights into the most useful people to interview prior to setting out on the survey.

#### ***Make a list of people to contact, use key informants as a guide***

- As part of your theoretical map, include information sources and types of people that you will interview and the numbers of interviews that you plan to make at each point in the market chain. We recommend that four to five persons at one point in the chain are interviewed so that data can be crossed check, triangulated, and confirmed with other market chain actors.
- Use your key informant's information to guide this process. A key informant can be (i) a leading agent in this market chain, (ii) an ex-researcher who knows the sector, or (iii) a retired schoolteacher who is familiar with the area. The key informant should act as your soundboard during the survey and as a source of constructive criticism.

#### ***Select sites/locations/industries to be visited and plan for follow up visits based on information from first meetings***

- Depending on the nature of the market chain being investigated, plan your visits, and be well prepared when visiting each interviewer. Do not go to an interview without having the purpose of the visit clearly in your mind.
- Be observant, do the answers from the person fit the situation? Use local observation to color your interview.

#### ***Design interview checklists and pretest***

- Develop checklists that will guide you through an interview.
- Train your interviewers using pretests so that you are sure they will collect the correct information.
- Adapt checklists, where needed to specific types of interviewee, e.g., a checklist for a processor is different from a checklist for a market retailer.
- It is often useful to split the appraisal and checklists into two parts:

- (i) Demand questions focused on urban and market outlets.
- (ii) Supply chain questions focused on actors in the market chain often rurally located.

### ***Collate information and write report***

- Select one person in the group who will collate data and be responsible for writing up results.
- The findings from the results should be reviewed by the team and debated.

### ***Use of results***

- The final report should be presented orally to the relevant farmer groups and agroenterprise team.
- A written document should outline the process, major findings, and recommendations.
- The document should also provide information on key informants or actors within the market chain who may be interested in participating in the design of a market chain competitiveness strategy.

## **Starting the Market Chain Analysis<sup>15</sup>**

### ***Collection of secondary data***

As with any type of research or analysis, the starting point in an investigation should be a serious review of existing information with regard to the product, how the product is grown, and the main markets. Secondary information is extremely valuable as it is low cost, the work has been done by others and it usually only requires systematizing. Accessing good secondary data will save you considerable time and money. Sources of secondary information include those listed below:

### ***Sources of secondary information:***

- Market information services.
- Consultancy reports.
- Research institutions (CGIAR and others).
- Chambers of Commerce.
- Trade associations.
- Wholesalers.
- Internet.
- Development projects (NGOs).
- Agribusiness development centers.
- Press, specialized trade/commodity journals.
- Export promotion boards.

15. This section presents a simplified version of a rapid market survey. For a complete explanation on identifying market opportunities, consult Ostertag (1999).

It is unfortunately the case that many projects do not invest time into secondary data collection and often miss opportunities and waste resources because of this. In some cases this is due to incentives that pay for fieldwork rather than data collection and analysis. We recommend that this aspect of the work be taken seriously as there is a lot of information available. Review of this information may lead to avoidance of false trails and may produce good contacts who could assist with the efficient collection of primary data.

### ***Collection of primary market chain data***

In the context of this methodology, a “rapid market survey” should not be confused with a complete sub-sector marketing study. A rapid market survey identifies critical aspects in the flow of a particular commodity or product from the point(s) of production to the point(s) of sale. Specifically the market chain survey aims to gather information that will reveal new business opportunities or identify key bottlenecks in the market chain. This information is vital when moving to design the market chain strategy. The required information can be divided between data about the product, buyers, linkages between buyers, and other specific observations defined by the agroenterprise group prior to the survey. It is important to define the types of information required for making business along the market chain more dynamic, i.e., the data being gathered should focus on opportunities for business development.

In addition to providing marketing information, the survey will also enable farmer groups and service providers to identify key actors in the chain with the view of establishing new business options. It also permits the identification of possible strategic partners within the design of the strategy to increase overall market chain competitiveness. Hence the market survey should not be considered as an end point, but as essential groundwork for the next steps.

### ***Data about the clients:***

The basic data needed about the clients are:

- Name.
- Location (exact address, city, department, etc.).
- Contact information (telephone, fax, cellular phone, electronic mail, etc.).

- Type of client (i.e., position in the chain: trader, supermarket, restaurant, hotel, institution).
- What other products are bought.

**Data about the product and the market chain:**

- Commodity characteristics (grades, types, varieties).
- Presentation of the product (weight, packaging, etc.).
- Product volumes (aggregate market size, individual buying conditions).
- Frequency and site of product delivery (dates, periods, market site, on-farm).
- Consumption patterns (seasonality, trends).
- Supply situation, production (demand, storage, trade flows).
- Product price and form of payment, price paid (cash, credit, for how many days).
- Price relationships (seasonal, cyclical, supply-demand).
- Actors in the chain (market channels, marketing arrangements).
- Marketing behavior (practices, vertical integration, market power).
- Legal requirements for selling products (sanitary registration, bar codes, packaging, legalized invoices, etc.).
- Market infrastructure (roads, markets, communications).
- Government (regulation, marketing, price fixing).
- Global Trade (world market situation, tariffs, sanitary and phytosanitary regulations, technical barriers to trade).
- Timing of the study (timing of study relative to market cycle).

**Survey Teams<sup>16</sup>**

The complexity of the survey and the requirements for interviewees vary according to the type of market being analyzed. If the study is focusing on sales in a local market, then a small team of two or three people working for 2-3 days may be sufficient. In estimating the time required for the survey it should be considered that excluding transportation, a standard interview might take 30 minutes to 1 hour. In some cases it may take 2 hours when an interviewee has many products to discuss, or is a key actor.

16. For a full discussion on the theme of methodologies, consult Ostertag (2000).

The composition of the team members will change according to market type. For a local market, the producers themselves or secondary school or university students can carry out the market survey, with limited training. However, as the market survey becomes more complex and requires analysis of large urban markets, far from where producers live, it is recommended to organize a mixed group of producers, extension workers, researchers, agents from the facilitating organization, and students to conduct the survey.

**Checklists and Summary Sheets**

The simplest way of performing a market survey is by means of a structured or semi-structured interview with actors in the market chain. Checklists for interviews should be designed beforehand and pretested by the facilitating organization. Training should be given to those persons involved in data collection, i.e., producers, extension workers, students, or any other suitable group. As the market chain becomes more extended, the pretesting of the checklist requires more attention.

The survey group should participate in the design of the survey instrument (checklist) and be involved in formulating questions to make sure they understand them. Once the survey instrument is designed, it should be tested with local actors to: (a) verify that the information sought is obtained; (b) identify possible gaps, and (c) ascertain that the survey can be carried out in a reasonable time. Logistics and costs of the survey can be based on the information gathering process at the pretest phase.

Likewise, the forms that will be used for recording the data should be tested, and their ease of use verified. When the tools are ready, groups of researchers are formed to perform the survey, and each is assigned tasks.<sup>17</sup> A sample checklist for a market chain analysis is given in Appendix 1.

17. These groups can be composed of a single person or up to three or four persons. According to CIAT experience, groups of two to four persons are best since it is difficult for a single person to interview and document answers at the same time, while large groups tend to intimidate those being interviewed.

**Selection of sites**

The survey team should draw up a list of market sites and types of market chain actors for implementing the survey. To facilitate the process we recommend that the survey be initially divided into two aspects: (i) demand and (ii) supply. Possible sites in the demand and supply are indicated in Figure 8.

**Where to start a market chain analysis**

Market surveys can begin wherever you feel most comfortable. This can be with a review of farmer production methods or at a target market. When working from the market end first, your selection of market will depend upon the limitations of the work, whether it is at a local, district, or national level. At the demand end of the market survey, the survey teams should find out as much information as possible concerning where and how the product is sold, how the primary product is differentiated into different products, and how products are segmented for different types of clients. Following the demand analysis, the survey team will follow the product down the supply chain, back to the point of production, in the selected project area. At each point in the chain the team will gather information on actors, product prices, and most importantly opportunities and constraints at each point of transaction. The key issue is to systematically follow the project from production to sales.

**Guiding interviews to key informants<sup>18</sup>**

Identifying and interviewing a small selected sample of “key informants” in a commodity market chain is a critical part of market survey. Key informants are defined as people who have extensive knowledge of a particular part of the market chain, they may be a major player in the market or have extensive experience in their market position and can therefore provide sound insight into their function and give reliable information on costs, trends, problems, and opportunities at their point in the market chain. To identify these people takes some investigative work but this can be done by working from the larger actors on the demand side of your market survey and asking who should be interviewed, based on their market share and number of years in the business. Equally, a first question in a large market where it may be difficult to assess people is to ask for the most experienced person to interview (Box 4).

**Cross-referencing information**

It is frequently stated that business people never tell the truth, so how is it possible to interview traders? Our experience is quite

18. Key informant: Term used to describe a person who plays an important role within a market chain and can provide you with accurate and relevant information on the structure and performance of the chain. The use of key informants in the survey enables you to be rapid and work from a small sample size.

Checklist 1	Checklist 2	Checklist 3	Checklist 4	Checklist 5	Checklist 6-10	Types of retailers
					DEMAND	DEMAND
				Supply	Retailers	Market stall holder
			Supply	Urban wholesalers		Street vendor
		Supply	Traveling traders			Kiosks
	Supply	Local market wholesaler				Small shops
Supply	Local traders					Supermarkets
Producers						
Number of persons to be interviewed at each stage						
4-5	4-5	4-5	4-5	4-5	15-20	

Figure 8. Sources of primary information.

## Box 4

**Some practical tips for conducting an interview**

## Pre-interview



- Be prepared with your checklist.
- Have a notebook.
- It is advisable to work in pairs.
- Book an appointment and give a correct and convincing reason for visit (telephone, visit).
- Try to memorize the key issues to be asked.
- Have ample background knowledge about the sub-sector, so that you can discuss the product with the interviewee.

## During the interview



- Keep your interview to an agreed time.
- Introduce yourself and the purpose of the visit and the institutions you work for, use business cards and letters of introduction.
- Ask open ended questions.
- Avoid interrupting the host's responses, switch off your phone, don't talk while s/he is talking, and always be polite.
- Engage the person, the more s/he learns from you, the more information s/he will trade with you.
- Use this interview to learn who to talk to next.
- Be flexible and conscious of the hosts' time.

## Post-interview



- Maintain relations and deliver all you promise.
- Pass on a copy of the study when completed.
- Return all borrowed material.
- Treat detailed material confidential if asked.
- Maintain contact for future.

different, if you are well organized, have planned your survey well, and can explain why you are doing the work, most business people are interested in helping, providing you keep to a strict timeframe and are engaged in your work. However, nobody tells the exact truth, so you should expect to hear versions of the truth. In some rare occasions, you may be unfortunate enough to interview someone who gives you unreliable information. To offset these problems all answers need to be cross-checked against what the interviewee is doing, how they behave, what the team observes, and what other informants say about the constraints and opportunities they identify. Cross-checking can be done by:

- Interviewing several actors at one point in the market chain and comparing their responses.

- Interviewing informants at different stages in the chain and asking questions that will verify previous results. If several people give the same information, it is usually reliable.
- Cross-checking price data against secondary data, to confirm validity.

Finally at the end of each interview, the team should ask for the names of other credible people or other key informants to interview. We have found that key actors are well known in a particular market chain and you can be guided to them by asking people to assist you.

**Timing of the survey**

Several research teams can carry out the survey in a single day or a lesser number can do so over a longer period. Given that markets are not static, it is important to carry out the surveys in a timely fashion; within 1 to 2 weeks at most is

best so that data captured can be easily compared. If the selected market is large, an urban center for example, the work should be divided amongst several groups of researchers. At the end of the day it is useful for the groups to meet to review results, compare notes, and decide how to manage any difficulties and how to proceed on subsequent days. All the data should be written up at the end of each day and be handed over to one person who is responsible for documenting the process.

### ***Use of alternative information types***

If the actors hope to use the survey results to motivate changes in the form of production or product quality, it is useful, in addition to qualitative and empirical data, to gather graphic evidence of the visits to the market and the products. Photographs or videos can be used for demonstration at a later date, and to facilitate the socializing of information with other market chain actors. Sometimes, being able to clearly show the differences between the quality of one product and another, or a new form of packaging, is enough to motivate a change in the market chain.

### ***Going beyond observation to identifying future partners***

In addition to standard marketing data, one of the aims of the survey will be to identify whether any of the buyers in the chain would be interested in finding new suppliers of a product and whether s/he would be interested in participating in a more strategic long-term relations with groups of producers. One of the main objectives of the survey should be to identify actors in the chain with whom a commercial relation can be established. Therefore the marketing survey is a process that goes beyond simply establishing whether “market demand exists” and how products flow, to identifying people with whom the client group and service providers can later negotiate.

When the survey team finds an actor(s) in the chain that express reservations about working with small-scale producers, it is important that the group perseveres to find other buyers who are more amenable to the process. To assist in the process of follow up activities, the survey team can record details of each interview onto a summary sheet at the end of each day. A summary sheet for interview evaluation and follow up is given in Appendix 2. This sheet has been used to good effect in other surveys; it

enables the enterprise team to rapidly review results some days after the event, with a view to making specific contacts for linkage into the design strategy.

### **Documenting Results**

Once the survey is complete, results should be analyzed and written up as soon as possible. There are many ways of documenting and systematizing survey results. It is important to choose a format that permits a useful comparison of information, and that makes sense to the participants. Information to be included in the format can include:

- Name of the company or client.
- Location and contact information.
- Quantity of the product bought by day, week, month, or year.
- Means of delivery of the product [(with or without processing and required packaging (bag, basket, tray, etc.)).]
- Present source of the product being bought and present suppliers.
- Prices and form of payment.
- Special requirements (health registration, bar codes, etc.).
- Possibility of selling to this client.

In the case of market chains that include multiple products, it is useful to generate a table for each product. For example, when gathering information for a dairy market chain, there will be multiple products and therefore interviews will be needed with buyers for fresh milk, pasteurized milk, cheese, yogurt, and other sub-products. Each specific product has different characteristics that are important to identify and document. Table 11 presents an example format that has been used in the past for this type of survey.

### ***Responsibility for writing up the results***

At the outset of the survey, one person should be designated to collate the information from the interview teams and be responsible for writing up the final report. The analyst and writing position is crucial to the success of the survey and therefore the groups should select someone who has a track record of writing good reports and has the time to fulfill this task within a 2-3 week period from the end of the survey. Most importantly, this person should agree to the task and be remunerated accordingly.

Table 11. Results of a rapid market survey for *panela* (unrefined sugar).

Company	City	Weekly quantity <sup>a</sup> (arobas)	Form	Packaging	Source	Suppliers	Price (pesos)	Payment	Requirements	Possibilities of sale
Olimpica	B/ventura	25 15 10 10	Round Powdered	Bag/24 pkt	Candelaria	Caña Dulce-extra  Caña Dulce-corriente Olimpica Estrella Buen Gusto 400 g	 10,800 9,900 8,900 10,400 18,000	30 days	Label of <i>panela</i> source, codification in Cali	Good
Distrib. Casa Blanca	B/ventura	40	Round	Bag/24 pkt	Palmira	Palestina Estrella	11,000 10,000	15 days	Sanitary registration, packaging does not matter	Good
Merka Mar	B/ventura	80 80	Round Round	Bag/24 pkt 2 units	Candelaria Candelaria	Palestina Palestina	9,800 11,000	30 days	Sanitary registration, packaging does not matter, depends what is offered	Good
La 14	B/ventura	n.d.	Round Round Powdered	2 units 2 units	Candelaria	Palestina Estrella Buen Gusto 400 g	n.d.	30 days	Depends on Cali, the codification is through Cali	None
Olimpica	Buga	n.d.	Powdered Powdered Round Round Round Round 8 squares 1 kg 8 squares 1 kg	Bag Bags Vitafilm None Vitafilm Vitafilm Vitafilm Vitafilm Vitafilm	Candelaria Medellín Cali  Candelaria Bugalagrande Candelaria Candelaria Bugalagrande	Palestina 500 g Buen Gusto 400 g Olimpica AA Triángulo Lucerna Palestina Palestina Lucerna	32,149 41,860 19,870 20,540 21,767 24,112 28,130 30,363 25,898	30 days	Label of <i>panela</i> source, Codification in Cali	Medium

a. 1 *aroba* = 25 lb.

SOURCE: Authors' adaptation of information from the Corporación para el Desarrollo de Tunía (CORPOTUNÍA, 2000).

**Results from the analysis for the enterprise development stage:**

- Identified market opportunities for an enterprise.
- Key constraints in the market chain.
- Technology requirements to enter a specific market.
- Promising partners in the market chain, or in research, that may be able to assist in developing an idea to a pilot stage.
- Names of potential business partners that may want to test a new product.

**Essential results from the demand side of the market chain analysis:**

- Identify the major products and market chains.
- Provide figures on the size of these markets, and a figure of the total market demand for the product in question.
- At the product level, information is required on price, volume, trends, quality criteria, current uses, and potential uses.
- The results should prioritize products in terms of where the enterprise can increase sales, increase product value, and volume of trade (i.e., how to be more competitive).
- The process of demand analysis should record the names of traders, buyers, and processors, so that any future intervention can be developed in partnership with these actors after the analysis of the results have been made.

**Essential results from the supply side of the market chain analysis:**

- A map of the zone being analyzed with major production zones, of the selected commodity.
- For a commodity, the study should provide information on seasonality of production.
- Trend information on prices of the target raw commodity and if possible for processed products derived from the raw material (i.e., cassava roots, cassava chips, cassava flour, cassava starch, etc.).
- Marketing costs along the market chain, showing costs paid by and to the intermediaries and from the farmer to the consumer. This information should include margins along the chain.
- Flows of the commodity through the main supply chains, coming from the major areas of production.

**Using Results**

The results of a rapid market survey are useful in various ways. First, the results give an

indication of the types of product(s) in demand and information on volumes and prices of produce entering the market. Information such as how much of the product the market is presently absorbing and at what price (a rough proxy for product demand) is important. The survey results will also provide a clearer idea on product delivery and the form of payment presently used. Based on this information, the differences between the quality of this product or its packaging and existing market norms can be identified. Also, it is possible to revise the mechanisms of payment managed by the clients, analyze which is the most favorable for the market chain's producers, and what would be the implications of beginning negotiations with different types of buyers<sup>19</sup>.

Second, the survey should provide initial ideas on opportunities and constraints in the system and areas of inefficiency or excess rents in the market chain. These aspects of the study highlight areas for innovation. Finally, the survey will also provide a list of contacts of people in the market chain that have expressed an interest in further participation in developing the enterprise strategy. This is essential, as it is these actors who will be crucial in bringing together and participating in new agroenterprise initiatives that feed into the market chain concept.

Based on the survey, clients can be classified according to the possibility of selling to them or their strategic value for the market chain. Some useful criteria in this exercise can be the volume that each client manages, the segment s/he attends, the use s/he gives to the product<sup>20</sup>, the price s/he pays or is prepared to pay, and disposition (or not) to establish strategic relations

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19. A good evaluation of the requirements and rules of the game that reign in different segments of the market is useful. At times a "good" market turns out to be not so good when these factors are analyzed. A concrete case is the supermarkets that tend to extend payments to their suppliers for 30 days or more, and at the same time discount money for product not sold. At the outset, their prices and volumes are favorable, but it may not be the most profitable segment for small-scale producers.

20. If clients exist that use the product in different forms (for example, the extraction of essential oils from aromatic plants), it is important to take them into account. Sometimes these non-traditional businesses have greater possibilities of growth and demand for strategic relations than the traditional channels. Furthermore, because of being relatively new, there is possibly less competition in these segments.

with other members of the market chain. At this time, it is important to make sure that information generated covers the market(s) in which we hope to work.

Finalizing the process of information and market contacts, the organization or facilitating group should have a clear idea of:

- Who the clients of the market chain's product(s) are.

- Where they are located and how to contact them.
- The rules of the game that govern the market and its most important segments.
- The quality requirements for diverse market segments.
- Which of the clients should participate (directly or indirectly) in the design of a strategy to increase competitiveness?

## Feeding Back Results



The team leader or lead writer should prepare written and oral/PowerPoint slide presentations. The results should be circulated to the group and be fully understood by the farmer groups. Hence the presentation needs to be well rehearsed and provide the most important details of the study, i.e., essential information, that has been mentioned but also what this means in terms of potential application as related to the:

- Enterprise/market opportunities.
- Research, development, and service provider innovation opportunities.
- Local administration and policy development opportunities.

In the reporting stage it is highly recommended to include several of the market chain's key

producers or processors, since these actors are in a good position to evaluate the results, give a reality check where needed, and assist in diffusing survey results to their neighbors and acquaintances.

In this section, we reviewed the principal reasons for carrying out a rapid market survey if we do not have access to up-to-date data on the products and markets with which to work. A short list of the key data to collect regarding clients, product characteristics, form of payment, and other strategic themes were discussed. Finally, some simple methods, forms of documenting the results, and their usefulness for a strategy to increase competitiveness were mentioned. In the next section, we will proceed to identify the key actors and design strategies to convene them for the strategy's elaboration.