MARKET STUDY

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What is MARKET STUDY?

Primarily, it looks into the elements of **SUPPLY** and **DEMAND** (*Current and the Future*).

OBJECTIVES:

- To determine the extent to which goods/services to be generated by the project are needed or demanded.
- To help design projects so that their outputs will reach and be accepted by the target users or beneficiaries.

PROJECT OUTPUTS AND USERS

Examples:

- **Farm to Market Road**
  - Output or Service Generated: access to and from farms and market.
  - Primary Users: farmers/producers who transport their goods to market and obtain inputs from market for use in the farm.
- **Safe Water Project**
  - Output : water that is accessible and safe for drinking and domestic sanitation.
  - Primary Users : households who do not have easy access to potable water.

- **Irrigation**

  - Output or Service Generated: adequate irrigation water for existing and projected additional production area vis type of crops produced and cropping intensity as a result of the intervention.
  - Primary Users: farmers/crop producers with limited access to irrigation water.

What information are needed under MARKET STUDY?

1. **<u>General Market Description</u>**:

   1.1. Type and Nature of Project Output
   (*Discusses about the type of project and the nature of project usage*)
   1.2. Project area and beneficiaries
   (*e.g. Potential number of users or beneficiaries, potential expansion areas vis existing production areas, etc.)*

Example: Water System

1. Define the number of Direct Beneficiaries.
2. Define the number of Indirect Beneficiaries.
3. Are there other beneficiary-villages affected by the project. What are these? How many households are there in these villages will be affected and benefitted by the project?

Example: Irrigation

1. Define the number of Beneficiaries.
2. Define the area to be benefitted from the project. There is also a need to discuss the current production area.
3. Describe the existing source of irrigation water as well as the proposed intervention. It also include the extent/nature of usage of irrigation water.
4. Describe the crops currently produced as well as potential crops (if any) to be produced after the intervention.

Example: Access Infrastructure

1. Define/describe the beneficiary community and number of affected Beneficiaries.
2. Define the area to be benefitted from the project. There is also a need to discuss the current production area.
3. Describe the current access condition as well as the proposed (type) intervention.

Example: Safe Water Project

Barangays or Sitios Covered	Beneficiaries				Total Beneficiaries	
	Direct Beneficiaries		Indirect Beneficiaries			
	HH	Population	HH	Population	HH	Population
San Luis						
Mariano						
Santo Tomas						
Lantapan						
Villanueva						
TOTAL						

Example: Irrigation Project

Barangays Covered	Area in Hectares				Total
	Existing Farm Area		Projected Farm Expansion		
San Luis					
Mariano					
Santo Tomas					
Lantapan					
Villanueva					
TOTAL					

Example: Access Project

Barangays Covered	INFLUENCE AREA AND POPULATION	
	Existing Production Area	Existing Population
		HH Population
San Luis		
Mariano		
Santo Tomas		
Lantapan		
Villanueva		

Example: Access Project

Barangays Covered	INFLUENCE AREA AND POPULATION		
	Existing Type of Access and Length (national, provincial, municipal, barangay, FMR)	Road Condition (earth, gravel, concrete)	Remarks
San Luis			
Mariano			
Santo Tomas			
Lantapan			
Villanueva			

2. **DEMAND ANALYSIS**:

- It describes the condition of the proponent area **WITH THE PROJECT**.
- It establishes the requirement or extent of demand needed after the intervention.

The use of Market Demand Analysis is to understand how much consumer demand exists for a product or service. This analysis helps project implementers determine if they can successfully enter a market and generate enough benefit or profit to advance the operation.

DEMAND ANALYSIS:

- **Current Demand**

  - Consumer and producer demand

    1. B*asic population profile (age, sex, income, assets, etc).*
    2. *needs of the area (using planning standards like road density to population, land area ratio, etc.).*

  - Demand for social services

    1. *morbidity/mortality rates in the area.*
    2. *water and sanitation needs of the population and area.*

- **Future or Projected Demand**

  - *population growth rate and future needs of the people.*
  - *survey of people's intentions and needs assessment*

Example of Demand Indicators:

Safe Water Project

- Morbidity and mortality rates due to waterborne diseases and compare it to standards.
- Population growth rate.
- Inventory of households with/without access to safe water; type of access; and number of hours fetching water from source.
- Incidences of waterborne diseases and type and cost of medication.
- Analysis of water quantity and quality.
- Health and sanitation indicators (state of solid and waste water disposal system)

Example: Water System

Number of Years	Population	Demand
1	320	19,200.00
2	340	20,400.00
3	350	21,000.00
4	360	21,600.00
5	370	22,200.00
6	380	22,800.00
7	395	23,700.00
8	405	24,300.00
9	420	25,200.00
10	430	25,800.00

Example: Irrigation Project

1. Projected Water Requirement for all affected crops

Year	With the Project (in cu.m.)		
	Rice	Corn	Total
1			
2			
3			
4			
5			

2. Incremental Production of Affected Crops (with the Project)

Year	Production in Metric Tons		
	With the Project		
	Rice	Corn	Total
1			
2			
3			
4			
5			

3. Incremental Annual Income of Affected Crops (with the Project)

Year	INCREMENT		
	Gross Income	Operating Cost	Net Income
1			
2			
3			
4			
5			

Example: Access Project

1. In terms of Production Area and Beneficiary Population (with the Project)

Barangays Covered	INFLUENCE AREA AND POPULATION	
	Projected Production Area (Demand)	Projected Population
		HH Population
San Luis		
Mariano		
Santo Tomas		
Lantapan		
Villanueva		

Example: Access Project

2. In terms of Access Condition (with the Project)

Barangays Covered	INFLUENCE AREA AND POPULATION			
	Demand Type of Access and Length (national, provincial, municipal, barangay, FMR)		Road Condition (earth, gravel, concrete)	Remarks (the demand maybe increase in length, improvement, and rehabilitation)
	Length	Categorization	Type	
San Luis				
Mariano				
Santo Tomas				
Lantapan				
Villanueva				

3. **SUPPLY ANALYSIS**:

It describes the present situation (without the intervention) of the proponent area (e.g. Present supply of water, number of cropping per year, existing production volume, present condition of the road, etc.).

Supply analysis is used to gain and develop the necessary knowledge to make the best decisions in the workplace. Successful supply analysis establishes a competitive advantage in the marketplace by reducing supply costs and risks.

SUPPLY ANALYSIS

- **Current Supply**
  - Inventory of goods/services in the area.
    1. *quantity, quality and specific location*
    2. *current users (number, who they are, where they are)*
- **Future or projected supply**
  - Planned investments by good/service providers.
    1. *quantity and quality*
    2. *projected users (number, who they are, and where they are)*

Example of Supply Indicators:

Safe Water Project

- Map of the area and existing water sources and type of system (I,II and III) and water quantity and quality.
- Current supply indicators (cost of the safe water system including time spent in fetching water), serviced and unserviced area and users.
- Profile of users of water and location.
- Planned investments by LGU or other agencies.

Example: Water System

Number of Years	Population	Supply
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Example: Irrigation Project

1. Water Requirement for all existing crops

# of Year	Without the Project (in cu.m.)		
	Rice	Corn	Total
1			
2			
3			
4			
5			

2. Annual Production from Existing Crops (without the Project)

# of Year	Production in Metric Tons		
	Without the Project		
	Rice	Corn	Total
1			
2			
3			
4			
5			

3. Annual Income from Existing Crops (without the Project)

Year	INCREMENT		
	Gross Income	Operating Cost	Net Income
1			
2			
3			
4			
5			

Example: Access Project

1. In terms of Production Area and Beneficiary Population (without the Project)

Barangays Covered	INFLUENCE AREA AND POPULATION	
	Existing Production Area (Supply)	Population covered by the Existing Road
		HH Population
San Luis		
Mariano		
Santo Tomas		
Lantapan		
Villanueva		
TOTAL		

2. In terms of Access Condition (without the Project)

Barangays Covered	ACCESS CONDITION			
	Present Condition Type of Access and Length (national, provincial, municipal, barangay, FMR)		Road Condition (earth, gravel, concrete)	Remarks (the demand maybe increase in length, improvement, and rehabilitation)
	Length	Categorization	Type	
San Luis				
Mariano				
Santo Tomas				
Lantapan				
Villanueva				
TOTAL				

4. DEMAND-SUPPLY CONSOLIDATION

It shows a **comparative analysis** between **DEMAND** and **SUPPLY**.

Example*: Is there enough volume of water to meet the demand of the community 10 years from now? Can the propose irrigation project meet the water requirement taking into consideration the inclusion of the expansion areas vis types of crop to be planted and the cropping intensity per year in the same. Is there increment in income and production, etc.*

Example: Water System

YEAR	HH POPULATION	POPULATION	SUPPLY	DEMAND	SURPLUS or SHORTFALL	REMARKS
1	64	320	69,120.00	19,200.00	49,920.00	Surplus
2	68	340	69,120.00	20,400.00	48,720.00	Surplus
3	70	350	69,120.00	21,000.00	48,120.00	Surplus
4	72	360	69,120.00	21,600.00	47,520.00	Surplus
5	74	370	69,120.00	22,200.00	46,920.00	Surplus
6	76	380	69,120.00	22,800.00	46,320.00	Surplus
7	79	395	69,120.00	23,700.00	45,420.00	Surplus
8	81	405	69,120.00	24,300.00	44,820.00	Surplus
9	84	420	69,120.00	25,200.00	43,920.00	Surplus
10	86	430	69,120.00	25,800.00	43,320.00	Surplus

How about this situation?

DESIGN YEAR	POPULATION	SUPPLY	DEMAND	REMARKS	SURPLUS or SHORTFALL
1	5488	190,080.00	164,640.00	25,440.00	Surplus
2	5652	190,080.00	169,560.00	20,520.00	Surplus
3	5822	190,080.00	174,660.00	15,420.00	Surplus
4	5997	190,080.00	179,910.00	10,170.00	Surplus
5	6177	190,080.00	185,310.00	4,770.00	Surplus
6	6362	190,080.00	190,860.00	(780.00)	Shortfall
7	6553	190,080.00	196,590.00	(6,510.00)	Shortfall
8	6749	190,080.00	202,470.00	(12,390.00)	Shortfall
9	6952	190,080.00	208,560.00	(18,480.00)	Shortfall
10	7150	190,080.00	214,500.00	(24,420.00)	Shortfall

Example: Irrigation Project

1. Water Requirement for all AFFECTED CROPS

# of Year	Without the Project (in cu.m.)			With the Project (in cu.m.)			REMARKS
	Rice	Corn	Total	Rice	Corn	Total	
1							
2							
3							
4							
5							

2. Incremental Production of Affected Crops

# of Year	Production in Metric Tons						Incremental Production	
	Without the Project			With the Project			In Metric tons	In %
	Rice	Corn	Total	Rice	Corn	Total		
1								
2								
3								
4								
5								

3. Incremental Annual Income of Affected Crops

Year	INCREMENT						% Increment of With the project vs Without the Project
	Without the Project			With the Project			
	Gross Income	Operating Cost	Net Income	Gross Income	Operating Cost	Net Income	
1							
2							
3							
4							
5							

Example: Access Project
1. In terms of Production Area and Beneficiary Population

Barangays Covered	INFLUENCE AREA AND POPULATION				% Increment of With the project vs Without the Project
	Without the Project		With the Project		
	Existing Production Area (Supply)	Population covered by the Existing Road	Project Production Area (Demand)	Population covered by the road improvement	
San Luis					
Mariano					
Santo Tomas					
Lantapan					
Villanueva					

2. In terms of Access Condition

Barangays Covered	ACCESS CONDITION					
	Without the Project			With the Project		
	Road Category and Length (national, provincial, municipal, barangay, FMR)		Road Condition (earth, gravel, concrete)	Road Length after Intervention	Condition of the Road after Intervention	Remarks (the demand maybe increase in length, improvement, and rehabilitation)
	Category	Length	Type	Length	Type	
San Luis						
Mariano						
Santo Tomas						
Lantapan						
Villanueva						
TOTAL						

TIPS AND NOTATIONS:

- Demand minus supply = **if negative**, no need for the project. **If positive**, there is a need for the project.
- Determine demand-supply gap for future years by forecasting both.
- Design projects according to nature of demand (who demands: beneficiaries? Where are they? How can they be helped?)

THANK YOU VERY MUCH!