

## 8

## Investigating local markets using PRA

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### • Introduction

Income generating initiatives in communities are often production-oriented, with little thought given to who might use or buy the products or services being offered. Recognising that an understanding of the 'market' was lacking in many community development initiatives where we work in Free State, South Africa, we developed and piloted an approach to help communities explore marketing opportunities for their business ideas using PRA tools<sup>1</sup>. This project is part of the Free State Department of Agriculture's support for the development of small businesses in those communities previously disadvantaged by the apartheid regime.

In this article, we introduce the approach and describe its application in the Itsoseng Sewing and Knitting Group, a women's group in Mokwallo Township, in the small town of Vredefort in the northern Free State, about 80 km north of Kroonstad and 120km south of Johannesburg. The Itsoseng Sewing and Knitting Group had been making items for several months but hadn't been able to sell their products. The group requested help from the home economists, who are extension officers with the Free State Department of Agriculture. They were visited by one of the authors (Mampone Mohatle), in her capacity as training officer, who talked to the group about their needs. Subsequently, a 3 month action learning book keeping and marketing course was developed for which the women

had to develop a marketing plan for their business. The group consisted of 18 women, all of whom were low-level learners. Four of the group were totally illiterate, but they still attended the course because they did not need to be able to read or write for all the modules. Here we describe some of the marketing tools that adapt PRA methods.

### Market planning

If it is to succeed, any business must be led by the 'market', and not only by the skills or 'ideas' of aspiring entrepreneurs. If not enough people (or none at all) are interested in, or can afford to buy, the service or product a business is offering, then there is no 'market' for the service or product, and the business will fail.

There are two possible approaches to starting or running a business, which may be illustrated by the following statements that might be made by someone starting a dairy business:

- *"I can produce 100 litres of milk per day because I have cows and I can get funds to built a milking parlour"*;

OR

- *"People have expressed the need for good quality and easy available milk in my community; I have the cows and skills to produce that milk; I can access funds to help me to develop my business; so I will satisfy their needs through my milking business"*.

The first approach is production-orientated while the second is market-orientated. Our approach encourages an entrepreneurial group to move away from an emphasis on production and to focus on marketing and selling their products.

<sup>1</sup> The informal manual 'Investigating local markets using PLA tools' was developed by Mathilda Roos, while she worked with the Rural Strategy Unit. It was translated by Mampone Mohatle into Sesotho and piloted by her in the field. Copies of the manual are available from Mathilda Roos (see author details at end of article).

## Products and services

For an entrepreneurial group to be able to sell their products, they must have a good understanding of the most important items (products/services) that are being used in a community and investigate changes in the demand for the products. Box 1 shows how livelihood mapping and Venn diagramming can be used to examine the range of products being used in a community and to determine how much of the local demand for these products is met by local supply. In the case of Itsoseng Sewing and Knitting Group, the Venn diagram shows that miniskirts are in high demand but are not available locally. Tracksuits and curtains are also in high demand, but can be bought in the nearby town of Vrededorf. School uniforms and dresses are available in Mokwallo, but only at certain times of the year.

While it is important to know which products/services are currently important, it is also helpful to understand the residents' perception of significant changes in the product or service over time. Trend line analysis can be used to explore and understand long-term changes in the demand for products (see Box 2). The Itsoseng Sewing and Knitting group explored changes in demand for six products and, on the basis of their analysis, dropped two items that they realised had declining demand because of changes in fashion. They prioritised tracksuits, curtains and duvet sets, school uniforms and miniskirts as items for which demand was greatest and increasing.

Additionally, seasonal calendars can be used to show cycles and patterns of availability and use of certain products/services within a community over a period of 12 months (see Box 3). For example, the Itsoseng Sewing and Knitting Group realised that demand for curtains was high from October until December, when people prepared their houses for Christmas visitors. Demand for miniskirts is also high at this time, as people like to dress up for the festive period, which coincides with the hottest period of the year. After Christmas, money is usually short, so demand for most items drops. However, there is high demand for school uniforms as children go back to school in January. April and May are usually quiet times, with demand for tracksuits increasing with the start of the cold season (June and July).

The seasonal calendar is also useful to help groups to prepare and plan ahead for times when there is great demand for products but also for periods when business is likely to be slow. For example, most materials take up to two months to be delivered from the time of ordering. The Itsoseng group realised that they should order materials for miniskirts and curtains in June, in order to be prepared for the Christmas rush. Similarly, material for tracksuits and school uniforms needs to be ordered between August and November.

Taken together, the information gathered using the activities described in Boxes 1 - 3 helped the group to decide where are the best market opportunities. This is explored further in Boxes 4 and 5 which help to deepen local analysis of market conditions.

### BOX 1 LIVELIHOOD MAPPING

#### Objective

To identify the products/services that the participants consider as very important in the livelihood of their community.

#### What to do

The participants are asked to list all the products/services that they consider as most important to the community's livelihood. The products/services can be from their homes, workplace or recreation. 'Importance' can refer to necessity for daily use, status or luxury. Participants must mention products/services, and not issues. A participant can be asked to write these products/services on a flip chart. The next step is to have the participants indicate where each of these resources comes from. A large circle representing the community boundary is drawn on the ground or on a flip chart and pieces of paper containing the names of the products/services listed are then placed beside the 'map' of the community. The participants should be able to provide this information through discussion based on the following:

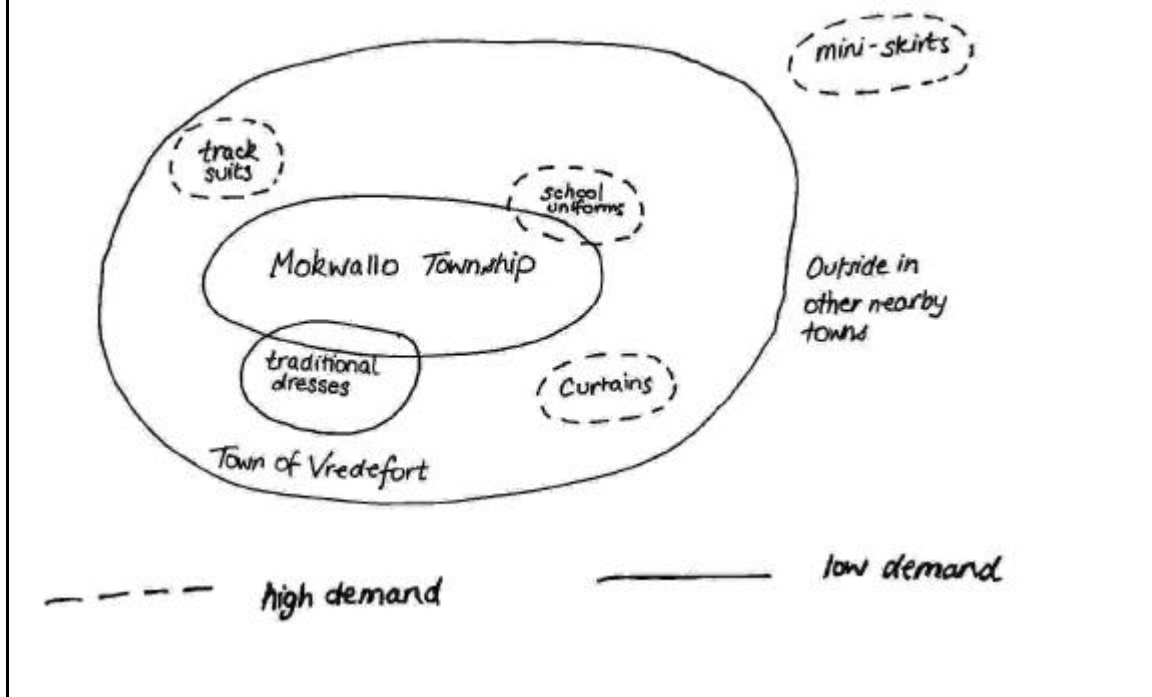
- whether a particular product/service is available within the community boundary and is sufficient in quantity;
- whether it is partially available in insufficient quantities within the community;
- whether it is completely unavailable within the community and has to be acquired from outside.

All the products/services which are available within the community are placed inside the 'map'. All the products/services which are partially available are placed on the border of the 'map'. The resources which are completely unavailable within the community are placed outside the 'map'.

#### Application

Livelihood mapping of a given community is an indirect way to investigate the needs and desires for particular products/services. In this process the participants identify the most important products/services that can be produced or 'imported' and sold in the local community.

**Figure 1. Mapping demand for Mokwallo Township in Vredfort**



BOX 2  
TREND LINES

**Objective**

Trend analysis will help the participants and the workshop facilitators to:

- learn from the participants how needs are changing over time;
- integrate key changes in market trends into the market plans of small businesses; and,
- make use of the new markets and marketing opportunities that are developing over time.

**What to do**

The following steps are important for proper generation of trend lines.

- Carefully explain the meaning of trend lines to the participants.
- Explain the concept of trend lines using simple graphs. Demonstrate the meaning of the two lines. Show how time (years) moves from left to right along the bottom (horizontal) axis and how the rate of increase/decrease in time use is indicated on the upright (vertical) axis. Emphasise that the numbers do not have to be exact, but rather show how the participants see changes over time.
- When the participants have understood the concept, ask one of them to draw the two lines (vertical and horizontal) on the ground or on a large piece of paper (flip chart). Once this is done, years should be indicated at equal intervals along the horizontal (bottom) line. Write the years in one year intervals under the line.
- Take the products/services listed in the livelihood mapping and ask the participants to place a stone, a leaf, or any other material, to indicate the status of that item during the first year of the trend line. This should be repeated for the following years up to the present. The position of those materials marks the points of the graph.
- A line is then drawn connecting all the points on the ground. After the trends have been drawn and confirmed by the participants, someone should transfer the graph onto an A4 sheet of paper for later use.
- Use the discussions of trends to try and understand why the changes took place. This will inform trends in the local market.

**Application**

Trend lines give a good indication of trends of product use in a community over a long period of time. This exercise enables the participants to look back at their own community and to understand that products have life spans and 'fashions' of use.

**BOX 3  
SEASONAL CALENDAR**

**Objective**

To find out if there is a difference in the availability and use of certain products in the community on a monthly basis over a year.

**What to do**

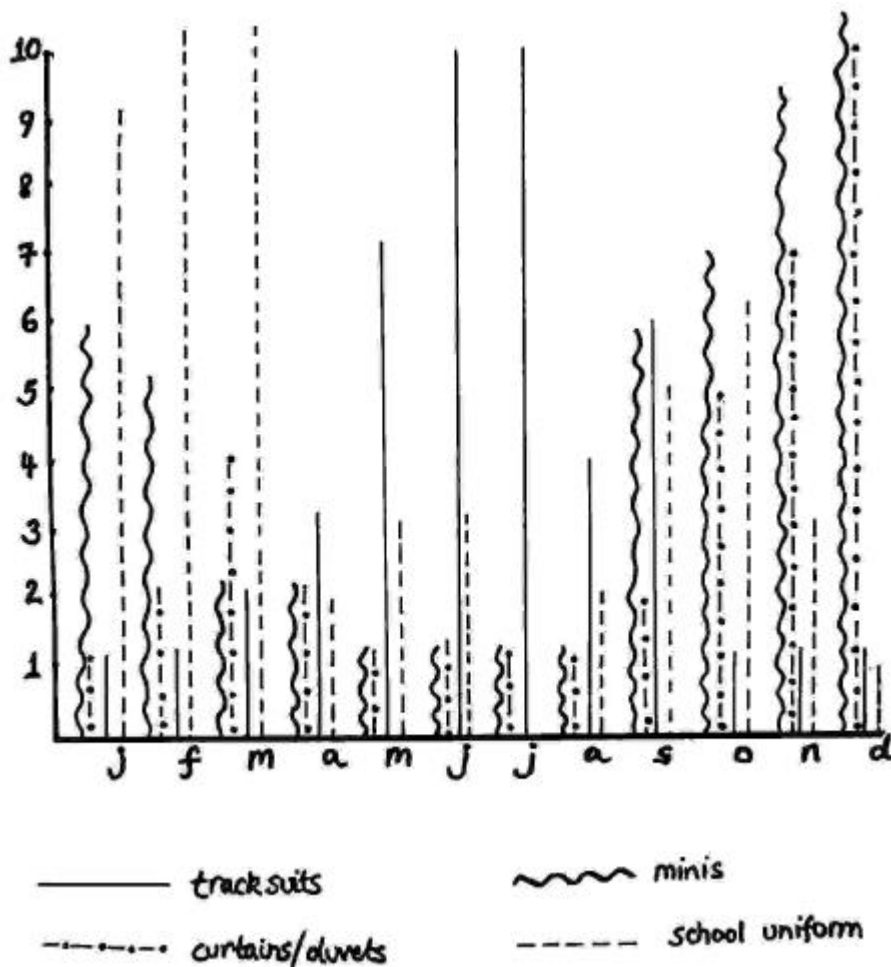
Use a large sheet of paper (flip chart paper) or make sketches on the ground. The data is presented in a single page chart with a common time scale on the horizontal axis so that people can scan the entries up and down for a specific month. Set up a sequence of months across the bottom of the page.

Use the list of products/services identified during the exercise in Box 1. If you want to, make two calendars: one showing current availability and the other showing current need.

**Application**

The calendars will identify gaps in the market, but will also show if the market gets flooded at certain times of the year.

**Figure 2. Seasonal demand for tracksuits, curtains and duvets, mini skirts and school uniforms**



**BOX 4  
ENTREPRENEURS' WINDOW**

**Objective**

To determine what needs the business is satisfying, now and in the future. An important challenge is to determine whether you must change your product/service or clients. Information from Boxes 1 - 3 can guide the participants in this decision.

**What to do**

Draw a rectangular window with 4 windowpanes on the ground or a large piece of paper.

- In Block 1: What services/products are you currently selling to existing clients? For example, if a range of clothes, give the sizes. Write the current products/services and clients in block 1. For example, if you are selling a range of traditional Basotho dresses, give the sizes and who are buying from you. Be specific with your clients, e.g. sizes 14-22 for women between 40 and 60 years of age on Mokwallo. Do not use the generic term 'the community'.
- In Block 2: Do you plan new products/services for your existing clients? Write these products/services in block 2. For example, you want to add tracksuits, sized 14-22 for women between 40 and 60 years of age.
- In Block 3: Do you want to provide your existing products/services to new clients? Write these clients in block 3. For example, you want to market the traditional Basotho dresses of sizes 14-22 to women living in the neighbouring town of Vredefort.
- In Block 4: Do you want to develop new products/services for new clients? Write these products/services and clients in block 4. For example, you want to make miniskirts (sizes 8-12) for girls between 14 and 18 years old.

If you already have a business/enterprise, you will complete Block 1 and any of Blocks 2,3,or 4. If you are starting a business/enterprise, you will complete only one Block.

<p><b>Block 1</b> What existing services/ products are you currently selling to existing clients?</p>	<p><b>Block 2</b> What new services/ products are planning to sell to existing clients?</p>
<p><b>Block 3</b> Do you want to provide your services/products to new clients?</p>	<p><b>Block 4</b> Do you want to develop new services/products for new clients?</p>

**Application**

This exercise will assist the participants to describe their products/services and their clients, whether new or old.

**Clients**

Through market research, you need to find out who are the people who will want to buy your product. You must also find out how many potential and real clients there are who you can target to buy from you. This will enable you to decide how many items to produce that will be sold within a certain time (see Box 5). After this activity, it may be necessary to make changes to the Entrepreneurs' Window.

To understand what products people in the community might buy, the Itsoseng Knitting and Sewing Group used photographs of products which they cut from clothing catalogues. They showed these to potential clients and asked them which ones they would be prepared to buy. Illiterate women used different coloured beans to record different levels of interest in purchasing the items. More literate women recorded names and interest directly onto a sheet with the photograph. While undertaking the market research, the group gained some orders and were able to take deposits on the products. In this way, they had sufficient money to order and pay for the materials.

**BOX 5**  
**FINDING THE SIZE OF THE MARKET**

**Objective**

To work out the total market potential; your potential share of the market; and the number of clients you can really serve.

**What to do**

A map of the town or part of the town or district can be drawn on the ground or on a large piece of paper. Draw in and mark the main places where the potential clients are, who are using the product/service. This can be schools, houses or businesses. Also add the following information onto the map:

- what is the total potential market for your product? (How many clients use this product in your market area?) Get this information through interviewing the clients;
- what is your share of this market? (How many people will buy from you?) Get this information through interviewing the clients;
- how many clients can you really serve? How many products are you producing per month to serve the clients?

Transfer all this information onto an A4-page to include into your report.

**Application**

The real and potential sizes of the market are vital to help you to plan the size of your business.

## Competitors

Competitors are businesses which sell the same products that you want to sell to the same client group. They may buy the products in the outside town to sell locally or produce it themselves locally and then sell it. It is therefore important to know who your competitors are, where they are based, what they sell, at what cost and how many they sell over a certain period. For example, the Isoseng Group found that a lady entrepreneur was selling school uniforms, bought in Johannesburg, in Mokwallo. A well known chain retailer in South Africa is selling school uniforms in Vredefort at a very affordable price, but made of material of a low

quality. The students are not keen to wear these uniforms, because they considered them to have an 'old fashioned' pattern. Boxes 6 and 7 outline methods that can be used to help a group identify its competition.

The remainder of the manual (not described here) includes simple ways of pricing and costing. It also includes the distribution and promotion of products or services to address all the usual market planning issues. For example, the Itsoseng group identified government organised shows as an important 'showcase' to market their products outside Mokwallo and Vredefort. At one of these shows, they met the provincial health minister who introduced them to new contractors. They are now working on orders two months ahead.

BOX 6

**GETTING TO KNOW YOUR COMPETITORS**

**Objective**

To find out how many competitors you have and how they influence you.

**What to do**

Brainstorm to identify all the competitors to your business. List the competitors on a large piece of paper or on the ground. Ask the group to rank these competitors on the influence they can have on your business. Discuss the reasons why the other business or group is considered to be competition. How 'important' are the different competitors? Decide what is the meaning of 'important' when discussed here. Give reasons for the 'importance' of each competitor. Also think about influential businesses outside your community. Write all this information down.

Create a 'competitors' institutional diagram. Focus on the relationships between your business and your competitors. Cut out (ahead of time) paper circles of differing sizes and lay them on the floor or table. Ask the group to write the names of the most important competitors on the largest circles, the less important on the medium-sized and the least important on the smallest circle. Then ask which institutions work together and how closely. For those institutions that cooperate or overlap a great deal, place the paper circles together. Draw a large circle that represents you on the ground or on a large piece of paper. Place the other circles next to or at certain distances from your circle, indicating the influence of the competitor on your business. By the end of the session, there will be a diagram of the relationships between competitors and yourself. Use glue to preserve the 'diagram' for the future. Draw the diagram on an A4-size paper to include in your report.

**Application**

Knowing your competitors and their influence on your business will help you to work out a strategy to overcome their influence. It may sometimes be important to change your services/products to overcome their impact.

BOX 7

**COMPARING COMPETITION IN YOUR COMMUNITY**

**Objective**

To investigate in detail how your most important competitors are performing against your performance.

**What to do**

Draw 3 to 5 columns on the ground or on a large piece of paper.

Make a list of 'criteria for good business'. These might include: target market; quality of the product or service; price; location of the place of selling; delivery; follow-up service; availability; reliability; guarantees; credit lines; polite help; client advice; unique selling point; etc. Write these in the first column. Decide on symbols or words to compare the performance of the different businesses on the table.

Head the second, third and fourth columns with the names of the most important competitors but keep the last column for yourself. Collect information on your competitors if you do not know them well. Write the information in the appropriate column.

**Application**

This information will help you to understand your strengths and weaknesses in the competitive world of business. When you put your final marketing plan together, you can plan ways to overcome the impact of your competitors.



## • Discussion

As trainers, one of us (Mampone Mohatle) had to travel for eight hours once a week, over a period of 10 weeks, to the group in Mokwallo in order to present the course between 09:00 and 13:00. This short training day enabled the women to have time for cooking at home and to complete other chores. The one-day a week training also allowed action learning to take place. During the week between training sessions, the group went out to do the research. They were then able to report back on their findings and we could assist them to make the findings relevant to their own learnings and situation.

The training was an experiment for us in working with people who are illiterate. After the course, we saw motivated people and realised that the lack of reading and writing skills are not a restriction to developing the capacity of people. Combining action learning with PRA methods was a major success in this situation.

All the women completed the marketing section of the course because it did not involve writing. Because everyone participated in the marketing exercises, the group gained an understanding of why their business struggled to sell their products. Ten of the women completed the full course successfully and gained a certificate in Basic Marketing and Small Business Skills. Lack of literacy prevented the rest of the group from completing the book keeping section of the course.

The women described themselves as 'afraid' of developing a business before the course, but

the group is now confidently making and selling their products. It was personal triumphs for the 'illiterates' on the course to have acquired skills to do market research.

After the training course on business and marketing, the Itsoseng group attended a sewing course to improve their sewing skills. They also changed to a new and large supplier in Johannesburg for cheaper priced materials. The group began to sell school uniforms at a lower price than their competitors.

## • The future

There are, however, new challenges for the group. As a group of women who are now prospering, they are concerned that their husbands are jealous of their new found success. They have asked for a course in gender sensitisation to help their husbands understand better what they are trying to do and to help them feel less threatened as the group becomes more confident. But they are also looking inward, reflecting on how to deal with their financial success to ensure transparency and equity in their dealings with each other. They feel their next training should be in conflict resolution, to help them deal with crises amongst the group in a structured way.

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