



Australian Centre
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Agribusiness Master Class

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Day 3: Market research, and preparing to go out to field

Oleg Nicetic



Defining your value chain research objectives



Value chain analysis

- Seeks to understand the conditions upon which a network of actors operate in
- Describes and evaluates, in order to identify, prescribe, or test

VCA for *research* purposes is not in a position to implement – because we are not value chain actors.

This is why participatory approaches are critical if the goal behind value chain analysis is *development*.



Why do we normally do conduct value chain analysis?

- We want to identify where in the chain value is created, gained and lost
- We want to identify how this takes place
- We want to identify areas what and where improvements can be made





What are the usual assumptions around VCA?

- Value is derived from economic activity
- Value is realised by meeting consumer needs
- There are different types of relationships in chains
- Presence of support functions
- There needs to be a 'fit' between actors in a chain
- Inefficiency is a problem



Some challenges or problems that value chain analysis can address:

- How can I increase my profits?
 - Where can I improve efficiencies?
 - Where can I value-add?
 - Which markets are worth pursuing?
- What are the risks that I should be aware of?
- How can I do better?

Activity: Defining value chain research questions

You have been approached by (actor A) because they would like to *increase profits* for the product/industry that they are working on and *benefit the poor*.

1. List *one specific area* that you would like to provide insight on through value chain analysis.
2. Devise three *research questions* for this area that will help you address their problem



But what about value chains for the poor?

- We need to understand what the poor value
- We need to support a wide range of visions and aspirations – a different set of priorities





How are the poor placed against the usual assumptions around VCA?

- The poor draw different forms of value from participation, and not necessarily from economic activity alone
- The poor are also consumers of their own crops
- The type of relationship that the poor can benefit from needs to be assessed and not assumed
- Support functions are also crucial in creating an environment for participation
- The visions and aspirations of the poor are likely to be different to others in the chain, driven by the value they want out of participation
- How the poor contribute may come across as inefficient in the context of the whole chain, because efficiency is not their goal

Activity: Let's do that again – for the poor.

Having shared your insights, they now come back to you (because you've done such a stellar job) and want to benefit the poor.

1. List *one specific area* that you would like to provide insight on through value chain analysis that focuses on benefits for the poor.
2. Devise three *research questions* for this area that will help you address their problem



Design of a rapid value chain appraisal

Tiago Wandschneider

Design of a Rapid Appraisal of Value Chains



Learning objectives

By the end of this session, you should have an understanding of:

- Key steps and choices in the design of rapid value chain assessment studies
- Sampling approaches and procedures for a rapid appraisal of value chains

Discussion



1. Have you ever participated in a value chain study?
2. What was the study purpose / objective?
3. What was the product focus? Why?
4. What segments of the chain were researched? Why?
5. What was the duration of the study?
6. What was the composition of the study team?
7. What were the study locations? Why?
8. What was the study sample (sampling choices)?

Chain delimitation

1. Product focus

(e.g. milk / cheese / yoghurt?; fresh coconut / dessicated coconut / nata de coco / cocounut milk / activated carbon / etc?
Maize / feed / poultry?)

2. Chain segments

(e.g. include or exclude the input chain? Include or exclude cassava or cocounut processing? Include or exclude processed fruit? Include or exclude traditional retailing? Include or exclude consumers? Include or exclude export markets?)

3. Geographical focus

(e.g. local? regional? national? International?)

Size and composition of study team

- Study teams should be small (2-4 people)
- Team members should have complementary knowledge and skills
 - ⇒ Economics (agricultural economics, socio-economics)
 - ⇒ Business and marketing
 - ⇒ Technical (agronomy, post-harvest, processing...)
 - ⇒ Interviewing and facilitation skills

Common methods for rapid appraisal of value chains

Review of secondary data and information

Qualitative

- FGD w/ farmers
- SSI w/ key informants
- Direct observation

Quantitative

- SI for collection of farm gross margin data

Sample design

Choice of study sites

Selection of key informant categories

No. of interviews per key informant category

Choice of study sites

1. Target production areas and downstream assembly, wholesaling and consumption centers
2. Other important production areas and distribution and consumption centers (benchmarking!)
3. Export-import points (e.g. ports, border posts)

Key informant categories

Knowledgeable
observers

The diagram illustrates three key informant categories. At the top is an oval labeled 'Knowledgeable observers'. Below it is a large, light purple arrow pointing to the right, containing a dark teal rounded rectangle labeled 'Chain participants'. At the bottom is a dark teal rectangle labeled 'Support service providers', with a small dark teal arrow pointing upwards towards the 'Chain participants' box.

Chain participants

Support service providers

Sample size

- Minimum of 3-5 interviews at each stage of the chain
- At each point in the chain, the more heterogeneous the “population” the larger the number of interviews required
- Sample composition and size should be adjusted (fine-tuned) during the fieldwork
- Indication of right sample size: study team starts to gather a set of consistent responses from the same category of key informants

Sample procedure: How to select key informants?

- Identify and select *key formal enterprises*
- For other market actors, use a combination of *snowball sampling* and *purposive random sampling*
- Capture chain diversity
 - ✓ Men and women
 - ✓ Poor and wealthy farmers
 - ✓ Informal and formal traders
 - ✓ Small and large processors
 - ✓ Traditional and modern retailers
 - ✓ (...)

Example: Mango chain study in eastern Indonesia

	Input suppliers	FGD	Prod.	Traders	Retail	Proc.	Research	Govt.	Total
Jakarta	1			4	2			1	8
Bogor							1		1
West Java									
Bandung				2		1			3
Cirebon	1		1	3		1			6
Central Java									
Pemalang	1	1	2	1					6
East Java									
Situbondo	2	3	5	5		1	1	1	18
Probolinggo	1	1	4	3		2		1	12
Surabaya				7	6				13
Malang				1					1
NTB									
Mataram	1			4	2		3	1	12
N. Lombok	5	2	8	4			1		20

How to approach key informants?

- Letter
- E-mail
- Telephone
- Prior visit
- Spot visit

Discussion



When collecting value chain data, should we follow the chain upstream or downstream?

Start in *terminal markets*

when there is no particular geographical focus

Start in *production areas*

when there is a focus on certain geographical areas

NOTE:

Even when focusing on particular geographical areas, it is important to gather information on competing production and distribution centres for benchmarking



Field work logistics and operations

Anton Simon Palo



Preparing for field

Anton Simon Palo



Prep and practice!



Evening

War stories: Notable experiences from value chain research