Clients First !

A Rapid Market Appraisal Tool Kit

Theoretical background and experiences from various RMA events

3 EXPERIENCE AND LEARNING IN INTERNATIONAL CO-OPERATION

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Experience and Learning in International Co-operation – Helvetas Publications, No. 3

Clients First!

This Helvetas publication no. 3 describes the main characteristics of a basic market study as well as the methodology of a Rapid Market Appraisal (RMA). It allows to quickly measure the demand and opportunities for a particular product. RMA is an effective way of obtaining relevant information about a market system for a specific production sector whilst at the same time minimising cost, delays and working time. The document provides details on how to conduct a RMA in agricultural markets and offers practical advice and examples of such marketing studies. It also offers practical methods of identifying constraints and business opportunities, a checklist of observations and monitoring tools for future planned interventions. The document is enriched with Helvetas' own experiences from Kyrgyzstan and Vietnam.

Experience and Learning in International Co-operation
(Helvetas Best Practice Publications):

Publication No. 3:	Clients First!
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Editor:	Helvetas Zurich, Switzerland (Hans Schaltenbrand, Peter Schmidt) in collaboration with Mike Burchell (UK); Hoang Huong, Ruedi Lüthi (Vietnam); Eugene Ryasanov, Franziska Vögtli (Kyrgyzstan)
Cover photo:	Bazaar in Jalalabat, Kyrgyzstan, February 2002: A visitor in the bazaar informs the RMA team about taste preferences and quality aspects of dried apricot varieties. Years ago the person himself was a trader of dried fruits. What begun as a degustation event became a highly important information gathering session on dried apricot trading peculiarities. Photo by Stefan Joss.
ISBN:	3-908156-07-6
Layout:	Skat Consulting Vadianstrasse 42 CH-9000 St.Gallen, Switzerland Phone: +41 (0)71 228 54 54 Fax: +41 (0)71 228 54 55 E-mail: info@skat.ch Website: http://www.skat.ch

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Helvetas, Swiss Association for International Co-operation, works towards the elimination of the causes of marginalisation and promotes solidarity with the poor in the south and the east. Its mission is to actively contribute to the improvement of the living conditions of economically and socially disadvantaged people in Asia, Africa and Latin America. Currently Helvetas runs programmes of co-operation in 22 countries. We concentrate on four working areas: infrastructure in rural areas, sustainable management of natural resources, education and culture, and civil society and the State.

Helvetas was founded in 1955 as the first private Swiss development organisation. Much of what was pioneering in our work has become common practice within the Swiss development co-operation agencies, a trend which continues today.

Through such publications, Helvetas contributes to the process of learning through sharing in international co-operation. For more details or comments, please contact our head office:

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For RMA related information please do visit our country programme web sites: http://www.helvetas.kg (Kyrgyzstan) or http://www.helvetas.org.vn (Vietnam) and http://www.atc.kg the web site of the Advisory Training Centre of Rural Advisory Services, ATC in Bishkek, Kyrgyzstan.

Executive summary

Clients First! focuses on one vital element of market research that should be carried out before deciding to support at the agricultural production side or to proceed with an agribusiness project: a market feasibility study.

The fact that a crop can be cost-effectively grown and processed in a particular country or region certainly does not mean that it can be sold at a profit, either on the local or international markets. There have been numerous failures because of mistaken assumptions about the marketability of a product.

Such mistakes can

- generate critical economic losses for the concerned producers or traders;
- decrease the willingness of farmers and entrepreneurs to try new crops;
- reduce confidence in the people and organisations that gave advise;
- damage the reputation of the exporting country if one goes to market with unacceptable products.

Interest in Rapid Market Appraisal (RMA) grew out of a frustration with lengthy, costly and intensive formal surveys in developing countries that rarely generated any timely or sensible analysis. Agricultural RMA methodology relies greatly on informal interviews with key informants, knowledgeable observers of the industry and a number of participants at different stages within the food distribution chain. The interviews provide an opportunity to clarify and probe, search out causal linkages and relationships, and identify well defined but poorly understood areas for further formal research.

Used by knowledgeable analysts who have cross-country experience, RMA is a way to:

- obtain information about how a commodity sub-sector is organised, operates and performs;
- identify market constraints and opportunities;
- identify and diagnose policy and regulatory problems that require government (and donor) and private sector analysis, attention and action;
- recommend interventions in commodity system organisations and technologies.

Finally, RMA surveys can be used to identify agribusiness opportunities, as well as to design, monitor and evaluate the success of policy reform programmes, especially in developing countries.

RMA has become one important element within Helvetas' NRM strategy. For the organisations involved it fulfils a triple purpose:

1. RMA is an effective learning event for staff of a rural service provider.
2. RMA generates market information for the benefit of producers, traders and rural business service providers. RMA often complements other production oriented appraisal methods, such as PRA.
3. RMA initiates the joint action of producers to market their products, with rural service providers playing a facilitation role.

List of abbreviations

FSR	Farming Systems Research
GoK	Government of Kyrgyzstan
IFAD	International Fund for Agricultural Development
MSR	Market Systems Research
PLA	Participatory Learning and Action
PRA	Participatory Rural Appraisal
RBDS	Rural Business Development Services
RMA	Rapid Market Appraisal
SDC	Swiss Agency for Development and Cooperation

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Table of contents

Executive summary 3
List of abbreviations 4
References 4

Introduction 8
Whom is this paper for? 8
The role of RMA in the Helvetas foreign programme strategy 8
Orient farmers' production to market demand 9
RMA principles and approaches 10
Particular features of agricultural markets 13

CHAPTER 1 RMA tool kit 15

1.1 Prerequisites 15
1.1.1 Objectives of RMA 15
1.1.2 Persons involved in a RMA and their required skills 16
1.1.3 Timing of RMA 17
1.1.4 Budgeting RMA 17
1.1.5 Market system research tools 18
1.1.6 Working methodology 21

1.2 Participatory appraisal tools used in RMA 22
1.2.1 Semi-structured interviews 22
1.2.2 Mapping 24
1.2.3 Market path 25
1.2.4 Time line 26
1.2.5 Historical transect 28
1.2.6 Seasonal calendar 28
1.2.7 Price-seasonality diagram 29
1.2.8 Flow diagrams 29
1.2.9 Ranking methods 30

1.3 Illustrating and analysing the collected data 30

1.4 The RMA report 32
1.4.1 General guidelines 32
1.4.2 The structure of the report 33
1.4.3 Distribution of the report 34

CHAPTER 2 Helvetas' own RMA experience 35

2.1 RMA case study Kyrgyzstan: RAS Jalalabat dried fruits opportunities 35
2.1.1 Background 35
2.1.2. Objectives 35
2.1.3 Methodology 36
2.1.4 Results 36
2.1.5 Impact 37
2.1.6 Lessons learnt 38

2.2 RMA case study Vietnam: Animal husbandry in Cao Bang Province 39
2.2.1 Background 39
2.2.2 Objectives 39
2.2.3 Methodology 40
2.2.4 Results 40
2.2.5 Impact 41
2.2.6 Lessons learnt 41
2.3 RMA Case Study Kyrgyzstan: Linking Kyrgyz horticultural producers with the Siberian markets 42
2.3.1 Background 42
2.3.2 Objectives 43
2.3.3 Methodology 43
2.3.4 Results 44
2.3.5 Impact 45
2.3.6 Lessons learnt 45

CHAPTER 3 Conclusions 47
3.1 Paradigm shift 47
3.2 RMA as the entry-point 47
3.3 From RMA to Market Development 47
3.4 RMA needs coaching process 48
3.5 Role of Rural Service Providers 48
3.6 Final conclusion: the triple purpose of RMA 48

Figures

Figure 1: Helvetas Foreign Programme Strategy, 2003 – 2007 9

Figure 2: Commodity chain..... 10

Figure 3: Cornerstones (main activities) of a RMA in chronological order 17

Figure 4: Grid for semi-structured interviews used in a Turkey RMA, held in Jumgal/Kochkor/Bishkek, winter 1997/98 23

Figure 5: Estimated flow of cardamom through market channels, a mapping sample from a RMA, Indo-Swiss Project Sikkim, November 1993 25

Figure 6: Dried apricot-map: The ovals show the production sites of dried apricots in Southern Kyrgyzstan. The arrows symbolise the trade flow to the retail sale markets, which are located partly in Kyrgyzstan and partly in Uzbekistan 25

Figure 7: Shares of different companies in a specific market over a certain period of time..... 27

Figure 8. Cotton A-index prices August 1999 to April 2002 27

Figure 9: Cotton A-index prices at the Liverpool stock market, August 1998 to April 2002..... 27

Figure 10: Seasonal calendar of clothing-markets in South Africa (Roos M., Mohatle M., IIED, 1998) 28

Figure 11 Price fluctuation of wheat (dark gray) and wheat growing season (pale gray) in Jalalabat Province, Kyrgyzstan (1998 – 2001)..... 29

Figure 12: Sample flow diagram of milk processing (schematic), Kyrgyzstan (1998 – 2001)..... 29

Figure 13: Scores of dried fruit samples, ranked according to appearance, taste and price/performance relation (dried fruit RMA, Jalalabat, 2002)..... 30

Figure 14: Comparative table of profitability of main dairy products (RAS-KSAP, Kyrgyzstan)..... 31

Tables

Table 1: Approaches of Rapid Market Appraisal Methodology 13

Table 2: Characteristics of market situations where RMA could be a useful research tool (Young 1994)..... 14

Table 3: RMA procedure in the field (Young 1994)..... 22

Table 4: Example of a grid for questionnaire used in semi-structured interviews..... 23

Table 5: Example of “dried apricot market path” 26

Introduction

Whom is this paper for?

This RMA document consists of some underlying principles, a set of approaches and a toolbox. The principles and approaches, and even part of the toolbox, are derived from the well-known Participatory Rural Appraisal (PRA, or as it was later called "Participatory Learning and Action"). In general either the producers themselves, governmental authorities at any level or donors mandate a rural business development services provider (RBDS) to conduct a RMA. The staff of these RBDS are the primary target group of this publication. This manual and the first hand experiences described are intended to enable them to assess the market potential of agricultural products in a short time. With this publication Helvetas would like to share its experience concerning RMA with a wider circle of professionals in development co-operation.

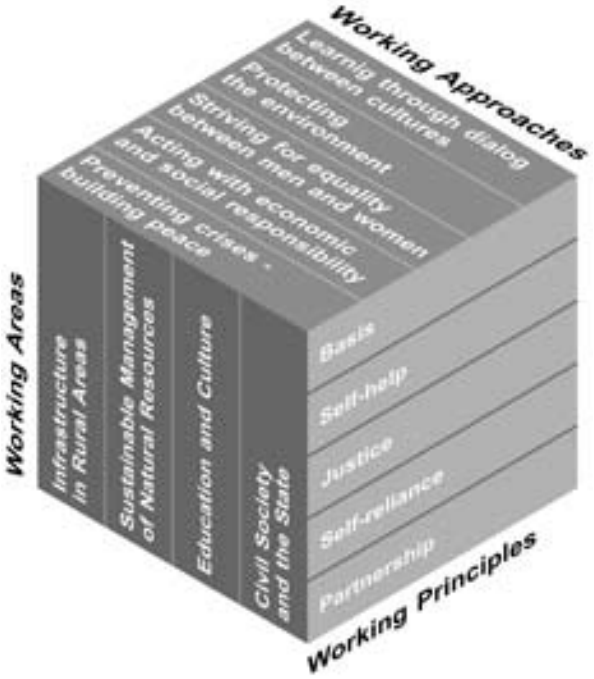
The role of RMA in the Helvetas foreign programme strategy

The way Helvetas works in all partner countries is explained in its Foreign Programme Strategy that is best visualised by a cube consisting of various compartments with interdisciplinary linkages. RMA is primarily designed as a working tool in the working area "Sustainable management of natural resources, NRM". The Helvetas strategy for this working area (Helvetas 2002) highlights three specific segments for intervention. One of them is to "assist in developing demand-oriented agriculture, animal husbandry and forestry". RMA is primarily designed as a working tool for this special focus in Helvetas work programmes.

RMA is guided by the transversal working approaches "Acting with economic and social responsibility" (figure 1). Helvetas seeks a balance between economic growth and ecological, political, social and ethical requirements. Accordingly Helvetas supports sustainably and economically effective projects. Stable growth is one important factor that can create additional labour and income, respecting at the same time the social responsibility for the economically weak part of the society. Helvetas projects orient themselves on market opportunities too. Helvetas supports its local partners' competence to compete and to develop entrepreneurial diversity. Preferably this should be attained through local, private or public service providers (Business Development Services providers, professional associations, co-operatives, etc.).

In 2002, the Kyrgyz Swiss Agricultural Programme (KSAP; GoK/SDC/IFAD - funded and implemented by Helvetas) produced a Rapid Market Appraisal Handbook with extensive additional links and further reading. The programme supports the countrywide Kyrgyz Rural Advisory Services (RAS), and the handbook was written for the staff of this service. This present publication puts RMA in a wider context and complements the original handbook with additional experiences.

The Helvetas working principles and approaches are the common basis for project planning, implementation, monitoring and evaluation of the Helvetas country programmes.



The "Helvetas Strategy Cube".

Figure 1: Helvetas Foreign Programme Strategy, 2003 – 2007

In the working areas, it is the interconnected social, economic, political and cultural aspects, including the preservation of the natural environment, which guide the Helvetas activities. The work performed by Helvetas must be effective, efficient and sustainable, thereby contributing noticeably to the improvement of disadvantaged people's living conditions. However, Helvetas' central goal remains to help its partners acquire the necessary skills, competence and resources to find their own solution to the problems faced by the population. RMA provides a means of putting into practice the Helvetas working approaches and principles.

Orient farmers' production to market demand

The pure subsistence-farming household does not exist anymore. This statement might be somewhat simplistic and provocative. However, most farming families, even in the economically poor areas of the world, are in one or the other way part of the cash economy. Even "almost subsistence" producers barter or sell part of their products in order to obtain an income to provide for needs they cannot fulfil with their own production. These needs include education, health, transport and other services but also increasingly the purchase of consumer goods.

However, the rural poor often find that the marketing of agricultural products is a huge problem. Remoteness together with often difficult access to markets form barriers that can hardly be removed by local resources in a reasonable time. Also difficult to influence are the conditions in the world markets where industrial producers and rich economies flood agricultural

Chicken shop at a street crossing in rural Laos with a chicken production farm nearby

markets with products at "dumping" prices. Despite these two limitations, there is room for manoeuvre if the producers know what the clients, what the markets, demand. The marketing bottleneck for rural producers can be addressed if they know for which product there is a demand, which quantities and qualities are in demand, when and where there is a demand and at what price.

Market research can provide this required information. Usually however, market research conducted by external researchers, is expensive and time consuming. There are an indefinite number of situations and products to be studied. In an increasingly connected world changes are occurring faster, and the rural producers are in need of answers today rather than tomorrow. Rapid Market Appraisal (RMA) is a pragmatic and well-tested response to these challenges. RMA has been applied in development co-operation since the early nineties. RMA allows producers to reach in a relatively short period of time ("rapid") "optimal ignorance" to make demand based decisions on how to orient their production.

RMA principles and approaches

What RMA stands for?

Definition of RMA

A Rapid Market Appraisal (RMA) is an iterative and interactive research methodology, which is used to better understand complex market systems in a short time. (Adapted from Young 1994).

RMA follows the commodity chain, having a closer look at the links of the chain (stakeholders) and the interlinks (market mechanisms).

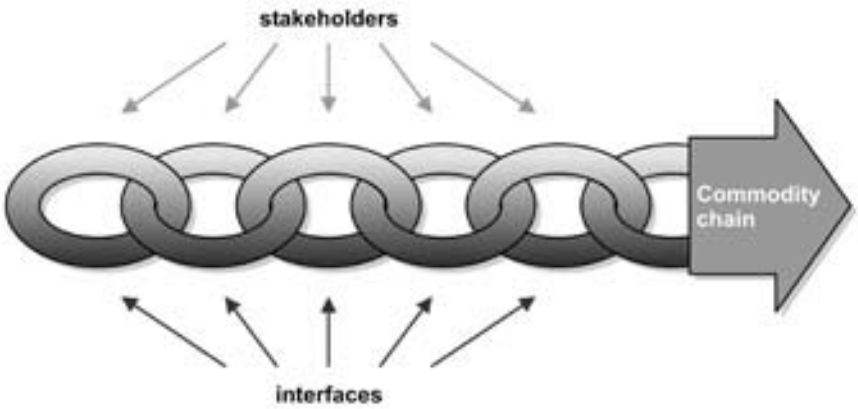


Figure 2: Commodity chain

Rapid Market Appraisal **(RMA) is a further development of PRA**, following the same principles and approaches, using some of the same tools, but focusing exclusively on an in-depth knowledge of the demand (clients), the development of a particular product, and its launch on an identified market.

Rapid Market Appraisals help farmers and processors to develop marketable products and sensitise market actors to the importance of marketing. Farmers, development projects and governments often tend to concentrate their efforts on the production side only and neglect the absorption capacity of the markets. This often leads to situations where markets are saturated and small producers start competing for a smaller and smaller portion of a limited market sector. Producers rarely ask their clients how they could improve their products. Here, RMA can help recognising the needs and opportunities present in the market place. When clients become a source of information, ideas for new and improved products can be exploited. The demand for a product can be assessed so that only marketable products are produced and the producers as well as the rural business development service providers begin to realise the importance of putting the client first (adapted from ILO 2000).

The inherent dynamics of many agricultural markets means that research methodologies must be able to react to a moving target. Finding definitive formulas is often not possible; rather, it is the pattern reflected in the way a market behaves that provides the basis for understanding. RMA is not capable of meeting all market systems research requirements, but it does offer an alternative to the traditional reliance on formal, static, structured surveys of random samples, that often fail to help market outsiders discern patterns in market behaviour.

Why are Rapid Market Appraisals important? – They enable us to:

- identify market outlets for surplus produce,
- orient production to market demand (quantity, quality, processing, packing),
- identify niche products for which an area has comparative advantages,
- reorient production to respond to changing demand,
- facilitate a change in thinking from "production minded" to "market-minded",
- facilitate a mental change from "middle-men are the bloodsuckers of the poor" to a different perception, in which each stakeholder has a role in the market chain.

RMA helps facilitate a change in thinking from "production minded" to "market minded".

Rapid Market Appraisal – as well as PRA – can also be described as a set of principles, approaches and tools. Principles and approaches are briefly presented in the following paragraphs. The tools are then described in more detail in chapter 1.

Principles of RMA

➔ **Client first**: It is the client who can best describe higher expectations of a product. When following the commodity chain the reasoning and the question "how to create the clients' satisfaction" must orient always on the client. As a result, a "middle-man" is as much a client as the "end consumer" of a particular product.

In a product chain we can find many intermediaries who are real market experts.

➔ **Insiders are the experts**: The intermediaries in the product chain, from the client to the producer, are the experts in market mechanisms. RMA recognises the clients and the intermediaries as the experts in the market concerned. Their knowledge and experience is sought and considered important. The outsiders (e.g. the RMA team) see themselves as students, not as experts.

➔ **Systems approach**: Both, Participatory Rural Appraisals (PRA) and Rapid Market Appraisals, apply a systems approach; PRA as part of Farming Systems Research (FSR) and RMA as part of Market Systems Research (MSR). Where FSR sees the farmer as the focus, Fleming 1990 views the consumer as the first and last point of contact for intervention design in MSR, although this should not preclude the study of intermediaries, most of whom make the "market system" possible. He sees five functions of MSR:

1. Anticipate and create changes in demand.
2. Shift the supply curves for marketing services downwards, i.e. empower a number of non-specialists to become knowledgeable in market research.
3. Improve market information.
4. Diagnose and change structural components in market systems.
5. Improve inter-industry linkages.

➔ **"Optimal ignorance"**: This is also a term from PRA. It means that only this much information is sought, which is required for a decision. It is accepted that a complete understanding of a situation and system is impossible or too costly for the particular product.

➔ **Participation**: As a matter of principle, RMAs feed the collated information back to the concerned stakeholders. This is not only to validate the information but also to avoid turning a RMA into an extractive research activity. Usually Rural Business Development Services Providers such as an extension service, a development NGO or a farmer's organisation are in charge of a RMA. Generally they are much closer to the farming community than a university institute or a specialised market research institute. As the RMA tools are simple, RMAs can even go a step further and include selected producers in the research team too.

Approaches of RMA

Approach	Benefit
Interactive	■ Two-way flow of information ■ Includes direct observation
Iterative	■ Stresses open questions ■ Allows new information to emerge through probing ■ Data collection and analysis follow each other repeatedly ■ Can exclude irrelevant information
Accuracy of information	■ Data is analysed for relevance at the time of collection ■ Verification of information occurs in the field from alternative sources ("triangulation")
Inter-disciplinary	■ Alternative views of the same field situation assist with accuracy
Range of tools	■ Does not limit itself to obtaining information only through formal tools ■ Allows the person in the field to get information in the way he believes it best
Exploratory-topical content	■ Appraisal can be both, exploratory and topical in scope of investigation. A RMA may examine a market system both horizontally (within sub-systems) or vertically (with one commodity or a group of similar commodities)
Explore hypothesis	■ Sampling is purposive, key informants are sought

Table 1: Approaches of Rapid Market Appraisal Methodology

Particular features of agricultural markets

Agricultural markets in general and food markets in particular are special and have particular features, since agricultural products are:

1. perishable,
2. produced according to the agricultural year (seasonality),
3. dependent on nature: Quantity and quality underlies the law of nature (draught, hail, frost, pest/ disease infestation),
4. produced at a distance from the final users (consumers),
5. impossible to change immediately in response to "fashions" or changes in the clients' demand (low elasticity in demand),
6. seldom processed on the spot. Most agricultural products are sold as raw products to the urban agglomerations.
7. Horizontal integration of producers is often weak; many of them see themselves as competitors only.
8. There are no possibilities to shift costs to someone else ("pass the buck to someone else"). E.g. a hair cutter can pass his higher taxes to his clients, a farmer can not; he/she "creates" value, she/he does not add.
9. Income mainly results on the sold quantities rather than on quality aspects which makes marketing especially for small farmers very difficult.

Market bazaar scenery in Cao Bang town, Northern Vietnam

Food product markets are flexible markets.

Food products first of all serve the daily physical needs of clients. Food markets are flexible markets, where the clients buy substitution-products if the product they are used to buy is not available, of low quality or became too expensive. This mechanism is the reason of the main problematic of food markets: Sellers of food products have to convince the buyers every day anew, that their product is fresh, cheap and tasty.

Another characteristic of food markets is the **constantly changing quality**. The client is obliged to re-assess the product every day. Last but not least, food industries face difficulties to **position a product** or to create an **additional need**.

Seasonality, changing qualities, absence of brands etc. contribute to a high volatility of food markets. Compared to standard market research RMA is quick and flexible and therefore particularly indicated for volatile markets. Young 1994 describes situations in which RMA is particularly suited.

In principle Rapid Market Appraisals may be applied for any commodity in any market. This paper is exclusively concentrating its lessons learnt on products issued of primary production (raw and processed). Prior to the decision to go for a RMA, it makes sense to reflect whether this market research tool will be the most suitable to provide the aimed information. Table 2 characterises some of the situations in which RMA makes sense.

Circumstance	Comment
Ability to differentiate the product	Although a farmer may produce a commodity product, such as milk, it is still possible to differentiate it in the market, through branding, storage, or further processing. In some instances, varietal differences can result in product differentiation
Product substitution is possible	If product substitution is possible, margarine for butter, or cauliflower for cabbage for example, it becomes important to understand the place of your product in the market. Product substitutability is not necessarily the opposite of product differentiation
Highly perishable products	If the post harvest life of a produce is short, producers should obtain more control over the marketing process
Smaller lots marketed frequently	When harvesting is staggered and consignments are sent to the market in small lots on a frequent basis, the interaction with the market is increased
Cash crops	If crops are grown as cash crops and a high proportion is traded, the ability of the market to affect the livelihood of the farm enterprise is increased considerably
Many different supply sources and seasons	A very wide number of agro-climatic regimes lead to a very wide range of seasons of supply. It becomes vital to know where opportunities arise or where competition increases
New product in established marketing channels	New entrants with new products need to be aware of trade practices and the market mechanism, particularly where complex market channels and distributions systems exist
Volatile markets	Many of the above points may result in markets that are very volatile in price and supply, both within seasonal supply and between seasons

Table 2: Characteristics of market situations where RMA could be a useful research tool (Young 1994)

RMA tool kit

1.1 Prerequisites

1.1.1 Objectives of RMA

Rationale and hypotheses

Before undertaking any research the objectives must be well defined, communicated and understood by all involved. Why is a RMA required (rationale)? What information is sought and why (hypotheses)? Only the formulation of the rationale and the hypotheses allow the best methodology to be selected. Only clearly defined objectives lead to the best possible composition of the RMA team. Only sound hypotheses enable the team to evaluate the usefulness of the findings and conclusions. The following examples of objectives, hypotheses and expected results originate from a RMA for fruits and vegetables from Kyrgyzstan for destined markets in Siberia.

Only the formulation of the rationale and the hypothesis allow the best methodology to be selected.

Example of objective:

Assess the marketable surplus and the market potential for selected commodities

Example of hypotheses:

Successful marketing that results in a profit for the producer requires:

- assembling the products in assembly markets
- improved market information from the terminal markets
- direct contacts to wholesalers and transport companies
- knowledge about market constraints and how to deal with them
- higher awareness about the importance of quality, grading and packing among producers

Expected results

The tangible results (also called output in the logical framework planning terminology) of a RMA should not be restricted to a nicely written report. A RMA should translate into action by the producers of selected commodities and/or the rural business development services provider (i.e. an agricultural advisory service). Such action could for example include a trial sale, or the improved packing and labelling or the commodity under discussion.

Example of expected results:

- report including recommendations
- list of potential wholesalers and/or traders, who are interested in the selected commodities
- list of information sources at the destination markets (prices, demand)
- inventory of marketing constraints with tips and hints how to resolve them
- action plan for trial sales of the selected commodities

1.1.2 Persons involved in a RMA and their required skills

Team composition: RMAs are best implemented by multidisciplinary teams composed of "outsiders" and "insiders". The professional background required of the team members depends on the topic. Generally, however, it can be said that the outsiders should contribute knowledge about research methodology and economics while local stakeholders (preferably from the retail back to the producer) provide local knowledge of the markets and their participants. It is useful to include a team member who already has some relation with traders as part of his job. This person acts as a pathfinder and can assist in purposive sampling.

"Team discussions" in Nguyen Binh District town, Cao Bang Province, Vietnam

Split into work-teams: Young 1994 outlines the usefulness of work-teams within an overall group. Each of these work-teams eventually focuses on a specific area of investigation. There is a very productive exchange of information when each work-team operates within a larger overall group. This exchange of information happens in the field, not only at organised debriefing sessions, but also at more informal times such as meals during travel and during relaxation. A division of responsibility for each work-team is important not just in terms of the efficiency of investigation, but also greatly assists the later presentation and reporting of results.

Team size: The ideal size of the entire group is less than 10 persons. A smaller group is easier to manage, but is more susceptible to influence from one or two of its more vocal members. A large team becomes more of an institution and looses some of its dynamics. The ideal number of peoples in work-teams is 3 people, when in an exploratory format (1 interviewer, 2 note-takers) and 2 people when in a topical format (1 interviewer, 1 note-taker).

Training prior to fieldwork: Training should be divided into **three components**:

1. The first component will relate to Rapid Appraisal principles and techniques. This may take one to two days.
2. A second component regarding the nature of market systems to be investigated may also be required. This would be based on secondary data and the existing knowledge of the RMA participants. At this point, it is also very important to outline clearly to participants what the objective of the RMA is. This component of the training will also take one or two days.
3. Finally, one day is practical training (a visit to a local market), followed by a debriefing, is a very useful entry-point for the participants about the methodology.

1.1.3 Timing of RMA

Duration: The length of time required for a RMA depends on how many market places are to be investigated, the number of people in the RMA group, and the nature of information to be obtained. Where an open market is centralised, as are many wholesale fruit and vegetables or fish markets, an investigation involving several products generally takes two to three days in each place. This includes identifying key informants, making an in depth topical investigation and cross-checking where information conflicts with earlier investigations. The RMAs conducted so far in the frame of Helvetas projects took some 50 – 70 person-days (spread over three to four weeks), including preliminary training, analysis, debriefing and presentation of the results.

One RMA takes appr. 50-70 person-days over a period of three to four weeks.

Chronological sequence of RMAs: Figure 3 summarises the main steps of a RMA. It places the actual RMA in the centre. During this time the entire team assembles and works intensively. Prior to this, a preparation of around four weeks is required. After the actual RMA, which may last around one week, analysis and reporting may take up to two weeks.

Week –4	Week –3	Week –2	Week –1		Week +1	Week +2	Week +3	Week +4
■ Set objective ■ Identify RMA participants ■ Set framework (commodity, markets to be explored, clients, traders, producers) ■ Collect and study secondary data ■ Various logistics ■ Inform local authorities, if needed ■ Identify local resource and contact persons ■ Identify key questions		■ Brief and train all participants about the exercise (objective, methodology, marketing terms) ■ Present and discuss result of the secondary data survey		RMA	■ Compile and analyse data. ■ Prepare report		■ Start marketing activities	

Figure 3: Cornerstones (main activities) of a RMA in chronological order

Detailed work plans: The actual duration and work plans of the RMA depend on the commodity, the distribution channels, the number of intermediaries, the distance between producers, traders and consumers and of course the volume/accuracy of information collected. The more people who are interviewed, or first hand observations made, the more accurate the RMA will be. On the other hand, the more time it will take, the bigger the risk is to have outdated information. As mentioned, a RMA should allow for a rolling plan, in which findings dictate the next steps.

1.1.4 Budgeting RMA

The cost for a RMA is mainly labour. Additional costs such as transport, lodging and food depend on the team size, duration of the RMA and location of the markets to be visited. Collection and analysis of secondary data prior to the RMA might cause costs too (labour, communication, transport, etc.).

1.1.5 Market system research tools

The use of secondary literature and other sources of information

This paragraph is based on Crawford 1997 and Dillon 1994.

Secondary data collection is cheap and gives quick first information results.

A search of secondary data sources should precede any primary research activity. Secondary data may be sufficient to solve the problem, or at least it helps to better understand the problem under study. Secondary data is cheaper and quicker to collect than primary data and can be more accurate.

Before making use of secondary data, there is a need to evaluate both, the data itself and its source. Particular attention should be paid to definitions used, measurement error, source bias, reliability and the time span of the secondary data. Where possible, multiple data sources should be used so that one source can be crosschecked for consistency with another.

Where a serious search of secondary sources is undertaken, the marketing researcher often finds an abundance of relevant material. Searches for secondary data should begin with a consultation of referral sources such as the web, directories, handbooks, indexes, and the like. It will almost certainly become the case, in all parts of the world, that electronic information sources will eventually supersede traditional printed sources. With the advent of the Internet and CD-ROM, searches of secondary sources are becoming more efficient and more effective.

The use of primary information

Observations: Direct observations (end users, traders and producers) at the retail sale spot demand careful interpretation. Sale at the bazaar, for instance, depend on the time of the day, the day of the week, the season. It might be interesting to learn if there is a gender specific relation, mainly with regard to the sale to consumers. Do women prefer to buy from female sellers and men more from male sellers? Is the product under investigation a men's or a women's product? Particular attention deserves the observation of producers. Staff of extension agencies or other Business Development Service Providers pretend to know the producers well. However, when looking into details, the knowledge is reduced to stereotypes. It is therefore important to look at producers and their market understanding and behave as a learner, being aware of professional biases. For example, there are many types of farmer associations or/and producer groups:

- Marketing groups
- Service Groups
- Machinery Groups

Each with different problems which need to be well understood on an individual basis.

Interviewing the people involved: The main tools of RMA are Semi-Structured Interviews (see 1.2.1) of the actors involved. "Actors" are the people involved in the commodity chain. It makes no difference if the RMA starts with the producer and ends with the client or vice versa.

[Producer] ⇔ [X] ⇔ [X] ⇔ [X] ⇔ [X] ⇔ [X] ⇔ [X] ⇔ [X] ⇔ [Client]

Semi structured interview grid with key questions need to be set up before the teams are starting with the interview sessions.

As in PRA, it is important to have a framework to organise the required information. Before interviewing the actors the RMA team needs to agree on a grid and, accordingly, to set some key questions. Such a grid might follow the "four P's" (Kotler 1999):

- Product
- Price
- Place
- Promotion

The grid will be the main strand running through the RMA up to the report, which may also be prepared according to the same structure.

Observing and interviewing **clients** is an extensive field of market research. In the frame of RMAs a pragmatic approach has to be chosen. It is essential to identify a target group for the product and screen their particular preferences. The first category of questions should focus on clients' satisfaction; the "why do you buy this and not another product". Questions also might be asked how client's satisfaction can be increased. This can be done for instance when the RMA team asks buyers, what advice they would like to forward to the producers, traders respectively.

Interviewing (retail) **sellers** is not easy, since one risks concentrating only on prices. Prices for a seller are crucial and disclosing them is for many like "undressing". Therefore it is important to start with the other "P's" and try with ranking (see next chapter) to encircle the reality. Sellers often do not have much time, so observations may be extended and oral interaction kept short. It is interesting to learn to what extent sellers operate as a link between producers and clients; i.e. what information they forward to the farmer producers from the client.

In some areas the perception still persists that middle-men are exploitive by definition. But RMA starts from the perception that **traders** play essential roles in a marketing chain. Young 1994 uses two criteria to characterise traders:

- From whom do they purchase and to whom do they sell?
- Whether they take ownership (and with that risk) of a product or not.

Rapid appraisal methodology is particularly suitable for market systems research because most market stakeholders have a very good ability to pass information. The very nature of their business, especially traders, involves the exchange of information. They are also experienced in how to transmit information in semi-structured conditions, as this is exactly the format in which a lot of their business is performed. The type of information involved is also important. In order to understand market systems good arithmetical information is usually required. Market functionaries have generally a good arithmetic ability, and can communicate numerical terms very easily. In the heads of traders there is usually a wealth of market information. In the Rapid Market Appraisal methodology emphasis is placed on collecting data that

already exists, whereas traditional methodologies tend to rely on generating new data. Of course it is not always easy to obtain this information, which may be commercially sensitive, particularly as outsiders can be perceived as taxation threats.

In many developing countries **transporters** are often traders too. Here, purely technical aspects like storage, safe transport (losses!) and also the link with state authorities (legal requirements; e.g. documents) become focal topics. In getting an idea about informal payments to officials, the RMA team has to be careful to protect the identity of the informant (transporters/trader). Do not mention their names, but describe candidly the usual practice.

State **authorities**, such as customs officers, market authorities and officials from concerned ministries (agriculture, trade, transport) belong to the list of persons to be interviewed during a RMA too. Representatives of chambers of commerce and similar institutions may supplement the picture.

Market-oriented production is the opposite of first producing a good and then only looking for clients.

Many **producers** still today follow the practice of first producing a good and then looking for a client. Market oriented production is just the opposite. In agriculture, however it is not that easy to do this, since agro climatic conditions, remoteness or an uneconomic size of production simply do not allow it. A risk of the producer's interview is to remain in general terms. Important here is to come to the details, those – eventually – make the difference to better achieve clients' satisfaction. Questions like "do you know your clients?" "what are you doing in order to better serve them?" are just an entry-point. Another field of questions may touch the market as such. To what extent does the farmer know seasonality and other peculiarities of various markets? Interesting also to learn, where the farmer gets his or her market information from. Is it an official market information system, is it the advisory service or any other Business Development Service, or is it more informal channels?

Price monitoring: Prices are a measuring unit for the value of a good. Thus an **understanding of prices** is of particular importance for the appraisal. Talking in prices is a language everybody understands. However, in any market the information gained from price monitoring is only a snapshot in time and needs to be complemented with further information, supply data in particular, but also seasonal demand trends and the quality of product supplied. Only after having done so, one may start drawing conclusions about the underlying market forces.

Young 1994 qualifies the importance of price recordings and highlights the importance of **understanding the market mechanisms rather than knowing the prices**. He argues that in the absence of existing data there are many different approaches to the generation of price information and these are usually the focus of Market Information Systems (MIS). Further evidence is needed that market people will make daily sales decisions based on a public sector MIS. Collecting daily price information, particularly in dynamic markets, may therefore be an unnecessary drain on resources. Seasonal tactical information and long term strategic market information, both require less resources to be devoted to analysis and extension. Traders are often able

to provide information about prices related to time, seasonality and quality of the product. RMA assumes that this information – if crosschecked with information from other sources – is accurate enough to make the relevant production decisions. This means, that even in absence of long-term market information – for example from an intelligent Market Information System – there is no need for long-term market observation. A RMA team may obtain the same information through purposeful interviewing of key resource persons such as traders.

Focusing on quantities and qualities of commodities: Especially in agro-marketing, prices are always closely related to the quantities for sale. Monitoring **quantities**, however, is even more complicated than prices. Of great help are own observations by the RMA team in the markets, counting the (truck-) loads or quantities sold throughout the day. Combined with triangulation from clients' and producers' side, one can already make a guess about traded quantities. As soon as a RMA team has such information it may expose it to the traders and get either confirmation or objection. Ranking methods are a helpful tool in this exercise, e.g. "This is the peak season and you are selling say 100 kilos per day; how much is it in the low season, perhaps half or even a quarter?" The information can be as precise as by quarters or even months. **Quality monitoring** is an aspect, which merits to be followed throughout the chain from the client to the producer or vice versa. Most attention thereby shall be paid to the opinions and preferences of the clients. Traders often know very well which client segment prefers (can afford) which quality of produce. Traders also have a profound knowledge of commodity maintenance. It is an art to present perishable goods in a pleasing way to clients, especially when they often have few or no temperature controlled storage available.

1.1.6 Working methodology

RMA needs preparatory work prior to the proper appraisal. It is deemed necessary to **make appointments** particularly for commission agents and other key informants such as inter-market traders who specialise in one crop.

In open market situations it is also helpful to **give each day a different focus**, or theme of study, such as the means of price setting, rather than relying on a general checklist.

At the conclusion of each market visit a **joint debriefing** can be held to report on the day's findings and ensure they are recorded. Where information is conflicting, discussion about the relative accuracy of the different sources should take place, and a plan for further verification can be worked out.

Hanoi, RMA training workshop, 2-6 June 2003

In any interview situation **visualisation** is useful, especially when it comes to talk about other stakeholders, quantities of traded goods or margins. Since in a RMA often fewer persons are involved in discussion than for instance in PRA, an A4 format is usually fully sufficient for illustration.

By **triangulation** we mean the verification and validation of information when asking the very same question to various actors (stakeholders). Triangulation makes very much sense in RMAs. The verification is possible because traders throughout a market system know much of the information.

Key point	Comment
Use of work teams within group framework	There is very productive exchange of information when each work team operates within a larger overall group
Use key traders as informants	Most traders specialise in a limited number of products. Focus the investigation in the key players. Make appointments
Divide responsibilities of the work teams	Give each team a number of specific products, or market actors to focus on
Daily focus of investigation	Having a common theme of investigation each day allows for better sharing of information amongst group members
Debriefing sessions	After each market visit have organised group debriefing sessions to determine the accuracy of the data, and formulate the theme of investigation for the next day

Table 3: RMA procedure in the field (Young 1994)

1.2 Participatory appraisal tools used in RMA

The strength of RMA lies in the short time required to obtain the sufficient depth of information. Therefore direct observations and the semi-structured interviews, conducted within a structured framework, are the best-suited tools. Elaborate methods such as social mapping that may require lengthy explanation to the informant about their usefulness have limited application in RMAs since the informants often do not have the time to get introduced to the methodology.

1.2.1 Semi-structured interviews

Grid for interviews: As mentioned in the previous chapter, it is important to prepare prior to the appraisal a grid of questions and aspects to be covered. Unlike traditional market research, which often uses rigid questionnaires (multiple choice), RMA works with so called semi-structured interviews. Here the questionnaire contains the main aspects of the investigation (key questions), often illustrated in order to facilitate orientation (an icon is understood more quickly than text) to the interviewers. Such a grid – rather than a questionnaire – may be fully visualised as illustrated in figure 4 or be a list of key questions, preferably structured according to the four P's (table 4).

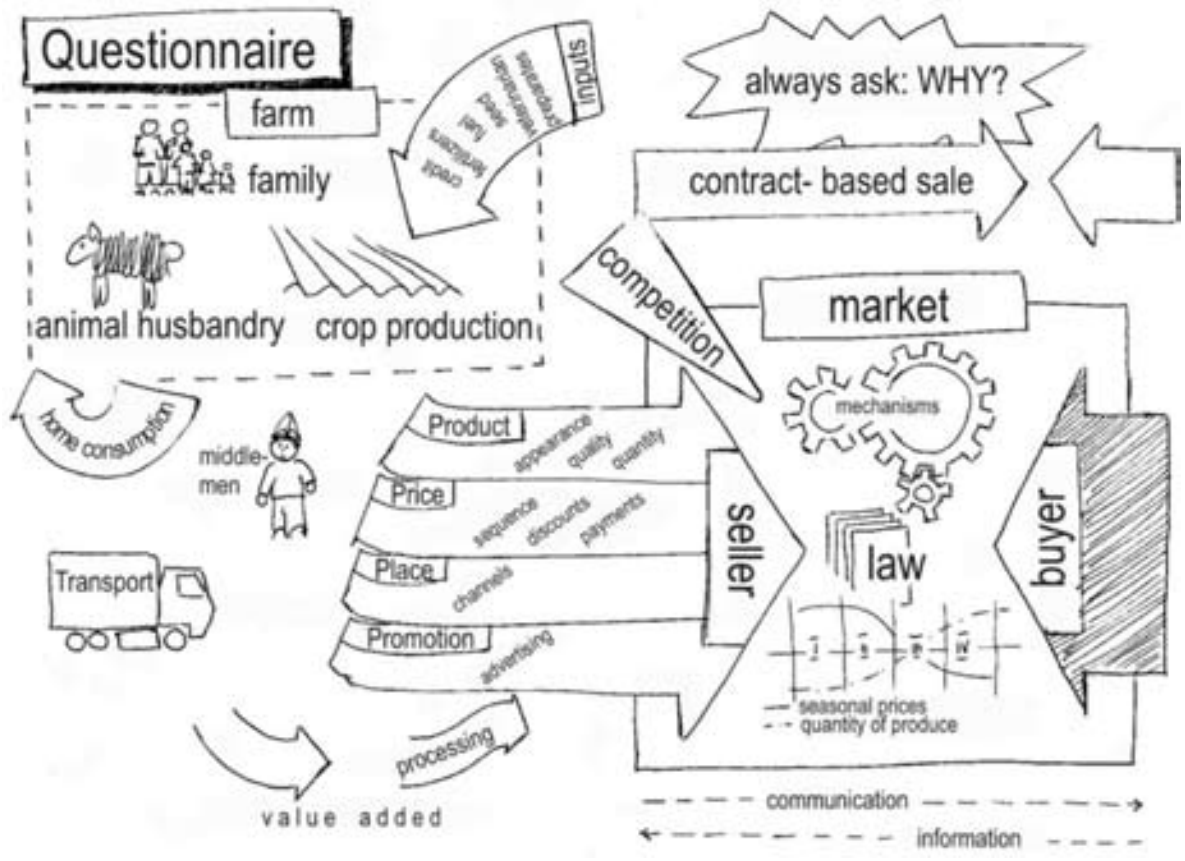


Figure 4: Grid for semi-structured interviews used in a Turkey RMA, held in Jumgal/Kochkor/Bishkek, winter 1997/98

RMA:	**Tomatoes from Jalalabat**		
Objective:	**Tomato producers get higher profit**		
A	Product	■ From where? ■ Producers? ■ Varieties? ■ Quantities, volumes? ■ Quality?	■ Processing? ■ Packing? ■ Storage? ■ Substitution?
B	Price	■ Seasonality? ■ Over years? trends? ■ What price where?	■ Elasticity? ■ Production costs (farm gate price)?
C	Place	■ Marketing chain and prices? ■ Consumers, market potential? ■ Export potential? ■ Market shares?	■ Actors? ■ Transport? ■ Customs?
D	Promotion	■ Packing, labelling? ■ Marketing groups?	■ Advertisement? ■ Other incentives (discounts)?
E	Potential	■ Possible interventions? ■ Investment?	■ Constraints?

Table 4: Example of a grid for questionnaire used in semi-structured interviews

The deal is made, Bac Ha Market, Lao Cai Province, Vietnam

In a semi-structured interview such a grid should not be used as rigid questionnaire but rather as a checklist in order to ensure that an important aspect is not forgotten. Ideally the grid remains in the pocket or bag of the interviewer in order to create an informal and relaxed atmosphere with the interviewed person. A semi-structured interview shall not only focus on technical aspects, like prices, margins or quantities, but also reveal social aspects of a particular market.

Social aspects: Social analysis focuses on the person and his/her human interactions; one may learn from each participant, what he or she is thinking about the other partners, what is their relationship, to what extent they share commercial secrets, somehow to see where the fronts are. Social analysis may also hint at the relationship between business partners. Are they relatives, friends from former times, two persons who understand each other well? It also would be interesting to see who dominates a market, where is the big boss who sends from time to time helpers to skim the cream of the business. It is also interesting to learn from each of the partners involved what they think the other is doing; is it only business? Do they know exactly what risk is involved, what profit they can get? It is interesting to learn what persons along the product chain think of each other in terms of richness? The question might be asked directly: "Is the one who sold the goods to you richer than you or the one you sold to?" Another, important but delicate aspect to take into account is the role/position of the police and other law enforcement bodies.

1.2.2 Mapping

In RMA the markets and not the resources are usually the centre of interest.

Mapping is one of the most common tools in PRA. Best known are resource maps where either the team or villagers themselves draw a map of their village and indicate what resources are available. Often not the resulting map itself but the process of drawing is illustrative. The visualisation is attractive for other debaters, information is immediately visible and can be challenged. In a RMA, the markets and not the resources are usually the centre of interest. Such maps might include the production sites, various types of markets (from assembly market to wholesale market), their location, distances, flow of products, trade volume etc. A map could also show the absorption capacity of the markets (number of clients, categories of clients, purchasing power).

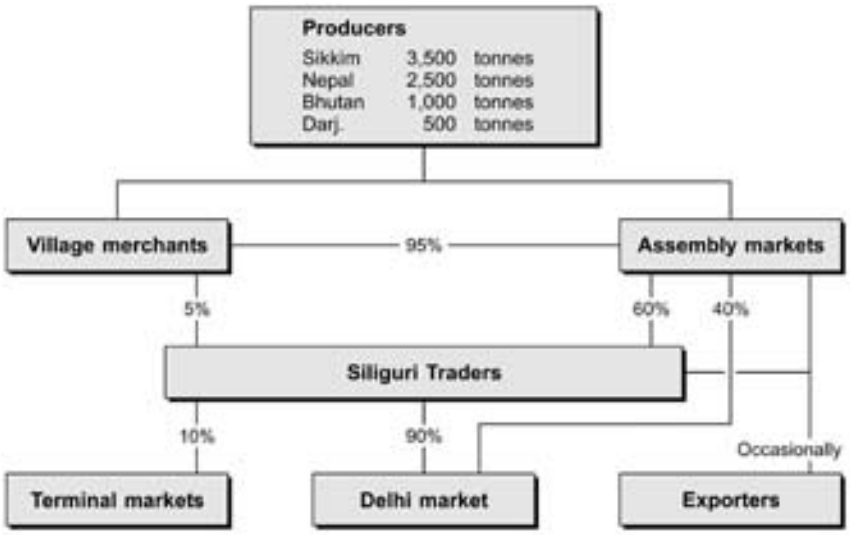


Figure 5: Estimated flow of cardamom through market channels, a mapping sample from a RMA, Indo-Swiss Project Sikkim, November 1993

1.2.3 Market path

"Market Path" is one of the most important tools in RMA.

Market path is a development of the PRA tool "food-path". The "food-path" follows an agricultural product from the beginning (seed, breeding stock) to the final product (bread, cheese). The RMA tool "Market Path" takes this idea up: It follows a product from the farm gate to the client. The market path is one of the most important research tools in RMA; thereby it is necessary to get more qualified and quantified results than usually done in the frame of PRA, i.e.

- the value added at each step or the persons involved. Value added can give an idea how many families are nourished along the chain of the product.
- Job characteristics at each step along the product chain: What is he or she doing?

The following illustration (figure 6) shows that maps and market paths can be combined.

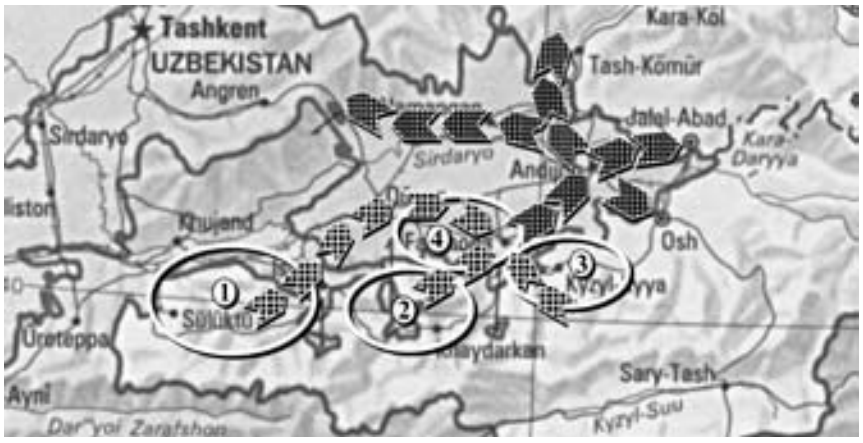


Figure 6: Dried apricot-map: The ovals show the production sites of dried apricots in Southern Kyrgyzstan. The arrows symbolise the trade flow to the retail sale markets, which are located partly in Kyrgyzstan and partly in Uzbekistan

Criteria	Steps			
	Trader 1	**Trader 2**	**Trader 3**	**Trader 4**
Symbol used in figure 6				
Margin/kg	+ 5 Som	+ 3 - 5 Som	+ 5 - 7 Som	+ 5 Som
Location	Batken Oblast	Ferghana	Andijon	Jalalabat
Estimated number of traders	25	10	5-6	27
Value added	Buys from farmers at 25 Som/kg Transport to Ferghana	Collects and stores apricot	Transport Ferghana Jalalabat	Stores, retail sale to clients for 45 Som/kg
Volume of one shipment (per year)	200 - 300 kg once a week (15'000 kg)	Difficult to say, since not only Jalalabat is supplied	Up to 500 kg, once per week (25'000 kg)	
Risk	Invests own capital Transport Informal custom clearings	Invests own capital Losses during storage Arrangement with Uzbek anticorruption bodies	Invests own capital Transport Informal custom clearings	Invests own capital Stores, sells Losses during: storage, degustation, stealing on the bazaar

Table 5: Example of "dried apricot market path" (see also map in figure 6)

Depending on the focus of the RMA the steps might be extended on both sides (to production site or even farm gate and client). Similarly the criteria chosen depend on the objective of the RMA. For example they could additionally include:

- **Time**: Duration, seasonality, labour required
- **Gender**: Who bears the responsibility? Who invests how much time? When, during the day or the year? Who bears the risk?
- **Risk reduction strategies**: How does she/he cope with risk, buffer the risk?
- **Documentation**: What documents have to be prepared?
- **Problems**: Showing problems faced along the market path is a starting point for improvement.
- **Scope for improvement/innovations**: Along the market path it might be of interest to show alternatives, such as how to make different products out of one and opportunities to improve them. Therefore one should learn from everyone along the path what they do - or plan to do - in order to better satisfy the demands of the next-, respectively end-user.

1.2.4 Time line

The time line tools may be used for instance for tracking prices (figure 8), volumes or market shares (figure 7). As for prices it makes sense to illustrate a three-years-period for instance on a horizontal axis of twelve months as shown in figure 8. This allows to easily comparing the price levels of a given product in a given month over several years. Time lines shall not only be applied for retrospectives, but also for prognosis. Stakeholders may express their view how markets (prices, quantities, clients' taste, etc.) will develop.

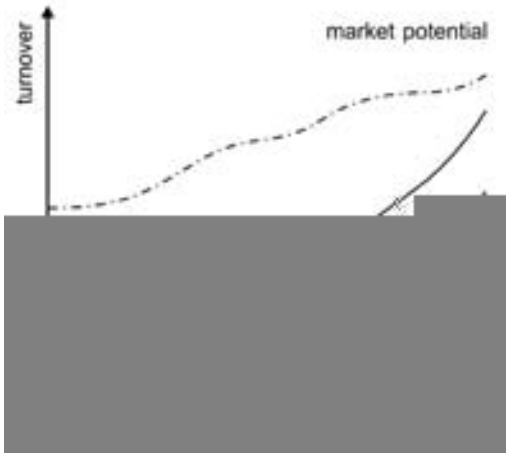


Figure 7: Shares of different companies in a specific market over a certain period of time

Figure 8: Cotton A-index prices August 1999 to April 2002

Figure 9: Cotton A-index prices at the Liverpool stock market, August 1998 to April 2002

1.2.5 Historical transect

A historical transect plots chosen criteria on one axis against time on the other axis. It is a quick tool to illustrate trends over long periods (years or even decades). Usually an experienced resource person serves as the source of information. Possible criteria to be applied in a historical transect may include: prices, number of producers, traders and buyers, institutional structure of middle-men (margins, risks), infrastructure and equipment (storing facilities, transport means) or the change of the relation between retail-sale prices and production costs. When illustrating prices over a longer period of time one has to take inflation and purchase power into account. One therefore has to be careful to maintain a reasonable balance and not undertaking vast calculations. For instance inflation may be illustrated with the price of a basket of common goods purchased weekly by the average consumer (Retail Price Index) to illustrate buying power.

1.2.6 Seasonal calendar

A seasonal calendar also can be used in a RMA, but the criteria applied will be different: cash flow seasonality (e.g. influencing on price, persons involved, type of products available, needed storing facilities, etc.). A seasonal calendar is a good starting point for quantified investigations. It might be the point where a trader starts talking in figures.

Seasonal calendars as illustrated in figure 10 may help to distinct season and off-season and get an idea of traded volumes. In the case of the clothes produced by a South African women co-operative, it helped them to plan the purchase of material and set up production in time.

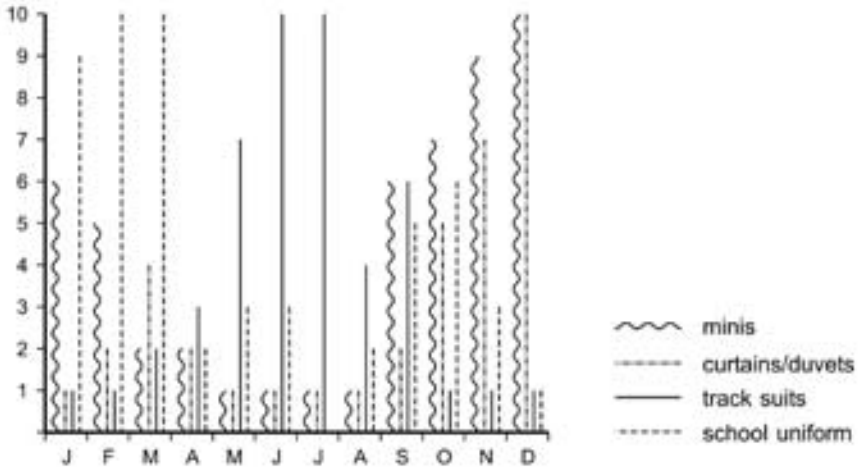


Figure 10: Seasonal calendar of clothing-markets in South Africa
(Roos M., Mohatle M., IIED, 1998)

1.2.7 Price-seasonality diagram

Price-seasonality diagrams are of particular importance for the understanding of agro-markets. They may be based on prices provided by public Market Information Systems as in figure 9 or use such collected from informants. After having drawn the figure, stakeholders may start detailing the "why" and "how" of seasonality and sooner or later touch also external factors like exports or domestic deliveries from one region to another. Knowing seasonality, its rationale and mechanisms may help farmers to explore innovative ways to cope with it, rewarding them finally with additional income.

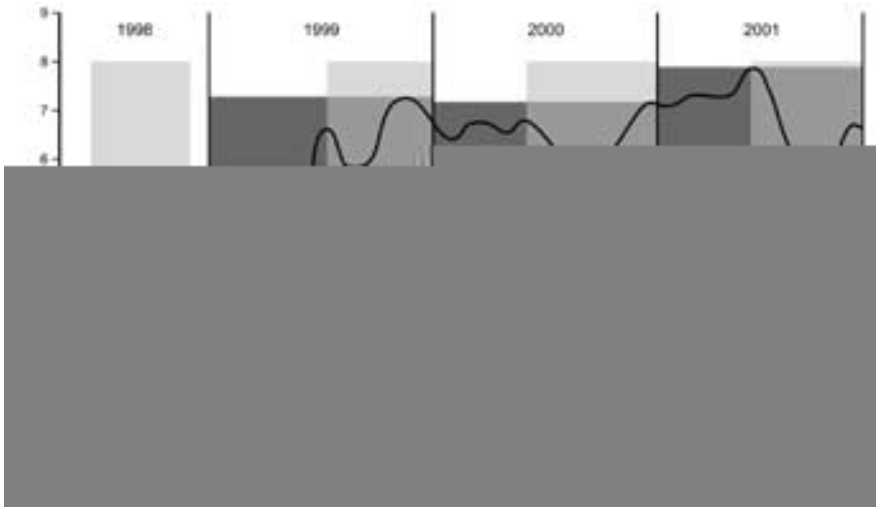


Figure 11: Price fluctuation of wheat (dark gray) and wheat growing season (pale gray) in Jalalabat Province, Kyrgyzstan (1998 – 2001)

1.2.8 Flow diagrams

Figure 12: Sample flow diagram of milk processing (schematic), Kyrgyzstan (1998 – 2001)

A flow diagram may illustrate either the flow of a commodity, money, information, responsibilities or hierarchical relationships (employment). Flow diagrams may also be used in order to get an overview about processing as in the example of figure 11.