

I N F O C U S P R O G R A M M E

S e e d

boosting employment through
small enterprise development

Rapid Market Appraisal: A manual for trainers

The FIT Manual Series



International Labour Organization
Geneva

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Foreword

This series of manuals reflects the experiences of the ILO's FIT programme, gained over several years in various countries. The original mandate of FIT was to consider how donor-funded supporting services for Small Enterprise Development (SED) could be made more accessible to a larger proportion of the total target group. The challenge was thus to increase both the quantity and the quality of employment opportunities in the small enterprise sector, in ways which were harmonious with the dynamics of the private sector itself.

The manuals make FIT's experiences to date available to all those wishing to achieve similar goals. They document an approach which has aimed to tailor services to meet demand as precisely as possible. By being fully demand-led, the approach respects the perspective and priorities of those in the small businesses. By working as much as possible through private-sector channels, the approach also aims for sustainability and so for substantial scale and outreach.

More information about the FIT approach can be found on the ILO web site (www.ilo.org), and in various publications, including "The Wheels of Trade: Developing Markets for Business Services", published by IT Publications of London, UK.

This manual follows the methods practiced by Mr. Katendwa in the Rapid Market Appraisal (RMA) course, a three-day course for trainers. Mr. Katendwa has developed the material with inputs from and participation of trainers and entrepreneurs from Kenya, Uganda and Tanzania. The original concept was developed by Kas Burger, Hans Haan and Ituka Katendwa. This manual borrows significantly from the original but aims to integrate the experience and lessons learned over the years. Many people have made comments on drafts of the manual, and their contributions are also much appreciated.

The FIT programme was launched with funding from the Government of the Netherlands, and this is gratefully acknowledged. Various other donor agencies have funded discrete activities that have enriched the experiences outlined in this manual; these agencies include the Government of Austria, UNDP and the European Development Fund. Again, these contributions are gratefully acknowledged.

Those who are interested are invited to contact the FIT team at the ILO headquarters in Geneva for further information. In particular, this manual is also available in Spanish, on request. In conclusion, we trust that it will increase opportunities worldwide for people to have access to Decent Work.

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1. About this manual

Who is this manual for?

This manual is for trainers, agencies and groups who encourage the development of micro and small-scale enterprises (MSEs). More specifically, it is aimed at those agencies which are interested in promoting self-sustaining Business Development Services (BDS) with high impact. Business Development Services include the range of non-financial services that help businesses to grow. They include product development, training, marketing, business skill development and business counseling or advisory services. This manual offers one method of sensitizing entrepreneurs to the market and developing practical products that can find a profitable place in local markets. Marketing is an area often neglected by both MSEs and support agencies alike, and many MSEs face problems with a decreasing market as competition for the same products increases. Product innovation based on sound market knowledge is rare, though attention to this area is likely to help businesses to grow.

The manual describes a three-day course that takes entrepreneurs through the steps of understanding market demand, developing innovative products, and surveying their local market to assess the potential of the new products. Experience over the last five years in Kenya, Uganda and Tanzania indicates that the course is practical and highly useful to micro and small-scale entrepreneurs, so useful that they are more than willing to pay for it. More critically, there are indications that this service is in demand by MSEs once they experience its benefits and that it can be offered in a self-sustaining manner.

The course has helped generate livelihoods for a new breed of grassroots trainers, or "business promoters". In Uganda local teachers or leaders were offered the course along with an incentive (a discount) for the first trainees they taught. Today they are offering the course to local entrepreneurs at a reasonable profit for themselves. Similar efforts are being planned for Kenya. This new breed of trainers does not rely on NGOs or donors to market their skills, but solicits MSEs themselves. Therefore, the trainers' market orientation has shifted away from donors and NGOs toward MSEs. MSEs find the Rapid Market Appraisal (RMA) course extremely helpful in developing profitable products.

Local business promoters can reach a broad target group in a highly sustainable manner. Agencies and trainers employed by NGOs will also find the Rapid Market Appraisal course useful and practical for their beneficiaries, but ultimately it will be more sustainable if these skills are passed on through trainers who are answerable to MSEs themselves. Agencies also need to take care not to distort the market

for local trainers by offering RMA at below-market rates. It is suggested, therefore, that agencies consider employing professional trainers (or use their own staff) to train local trainers. Thereafter, the agency can consider subsidizing the cost of the training for trainees who are especially disadvantaged or for entrepreneurs who are just starting up their businesses. In the long term, subsidies should not be necessary. It has been FIT's experience that RMA training is an investment that MSEs find cost-effective. The training pays for itself through increased profits to the business.

The rationale for the manual: Why now?

Methodologies for group-based savings and credit have apparently achieved both financial sustainability and an outreach to the poorer and smaller MSEs. This achievement has not yet been matched in the field of BDS.

However, many practitioners assert that Business Development Services are very much needed if MSEs are to innovate and expand. As a result, there is widespread interest in the development of services which can become self-sustaining. Until recently, it was often assumed that a comprehensive package of support measures is required in order to achieve impact. The cost of providing this package made sustainability impossible, and the impact was still very difficult to quantify with any certainty.

The provision of small loans has departed from the "total support package" method. Instead, a uniform product (credit) is offered to MSEs or groups of MSEs. Credit is frequently cited by MSEs as one of their biggest constraints to improving or expanding their businesses. How they use the credit is up to them, provided they repay. Interest rates cover the full cost of providing the credit, while still remaining below the rates charged by the informal sector (money lenders). The credit matches a clearly articulated demand of MSEs, one they are willing to pay for.

Market appraisal is a service that large companies routinely pay for. MSEs can learn to perform the service themselves, on a small but significant scale, after just three days of training. FIT's experience with *Rapid Market Appraisal* began as a service targeted for MSEs. The focus has shifted from MSEs to local trainers of MSEs, in an effort to answer the market demand of MSEs themselves. *Rapid Market Appraisal* is a method that MSEs have recognized themselves as a valuable way of discovering new product ideas that match market demand.

***The concept of Rapid
Market Appraisal***

Rapid Market Appraisal helps MSEs develop marketable products and sensitizes them to the importance of marketing. Most MSEs tend to be fully occupied producing their goods and services. They tend to get their ideas for products from their competitors, until the market is saturated with numerous small producers all competing for a smaller and smaller portion of a limited market. MSEs tend to seek customers based on personal relationships, like relatives and friends, instead of using innovative products to attract new customers. They rarely ask their customers how they could improve their products or services.

RMA helps MSEs recognize the needs and opportunities present in the marketplace. When clients become a source of information, ideas for new and improved products can be exploited. The demand for the product can be assessed so that only marketable products are produced and the MSE begins to realize the importance of putting the customer first.

***On what experience is
this manual based?***

FIT has sponsored many RMA training courses in Kenya, Ghana, Uganda, and Tanzania over the last four years. A number of business promoters and professional trainers have gone on to conduct RMA training without FIT sponsorship, and much of their experience has included thorough interviews. Hundreds of MSEs have been trained in RMA, and several courses have been formally evaluated.

***How is the manual
structured?***

Chapter 2 presents the case for facilitating Rapid Market Appraisal training. Development agencies will want to know what impact the training has on participating MSEs and also whether the service is in demand. Future trainers and business promoters may just want to know if it is in demand. MSEs will want to know whether the training is worth the time, money and effort required and what benefits may be realized.

Chapter 3 gives a step-by-step approach to conducting RMA training. The emphasis is on training trainers, who in turn will train MSEs, hopefully largely on a for-profit basis.

Chapter 4 provides pointers for monitoring and evaluating the training and makes some suggestions for future innovations.

2. The benefits of Rapid Market Appraisal

The quantitative impact

Entrepreneurs who undertook exercises in Rapid Market Appraisal all reported increased sales. Unfortunately, evaluations to date have not attempted to quantify the amount of profit realized in these sales. To do so accurately, a control group would be required. Another area of quantitative impact which can be measured is the increased number of customers. Again, this has not been carefully measured thus far. Instead, a general trend has been noted. Measuring benefits quantitatively is somewhat challenging. The benefits that can be attributed to the RMA exercise somehow need to be separated from overall economic trends or seasonal factors. For guidelines on how to measure impact quantitatively, see Bert Wesselink's manual on the subject: Quantifying impact of MSE support services at the enterprise level, FIT/ILO, Geneva, 1995.

Another way of measuring the impact of RMA quantitatively is to examine how much MSEs are willing to pay for the training (and what portion of their income this amount represents). Business promoters in Uganda find that MSEs are willing to pay quite a substantial portion of their monthly income for RMA training, particularly after they see the benefits it brings to their competitors. While willingness to invest money in RMA is a very clear indicator of MSEs' own perception of its value (MSEs generally have little cash to spare, and certainly none to invest unwisely), it should also be noted that the willingness to invest time and labour are also important indications of MSEs' demand for RMA. MSEs generally have few employees and have to perform many tasks to keep their businesses alive. There is not much extra time to spare, unless it will bring a return on investment.

The qualitative impact

In general, entrepreneurs who undertook RMA training reported improved skills: after the training they were able to carry out their own market research and product development. MSEs also reported gaining awareness of the need to seek customers, to display products, and to value customers and put their needs first. The realization of the need for marketing was gained. As a result, products were developed or modified to match market requirements, and the quality of the products generally improved. Even after the RMA exercise, communication with customers continued, and their input helped improve products continuously. These improvements in products led to increased sales and an increase in the numbers of employees required by the business. An evaluation of the training of 22 members of the Kamukunji Association found that 80 per cent of those surveyed added two to five new employees to their businesses.

The fact that the training brought together a number of MSEs from the same sector meant that the MSEs had the opportunity to learn from each other. A number of gains in technology and business contacts were reported, including new production techniques, information on tools and spare parts, new repair skills and information on suppliers.

New customers were the most commonly reported benefit of the RMA training. All of those surveyed reported an increase in customers. Participants learned to find new customers both by actively seeking them and by improving their products.

After the RMA training, I visited Kisumu and Homa Bay where I was able to get customers. I am also on the lookout for customers in Nairobi, especially during social functions and activities.

(Margaret A Nyatieno, Kamukunji Association)

All the participants also reported increased communication with their customers and a recognition of how important customer feedback is for product development. Other lessons learned included learning how to talk politely to customers and how to be oriented to pleasing the customer.

All of the MSEs surveyed also reported new business contacts, including suppliers, NGOs, and information on new markets. Forty per cent reported gaining new marketing ideas, especially from their fellow trainees, many of whom they visited after the training.

Management improvements were also cited. These were taught indirectly in the course of the training or gained from other MSEs. Some MSEs cited improved business accounting systems, stock control, and general organization. All of those surveyed reported improved record keeping. As one MSE stated:

I have learned to distinguish business money and money from other sources. To make the business profitable and sustainable, I have designed packages for incentive creation for my employees.

(James N. Githua, Githua Metalworks, Kenya)

All of the MSEs surveyed also reported improvements in self-confidence and "expanded horizons". A few found solutions to specific business problems.

Clearly, RMA is highly useful training to MSEs. The fact that it requires only three afternoons and is relatively inexpensive to offer and to undertake indicates that it is more than a worthwhile investment for MSEs to make. In the next chapter, we will explore how to set up and conduct RMA training.

3. Organizing and conducting Rapid Market Appraisal

**Getting started:
Initial planning**

Who will attend?

A planning period is important for you, the trainer, to be well prepared to conduct the training. It is also the time for MSEs to become aware of the opportunities that RMA training offers. The first question is: To whom is the training targeted? Although the training does not require that MSEs belong to the same subsector, those who fear competition with their peers may be more comfortable if they are not in the same business. However, bringing MSEs from the same subsector has many benefits, and in this manual we will assume that the trainees are generally from the same one or two subsectors. When they are, there are all the benefits of networking and gaining new ideas and new confidence. If possible, to minimize competition, one could try to bring together MSEs from dispersed locations (but the same subsector).

Generally, RMA training is geared for those entrepreneurs who have already established their business. In other words, their businesses will be at least a year old. While new MSEs can certainly benefit from RMA training, their needs will also include a wide range of other services, and they will need to consider a variety of issues when planning which products or services to offer customers.

For trainers, RMA is a product to market to potential clients. The client may be an NGO or an MSE association. In this case, the target group is already selected, at least in part, by the client. It is relatively easy to market RMA training to these intermediary groups, and organizations are likely to be looking for tools like RMA to help their clients develop better businesses.

Marketing RMA training

In order to reduce dependency and increase sustainability, it would be preferable to market the training directly to MSEs. In Chapter 2 a number of examples of the benefits of RMA training have been described. These can be used to market RMA training. Face-to-face marketing is probably the most effective, albeit the most time-consuming, method of marketing RMA training to non-literate people. Other methods include advertising (flyers, posters, church announcements) and incentives. Incentives could include special discounts for introductory training. One could approach an intermediary organization and suggest that it funds 50 per cent of the first training as a special offer to MSEs. Word of mouth should then bring in new clients as competitors see the benefits of the training. In this manner, NGOs and other intermediary organizations are less likely to distort the market for the training.

Another option is to gear the RMA training for trainers, either established trainers, potential trainers or "business promoters". Most communities have a local teacher or someone with leadership skills who has a natural ability to teach others. Equipping such individuals with the skill to teach RMA locally ensures that the learning process can continue indefinitely in the community and provides the local trainer with a new source of income. This method has been used successfully by FIT Uganda. Local trainers, or business promoters as they were termed, were recruited through advertisements in the national newspapers. The ads explained that the training was being offered to potential training entrepreneurs as a business opportunity to become professional business promoters. FIT provided 50 per cent of the cost of the training for the first trainees. They returned to their home areas and began offering RMA training and other business skills training to their local MSEs.

***General guidelines
for the training***

FIT's experience suggests the following general guidelines for conducting the RMA training:

- The training is designed to last three days, held over three four-hour periods. The training is short and held only for half a day so that MSEs do not have to take too much time from their normal duties. MSEs are usually very busy and cannot spare much extra time. Holding the training for half a day allows MSEs to attend to their businesses first.
- The course is designed for 10 to 15 participants. More than 20 participants would take more than three days to conduct. Fewer than ten participants would not allow them to benefit fully from exercises such as brainstorming that involve the whole group, although fewer than ten would allow for more individual attention.
- The training should be held in a location that is not too far away from the MSE's place of business. On the other hand, it should not be too close either (for example, it should not be held within the place of business); otherwise MSEs are likely to be disrupted by their clients or staff. The room used should be large enough for everyone to fit comfortably. If tables and chairs are not available, a floor mat can be used. Participants should be seated so they can see one another, for example in a U or circle formation. Flip charts, pens, blackboards or writing boards should be available for the trainer, as well as wall space to hang newsprint.

- Participants should designate one person to take notes during the workshop, or the trainer should hire a secretary. Participants should not take notes themselves, so they can participate more fully in the group discussions.
- Training should be held at a time of year when MSEs are likely to have time and resources available for the training. This will depend on the season and the type of business the MSE runs.

Training methodology

In order to learn, people need to participate - give their full attention and be fully involved in discussions and exercises. Therefore, trainers are encouraged to find creative ways of helping everyone participate fully. The occasional use of games can be helpful, as they use the whole body and command full attention. It is suggested that the trainer uses "ice breakers" - games to help people get to know each other, and "energizers" - games to help people be alert and become involved when the class is sluggish. An energizer can be anything that gets people on their feet and active; for example, singing a song can be an energizer. Trainers should ask questions and call on individuals instead of lecturing. Trainers should not supply answers but should help people think for themselves, using simple, constructive language. Encourage the quiet sorts to speak up and the dominating types to listen. Paraphrase people's words when they make suggestions, and write them down or repeat them back to them. Never ridicule anyone's input and listen carefully to questions, observations and suggestions.

The three-day training consists of limited lectures, group work, and field work. Participants should all have a chance to report back their findings. If the group is larger than 15, it may be necessary to extend the training by one day.

Day 1, Step 1: Introductions - Breaking the ice

Ice-breaking exercises

Introductory exercises or "ice breakers" can help establish a spirit of teamwork. Your class participants will also work more effectively if they are comfortable with each other. If you are working with an association or an NGO your class may already know each other, but these exercises are still helpful to establish constructive group dynamics. Any exercises that familiarize people with each other can be used. Try making up one of your own! Here are some examples:

- Have people count off and then break into pairs. Each person asks the others a few questions, such as where they come from, what type of business they run, what they would most like to learn, their most embarrassing moment, their greatest achievement, etc. After a few moments, each introduces the other, citing some of the information learned.
- Have people introduce themselves, making up a sentence of matching first letters. For example, "I'm marvelous Michael and I make mousetraps," or "I'm wacky Wanjiku and I weave woolens." The sentences will help everyone remember the names.
- Go around the circle, introducing yourself and citing everyone who has come before, e.g. the first person says "I'm Joe", the next person, "I'm Helen and that's Joe", and the next person, "I'm Odiambo, and that's Helen and Joe". The last person will have to recite everyone's name. If he/she misses, he/she must go to the end of the circle to have a second, even harder, try.

Day 1, Step 2: Setting norms

Rules to govern class behaviour

The class will proceed more smoothly if there are rules to govern group behaviour. Ask the class to volunteer what sort of rules should govern the course. Getting everyone to participate in this first exercise helps set the stage for full participation throughout the course. The rules might include being on time, raising one's hand to speak, or not interrupting others. You may also want to set sanctions (e.g. fines) for those who break the rules, or you may want to designate someone to be in charge of looking after people's personal needs or monitoring progress.

During this time, you should also outline the structure of the workshop, explaining to everyone the schedule and briefly summarizing what they will be expected to do and what they should learn by the end of the three days. Begin this by asking the class what their expectations are of the workshop and what they hope to learn during the next three days.

Day 1, Step 3: Introducing simplified SWOT analysis

Introducing SWOT analysis

A good product answers the needs of its customers. It solves a problem for them. If people value the product enough, they will pay for it. When this is the case, we say there is a **market demand** for the

product. The market simply refers to all trade activities: all the buying and selling of goods and services adds up to the market. Demand refers to the fact that people want the product enough to pay money for it. In deciding if a product meets market demand, it is a good idea to see how well it solves problems or answers needs.

Brainstorming

Describe to the class a problem you are having. It can be a real problem. For example, you might tell the class how your child has to stay at home from school this week because he is sick, and your wife has to work. She was hoping you would be home to look after the child, but instead you are here teaching in the workshop. Ask the class to help you **brainstorm** for solutions to your problem. Brainstorming helps people think creatively. First explain the rules of brainstorming:

- The goal is quantity, not quality. Think of any possible solution. Anything goes.
- Do not comment or criticize anyone's ideas or suggestions.
- Silliness is fine. Laughter is encouraged.

Let the class continue to think of possible solutions to the problem until they can think of no further possibilities. You might end up with a list like this:

- Hire a baby-sitter.
- Cancel the workshop.
- Have your wife take leave.
- Bring the child to the workshop.
- Ask a relative to visit.
- Tell the child to go to school anyway.

The next step is to list the positive and negative aspects of each solution. Ask the class to think what is good or bad about each other's solutions. For example, hiring a baby-sitter is good because it solves the problem without creating further problems. Its negative aspect is that it is expensive, especially for three whole days. Canceling the workshop solves the problem, but at everyone's expense. Bringing the boy to the workshop is inexpensive, but it might disrupt the workshop and make the child sicker. When listing the negative aspects, ask how these might be overcome. After all the solutions have been analysed, ask which appears to have the most potential to be the best possible solution.

Explain that this is an exercise they will come back to as they try to decide which product has the best market potential.

Day 1, Step 4: Product idea generation

Generating ideas for new products

Explain that products provide solutions to problems. In this case, the solution might be a service, such as baby-sitting, provided by an employee or a relative. Ask people what products they sell. After listing some of these products, ask what solutions or problems the products are solving.

Ask if anyone else is producing the same product. Does this create any problems for you, the producer? If so, what is the problem? What solutions might you have to solve the problem?

The class should come up with the fact that the more people produce the same product, the more competition there is for a limited share of the market. The market is like a pie, and the more producers there are, the more the pie is sliced up into thinner and thinner pieces.

You might like to use a case study here to illustrate the point (for an example, see the *Rapid Market Appraisal: A manual for entrepreneurs*) or ask the class to cite a case they know personally. Why do customers buy from one producer and not another?

One solution to too much competition for a limited market is to come up with new or improved product ideas. Then you will be competing for a relatively open market.

Ask the class to brainstorm about where to get product ideas. Some possibilities include:

- visits to other towns or countries;
- magazine, journals or books;
- trade fairs;
- thinking of ways to use local resources;
- thinking of ways to use waste products;
- thinking of the needs of major customers, e.g. institutions, farmers, etc.
- thinking of local problems that need solutions;
- thinking of ways to improve existing products;
- thinking of ways to use your own skills or hobbies;
- asking customers;
- asking experts, e.g. research institutions, retailers, suppliers.

Customers are a very important source of business ideas. The idea will only work if customers are willing to pay for the product.

Day 1, Step 5: Specific product idea generation

Generating three new product ideas

Now tell the class that they must each come up with three NEW product ideas, different from the products they already sell. Think about what they can sell and what they have the capacity to produce. They must draw a picture of the product on a separate piece of paper. Assume they have the materials and a limited amount of credit to purchase the required materials. If possible, write what demand the product meets.

After the class has completed the drawings, write or draw all the positive and negative aspects of the product. Select one product from the three, the one that has the most positive aspects. Then each member of the class will present his/her product, and the rest of the class will try to think of other positive or negative aspects of the product (and ways to overcome the negative aspects). Positive aspects could include: inexpensive and readily available materials, little competition, large potential market, it uses skills the MSE already has, does not take long to produce. Negative aspects could include: lack of awareness of the benefits of the product among customers, easy for other producers to copy, fragile, etc. If the product appears to have too many negatives that are difficult to overcome, the trainee should present his/her second or third idea.

Presentations may mean that some people will need to think of another idea. They may have come up with an idea that is not new, where many people are already producing the same product, or an idea that requires more skills, equipment or labour than they are likely to obtain. Everyone has the assignment of coming up with a viable product idea by the next day.

Day 2, Step 1: Review the previous day and present the remaining products

Start the day by asking the class to outline what they learned the previous day. Be sure to include:

- definition of the market and the demand;
- definition of a product;
- how the product would provide solutions to customers' problems;
- how to brainstorm;
- where the product ideas come from;
- how to evaluate the products by their positive and negative aspects.

Anyone who still needs to present a viable product idea should do so, and the class should help come up with further positive and negative aspects and how to overcome the negative aspects.

Day 2, Step 2: Preparing for Rapid Market Appraisal

Preparing for Rapid Market Appraisal

Write the following:

What is happening now:

Similar products
High competition
Low incomes

What is desired in the future:

Market research
Identification of new products
Increased profits and incomes

Ask the class to list some of the aspects of their products. These should answer the questions: Why have you chosen these products? What will make them sell?

Then list some of the negatives. Ask the class what strategies they can think of to overcome the negatives.

Next, identify potential customers. Who will buy the product? What need does it answer for them? Explain that customers will be the first group of people to be interviewed during the market appraisal. You need to know as much about them as possible. Will they be young, old, rich, poor? Will they be from the country or from the town? Are they likely to be men or women? How often will they buy from you and at what time of the year?

If there are many different types of people who might buy the product, or if it is not clear who will buy the product, it is important to seek out a **cross section** of potential customers. Interview someone old, someone young, someone male and someone female. Vary the group of potential customers interviewed. If the customers are likely to all be from one group, such as middle-aged women, then it would be important to try to find some differences, such as from different

neighborhoods, ethnic groups, or income brackets. Ideally, it would be good to interview at least ten customers and certainly no less than six.

Who else might have useful information? Brainstorm with the class to come up with other **key informants**. Key informants are people with specific information or insight about your product, its customers and other aspects of the market. They might include suppliers, traders, NGO personnel, government agents, researchers, etc.

Ask the class: Who might be a key informant for their particular product? Who might know about its production? Where can the materials or technology be obtained? Who might know about marketing it? Of these, who is likely to be the most useful?

Day 2. Step 3: Developing questions

Marketing the product - brainstorming ideas

What exactly do you need to know to market your product? Ask the class to brainstorm on this question. Some of the areas to emerge include:

- How will the product be made?
- What exactly is to be made?
- Why will people buy it?
- What do people look for in this product?
- How much are they willing to pay for the product?
- Who else is making the product and for what price?
- How should the product be packaged?
- How should the product be marketed?

Ask two members of the class to volunteer for a role play. Have one person be the customer and the other the MSE. Let the MSE approach the customer with the questions he or she would like to ask. Then ask the class to critique the interaction and suggest ways to improve the interview.

Here are some general pointers on asking questions:

- Describe your idea positively. Explain why you think it will be something customers want. This is an opportunity to promote your idea.

- Ask open-ended questions using "Who? What? Why? Where? When? How?": for example, "How satisfied are you with this product?", NOT "Are you satisfied with this product?". **Do not** ask questions that can be answered with **yes** or **no**.
- Do not be afraid to follow a question with a question. Only ask one question at a time: for example, "How much profit do you make on each order?", NOT "How much profit do you make and how much do you have to spend on transportation?". Repeat back what people tell you to make sure you understand what they have said.
- Be sure to thank people for their time and patience with you. If the interview goes well, ask if you might visit again.

Get the class to list some of the questions they might ask customers. If it is a new product, the list should include questions about why the customer would want to buy the product, including questions about the style, quality, price, packaging, where purchased or delivered, and what type of after-sales service is offered. If it is a product that is already available in the market, the list might look something like this:

- Where do you buy this product or service?
- Where else could you get this product or service?
- Why do you buy from "x"?
- How often do you buy?
- What price do you pay?
- What do you think of the quality of your purchase/service?
- What do you think of the price?
- Is there any way you think it could be improved (style, packaging, service)?
- Do you know of anyone else planning to offer this product or service?

Questions for key informants will depend on the type of expertise the key informant has. Nevertheless, ask the class to think of possible questions for key informants. The list might look something like this:

- This idea will help people by ----. How much do you think people need such a product or service?
- What do you think would be most important to encourage people to buy (e.g. quality, style, price, reliability, etc.)?
- Do you think it is a business that could grow over time?
- What are the trends?
- Do people need this product all the time or does the demand change throughout the year ?
- Are there aspects of the product that people want but can not get or can get only with difficulty?
- What else do you think people would like to have?

Day 2, Step 4: Conducting fieldwork

Interviewing customers

There may be a number of key informants who will be interviewed by more than one MSE. In this case, the MSEs should designate two or three people to interview that person and cover questions for a number of people. Care should also be taken not to approach the same potential customers over and over again. In certain cases, MSEs may want to form teams of two to interview customers where they have related products. After teams are formed, the group disperses to conduct its fieldwork. The next day will be devoted to presenting the information gathered during the appraisal.

Day 3, Step 1: Reporting back

Presenting the results

Each member of the class should present the results of his/her survey and explain what actions are now required, given the results of the survey. Will the product be produced? What will be the materials, equipment and financing for the product? The presentation of the survey should cover the following areas:

- Who was surveyed? Explain the size and type of customer sample used and any key informants.
- Is there a market for the product?
- Who will be the customers?
- What need does the product fill for the customers?
- What do the customers want in this product (quality, price, packaging, how and where it would be sold)?
- What do you know about the design for the product?
- Who was the most important key informant?
- What information did he or she provide?
- Give details of any other information gathered.

Day 3, Step 2: Developing a plan

Analysing the results

During the presentations note down any problems that have arisen with particular products. Perhaps it requires equipment that the MSE does not have or materials that are not readily available, or will require some initial financing. After everyone has completed his/her presentations, write down some of the problems that were shared by more than one entrepreneur and have the class brainstorm for solutions. Develop a plan for future development of the new products incorporating some of these solutions. The plan should include answers to these questions:

- Exactly what product will you make (the design of the product)?
- Do you have the skills to make this product? If not, how will you get them?

- What materials will be required?
- What tools or equipment will you need?
- What will you need to do to get the materials, tools or equipment?
- Where will you sell the product?
- How will you package and advertise the product?
- How long will it take to cover each of the above steps?
Make a timeframe.

Demonstrate how one should estimate the costs of developing a prototype, and estimate how many sales will be required to cover these costs.

If the course is being offered with the support of an NGO or an MSE association, it might be a good idea to suggest that, instead of paying for the training, the sponsoring organization could provide a portion of the costs for developing the prototype and allow the MSEs to cover the costs of the RMA training themselves. Prototype development is an investment that should lead to a return, but it may take some time before returns are realized.

Planning for and developing the prototype are processes that will not be covered by the RMA training, but the class should understand what will be required of each of them to implement the results of their market study.

Be sure to leave time for evaluating the course at the end of the last day. This topic is covered further in the next chapter.

4. Monitoring and evaluating Rapid Market Appraisal

It is important to monitor the successful implementation of the Rapid Market Appraisal course and to evaluate the results. This will enable you, the trainer, to steadily improve the content and delivery of the course. It will also help you to persuade MSEs and MSE support organizations to promote or implement Rapid Market Appraisal. For an extensive guide on evaluating FIT activities, see the three manuals written by Bert Wesselink.

At least two parties should be involved in the monitoring and evaluating of the RMA. You, the trainer, have a responsibility to ensure adequate monitoring and evaluating. The MSEs, clearly, will also want to give their input. If a support agency has been involved, such as an NGO or an MSE association, it should be encouraged to support and participate in monitoring and evaluating activities. Ideally, a support agency could fund an independent evaluation to take place some two to six months after the training. This would allow the MSE time to develop and market its prototypes. It would be possible to get some indication of how well the prototypes are selling by then.

The first step of good evaluation is careful monitoring. Any baseline data you can gather about your MSE trainees will be useful for later evaluations. This information could include:

- the type of business the MSE runs;
- how old the business is;
- how many employees (full- and part-time) are employed;
- approximate monthly profits;
- seasonal fluctuations in profits;
- what products are currently sold;
- how they are marketed.

When the RMA course is finished, set aside some time to get feedback from the trainees. Some of the questions they should answer include:

- What did you like best about the course?
- What did you like least?
- What could be done better and how?
- What benefits has the course brought to you? (Possibilities include new product ideas, new marketing ideas, new customers, better understanding of customers.)
- Would you recommend the course to a friend?
- How much would you be willing to pay for it?
- Could you keep track of any sales of the product you have developed during the RMA training?

Evaluation of the RMA training needs to be carried out at least a few months after the training. Ideally, an evaluation should be conducted about three to six months after the course by someone who does not have an interest in the results.

If the RMA training was held for trainers or local business promoters, you will want to find out how many MSEs they have trained. You will also want to find out if they have made any efforts to measure the impact of this training on the MSEs and encourage them to do so if they have not. Join forces to interview the MSEs and get a better picture of the impact of the training.

If trainees have kept track of the sales of the products developed during the training, this will be valuable information for quantifying the benefits of the RMA exercise. Estimations of general profit increases or decreases are more difficult to attribute directly to the RMA exercise. External factors need to be accounted for, including seasonal fluctuations or changes in the local economy. A control group would be the most accurate way of separating external factors.

When interviewing MSEs about the impact of the RMA training, bring along a checklist of items you want to cover. Be careful not to prompt for answers. Follow the same guidelines for asking questions that you taught the MSEs for conducting interviews with customers and others. Find out:

- What have they gained from the training?

For example:

- new and improved products,
- the number of sales,
- new customers,
- increased part-time or full-time employees,
- ideas for new/improved methods of production,
- new information on where to find tools, spare parts, raw materials or other services,
- new marketing ideas,
- increase in enthusiasm and self-confidence,
- new relationships - opportunities to share tools, markets, or sources of inputs.

- Of the above, what has been the most valuable and most useful to their business?
- Have they conducted another rapid market appraisal on their own since the course and, if so, with what results?
- Do they plan to conduct further RMAs on their own?
- Would they recommend that their colleagues take the RMA course?

- What is the most they would be willing to pay for the course?
(Provide a range of figures)
- What would they suggest be done differently in the future?

A form listing these questions may be too leading to be valid, particularly when it comes to describing the benefits of the training. Instead, sensitive interviewing, asking clients what they gained from the training or how they have changed since the training, with careful probing is more likely to generate accurate responses.

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