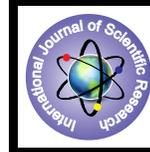


Participatory Market Appraisal(Pma) - A Guide to Budding Entrepreneurs



MANAGEMENT

KEYWORDS : PMA, Guiding Tool, Budding Entrepreneurs, Market and Survey.

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ABSTRACT

Entrepreneurship is often felt as a difficult undertaking, as a vast majority of new businesses fail. The reasons for such failures may be many in number. Ignorance of market is certainly one of the major reasons for the failure of any business thus started. Looking at this point viz, importance of the market orientation necessary for the success of any business, authors in the present article has identified a unique participatory method as a guide to know and understand their market(s) and lead a successful enterprise. The method proposed here is PMA – Participatory Market Appraisal, this could be used as a tool. This article is a substantially a briefnote on importance of PMA for the budding entrepreneurs to own a self sustainable businesses.

PREAMBLE

Whenever there is an issue by a development community on the improvement of the livelihoods of the landless asset-poor we quite often look at either on the adoption of income generating activities or on entrepreneurial endeavours. Unfortunately, the traditional business approaches of both the NGOs and government are seemed to be outdated, impractical, and, frequently, ineffective. This is because, typically, income generating activities have been focusing on skill enhancement and teaching participants as budding entrepreneurs, just to produce.

Traditionally, participants are given limited training for the production of a single product and then abandoned, to later find their own way in the market. But according to today's thinking, marketing is not just a component, but the CENTRAL driving force of a business. Thus, the real problem arises once the budding entrepreneur fails in performing himself under the volatile market conditions, especially in the era of LPG-Liberalisation, Privatisation and Globalisation. Therefore the traditional approach must be turned on its head if income generating activities are to be successful. Participants as budding entrepreneurs, must first develop the skills to analyse and research the market, and only then, start a business. In this regard a participatory method of knowing the market would be of a helping hand for those budding entrepreneurs, who would not be compulsorily well known about their market in which they wish to operate their business/enterprise.

PMA uses the same method of employing visual symbols and other easy techniques so that even illiterates can conduct empirical market research themselves. The PMA allows estimating the total size of their market, the amount of potential profit, the key factors that influence a customer buying the product/service, and other relevant data that will help them decide between businesses. By doing the research through the PMA, budding entrepreneurs can enter business with their eyes wide open to the potential scope and profitability of selling certain products/services. The key difference is that the PMA provides a grassroots approach to market research.

PARTICIPATORY MARKET APPRAISAL (PMA)

PMA- Participatory Market Appraisal forms a grassroots approach to market research. At every point, the participants themselves are the ones who collect information from the market, then they themselves prioritize potential products to research, they themselves design, conduct, and analyze the results of the PMA. By using the process of PMA the participants' capacities are built to research the market themselves whenever necessary without relying on the expertise of an outside source. PMA even employs visual symbols so even illiterate participants can conduct empirical market research themselves. Partici-

pants create symbols for each product, for the different needs and wants of each product, and any other information that may be relevant depending on the product. For example, if a group wants to research bangles, they will need to know the number of female members in each household, if a group is thinking of selling cattle feed, they will need to know the number of livestock in each household. Participants then use these symbols to create visual survey that allows them to enter in information through checks or tally marks. A distributive sample of rich, middle-class, and poor households is chosen and each participant is asked to interview their share of the sample. When the participants complete their interviews, they consolidate the information from their surveys and are immediately able to get a clearer picture of the market for each product they have researched. The PMA allows the participants to estimate the total size of their market, the amount of potential profit, the key factors that influence a customer satisfaction, and other relevant data that will point to an enterprise with a high demand and a high profit. By doing the research through the PMA, participants enter business with their eyes wide open to the potential scope and profitability of a given enterprise.

At every point, budding entrepreneurs themselves are the ones who collect information from the market, prioritize potential products/services to research, design, conduct, and analyze the results of the PMA. By using the PMA process budding entrepreneurs' capacities are built to research the market themselves whenever necessary without relying on the expertise of an outside agency. After researching which product/service has the highest chance of success in their market, budding entrepreneurs begin retailing or small scale production, branding, packaging, sample selling, and gradual up-scaling. After a few sales cycles they conduct customer feedback sessions and adjust their products accordingly. As they develop a customer base, they continue to solicit feedback to find out potential avenues for value enhancement. Finally, budding entrepreneurs would draw up a business plan that incorporates a vision for future expansion. After they capture the market through sample sales, only then do they go on scale.

ORIGIN OF PMA:

Participatory Market Appraisal (PMA) is a modified version of PRA to suit any kind of MSMEs (Micro, Small and Medium Entrepreneurs) in their way of researching, knowing and developing their markets. Initially it was developed for illiterate people, which used symbols instead of script, and was used in house to house surveys of product requirements in Mugad (Karnataka, India). After much research, the SHGs opted to make laundry detergent. After experimenting with recipes and market testing small samples, by the end of the programme they were making and selling 250 kg per month. This also inspired them to draw

a business plan 1000kg sales per month. Participatory Market appraisal (PMA) tool is an outcome of MOVE (Market Oriented Value Enhancement). MOVE is a methodology and tool conceived in response to the failure of project R8084 of DFIF to find ways of helping the severely disadvantaged groups of poor people such as the landless and illiterate women of low economic and social status, for whom improved natural resources management had little relevance, as their natural capital base was too low or non-existent.

PMA IN ACTION:

Participatory Market Appraisal (PMA) is conducted to estimate the demand for the chosen products/services in the target market. It helps us understand the specific needs and wants for the product/service in that market. This also gives us a good idea of how competitors perform in the target area. The key strength of PMA lies in the fact that it is 'participatory' and involves all trainees who desire to set up businesses. It is designed to facilitate interaction between the trainees with potential customers to understand them. Through PMA the trainee will be able to estimate the sales for the product/service and also if the business would be profitable or not. The trainee would also appreciate the strengths and weaknesses of the competitors and hence position his product/service appropriately. By comparing the specific wants of the potential customer with the strengths and weaknesses of the competitors, trainees can decide which features of the products/services they should adopt to attract more customers.

Sampling:

1. Participants should identify the number of households in the village. They should sample approximately 10% of this population for a large village and at least thirty households if it is a small village.
2. Split the sample population into wealth categories of rich, middle class, poor, and very poor. Ensure participants survey a proportionate number of households from each wealth category. Assign each participant households from each wealth category to survey.

Note: participants will typically only want to survey their neighbours and may feel intimidated or uncomfortable going to richer or unknown households. Make sure that all types of households are represented in the sample and each participant surveys every category of household.

3. Give every participant an equal number of forms to fill for each product.

Note: Every participant should conduct the survey for every product. The idea is to give every participant information on every product so that each is familiar with all five products and can make an informed decision on what to sell. This is needed for participants to understand different market segments.

Surveying:

1. Each participant should visit the households they are assigned to and filling out the forms by ticking off the appropriate boxes.
2. When the participants are surveying they should be careful not to suggest answers or prompt the client and only mark what the client has said.
3. No leading questions should be asked. For example, with the case of puffed rice ask the customers what they want from puffed rice. If they say it should be cheap then the surveyor should only tick off those boxes. These responses will be the wants that are most important to the customer. The surveyor should not ask the customer about every attribute on their survey form, with questions such as: 'Do you want it to be cheap? Do you want it to be crisp' and so on. Because there will be a natural tendency for the client to agree to all the wants. The result will be that all forms are identical, with every box ticked. This makes the survey useless. Instead ask questions such as, "Where do you buy puffed rice?" and then "Why do you buy it from there?" or "What kind of puffed rice do you buy?" And then "Why do you buy that kind?" so customers are free to provide their own reasons. These strategies should be practiced thoroughly before the actual surveying takes place.

Analysis:

Assume that a participant as a budding entrepreneur wants to sell puffed rice in a certain area. There are 300 households in that area. There are 3 shops presently selling rice. Hence 30 respondents (10% of the total population. $300 * 10/100 = 30$) need to be surveyed. Say, If each household spends Rs.1000 per week on puffed rice. The total area spends Rs.10,000 on puffed rice per week. ($1000 * 10 = R. 10,000$). If the estimated total profit in the area is Rs.1000 per week (10% as profit margin for Rs.10,000). Assume that the entrepreneur gets one fourth the share in our estimate of total profit. Therefore estimated profit is Rs.250 per week or Rs.1000 per month.

CONCLUSION

This PMA as a unique tool enables budding entrepreneurs themselves to collect information from the market, prioritize potential products/services to research, design, conduct, and analyze the results of the PMA. By using the PMA process budding entrepreneurs' capacities are built to research the market themselves whenever necessary without relying on the expertise of an outside agency. Women as entrepreneur on using PMA tool during the MOVE training process stated that if their specific enterprise ceased to be profitable they would not have a problem switching to another enterprise. They felt confident that they could undertake any business, not just their current one, because they saw themselves as being defined as entrepreneurs rather than narrowly defining themselves according to their product.

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