

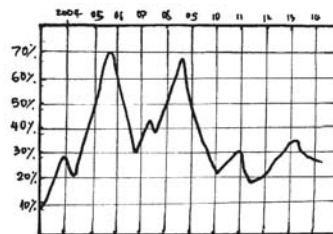
Market Chain Analysis

Technical solutions often have limited effect because livelihoods are still subject to market constraints. There are various approaches to market research but all of them at some point involve 'market channel analysis,' also known as 'supply chain analysis.'

Checklist for market channel analysis

Market channel analysis follows a product from producer to consumer. It identifies and describes:

- All points in the chain (producers, traders, transporters, processors, consumers).
- Prices in and out at each point.
- Functions performed at each point -- who does what?
- Market demand (rising, constant, declining, approximate total demand in the channel).
- Market constraints and opportunities for the products.



Do this analysis for: a) existing products, and b) potential products.

Tip: First identify the links in the market channel, and then fill in the details.

Identify and describe the market channels

Who handles the products? Who are the people in the chain? Who does the trader buy from? Who does he/she sell it to? How much product does she handle? How is it transported? Who is the next buyer in the chain? (Follow the chain all the way to the end). What is the buying and selling price at each point in the chain? How is it paid (credit or cash)? Who stores the product and how? How is the product processed and by whom? Is there more than one market channel? (Carry out an analysis for each).

Use a 'Functions Matrix' to understand the market channel for each product:

- List all the functions that are performed on the product along the market chain (e.g. processing, storage, transport, packaging, and so on).
- Find out who performs each function, where, and at what price.
- Fill in the details on inputs and outputs.

Market Constraints

- No buyers or only one buyer (monopsony).
- Cannot reach required volume for sale.
- Insufficient or declining demand.
- Falling price trend.
- Risk of price volatility.
- Trend towards substitution by other products.
- Difficult market entry.
- Too much competition (others can produce cheaper, control distribution or market the product more effectively).

Production/Processing Constraints

- Cannot be produced profitably.
- Cannot be processed profitably into a form that can be marketed.

Transportation/Storage Constraints

- Transport costs too high.
- Storage risks (spoilage).

Other Constraints

- Legal/regulatory.
- Finance (difficult to get credit).
- Market information.

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