Workshop for Strategies to Improve the Competitiveness of Smallholder Livestock Sector in Central Asia

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27 March 2007

Market-driven Research
Исследование рынка

- Market-driven research starts with the market
  - Production-driven research assumes the market exists
  - Market-driven research promotes an understanding of the marketing chain and constraints along it which aids prioritization of farm-level issues

- *Исследование рынка начинается с рынка*
  - *Исследование производства подразумевает, что рынок существует*
  - *Исследование рынка улучшает понимание маркетинговой цепочки и сдерживающих факторов, сопровождающих ее, что помогает выделить вопросы хозяйств как приоритетные*

Market-driven Research Approach
Подход для исследования рынка

1. Define and describe market
2. Identify apparent opportunities and constraints
3. Investigate and verify opportunities and constraints
4. Design strategies and implement activities to pursue opportunities and address constraints

1. Определение и описание рынка
2. Идентификация существующих возможностей и сдерживающих факторов
3. Исследование и подтверждение возможностей и сдерживающих факторов
4. Design strategies and implement activities to pursue opportunities and address constraints

Session Objectives

- Next 6 months are time period assigned for initial description of market and identification of apparent opportunities and constraints
- During this session we will build on results from this morning and create a strategy for achieving this objective during the next 6 months
- Specifically, we will
  - Identify information needs
  - Identify appropriate research methods to meet these needs
  - Create a research plan including an activity plan, time line and budget

Definition and Description of Market

- Information needed:
  - International context and trends
  - Domestic status in international context
- Data needed
  - Time series
    - Prices of inputs (feed, capital, etc.)
    - Outputs by type (breed, etc.),
    - Production, exports & imports, etc.

- Information sources
  - Secondary statistics
    - From international and domestic agricultural development & industry sources, government
    - e.g. FAO, Ministry of Agriculture census,
    - Much information is available on the internet
  - Literature review
    - Previous research report syntheses
    - Conference proceedings, etc.
    - Regional journal articles

Definition and Description of Market

- Information Needed: Domestic Market Structure
  - Geographic distribution of producers and production
  - Number of producers
  - Forms of horizontal organization
  - Characterization of household livelihood strategies and farm systems
  - Characterization of product-specific systems
  - Value-added activities
  - Input, capital markets and sources

- Information sources
  - Secondary statistics and literature
  - Rapid Appraisal Field Research
    - Visit people who work in the market, all along the marketing chain
      - breeders, farmers, intermediaries, wholesalers, slaughterhouse, butchers, value-added (e.g. sausage) producers, packers, retailers, exporters, regulatory agents
    - Bring a checklist of information that you need (and/or questionnaire)
    - Interview and observe
    - Work on write-up and return to clarify unclear points

- Data collection for enterprise (partial) budgets
  - Ex.
    - Breeding lambs to sell vs.
    - Lamb fattening by rangeland (extensive) grazing vs.
    - Lamb fattening by intensive feeding of lambs in urban & peri-urban areas
    - Lamb fattening by intensive feeding of lambs in rural areas
  - Involve repeat visits to farms and markets that are representative of different types

- Data needed for marketing costs and marketing margins
  - Farm gate prices
  - Wholesale prices along marketing chain
  - Retail prices
  - Costs of value-added activities along marketing chain (transport, feeding, processing, etc.)

- Upon completion of descriptive stage of research, you should have a clear understanding of how the market, its context, and how it works
- Beyond factual information, you will also have made and recorded impressions of opportunities and constraints in the market
- These are investigated in the next stage

- The opportunities and constraints that you observed can be translated into *hypotheses* that will be tested in the quantitative research stage
- It is important to understand that your impressions of opportunities and constraints must be examined scientifically
- That means that you look at them as hypotheses and test these hypotheses—this requires looking for both supporting *and* disproving evidence

- Example: Cacao (chocolate) markets in Ecuador and the role of intermediaries
- Question: There is a profitable international market for high quality chocolate—why don't farmers invest to improve their productivity and the quality of their output?
- Hypotheses: No incentive to invest because middlemen exploit them through
  - Market power
  - Price discounts for quality
  - Exploitive credit relationships

- Field research
  - "Middlemen" are often viewed in a negative light, but they also provide important functions
  - We took an open mind to examining their role
  - Found that there were price discounts for quality but also found that they play an essential role in providing credit for planting, and that market power was a result of market structure
  - Collected household and market data that will be analyzed to determine whether quality discounts are excessive

Second Stage of Research

– Formal household and market surveys to test hypotheses about opportunities and constraints in markets

• Workgroup tasks
  – List and prioritize information needs
  – Identify how you will meet these needs
  – Activity plan, time line, budget