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The Power of End-Markets

Translating Market-Led Development into Practice



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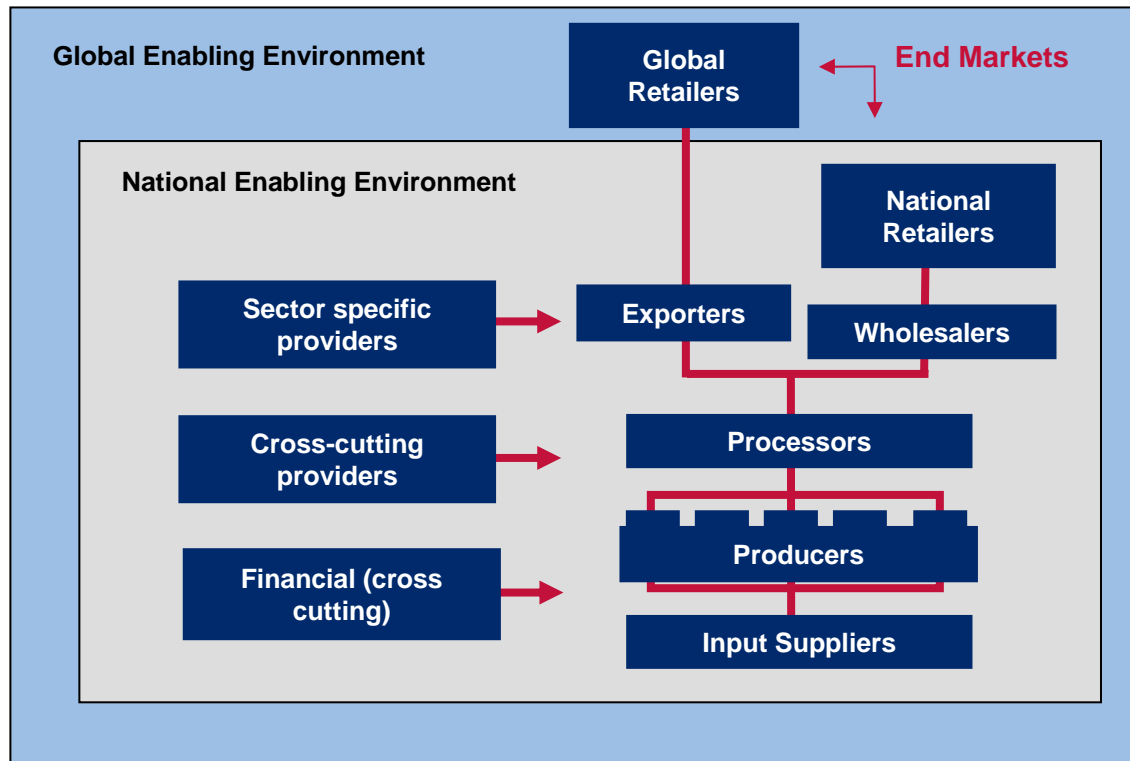
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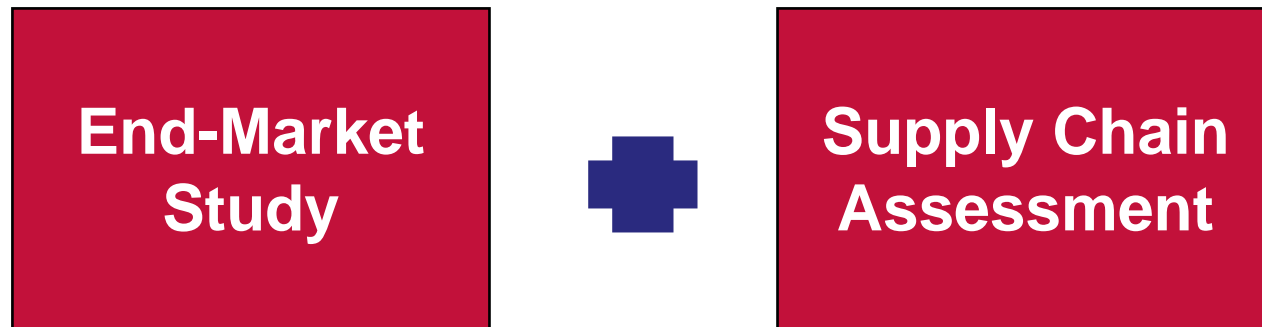
AGENDA

- **Introduction**
- **Value Chain Analysis**
- **Market Positioning**
- **Indonesian Home Accessories Industry**
- **An End-Market Study**
- **Findings & Recommendations**
- **Market-led: Key to Sustaining Competitiveness**

Where do we focus?

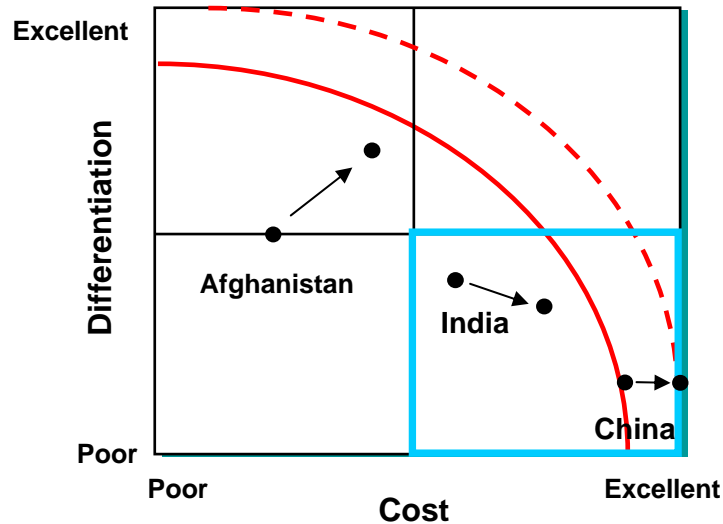


Value Chain Analysis

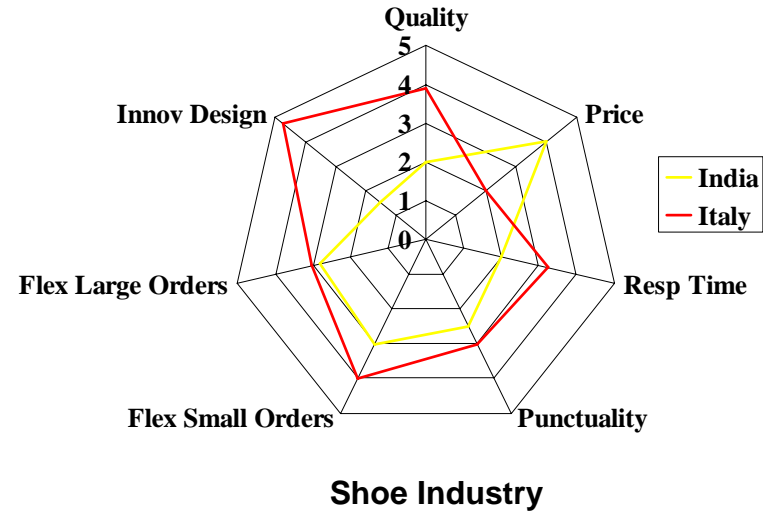


- **Many value chain analyses focus on supply side**
- **Should begin & end with the marketplace**
- **Understanding buyer perceptions & requirements is essential**

Market Positioning



Building a Competitive Afghan Carpet Value Chain
Robert Henning, OTF Group



Design for Competitiveness
Jeanne Downing, USAID

- **SWOT: Strengths-Weaknesses-Opportunities-Threats**
- **Competitor benchmarking**
- **Supply chain assessment**
- **Prioritized opportunities & constraints**
- **Competitiveness & upgrading strategies**

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Project Objective

Increase global competitiveness of 6 industries

End-Market Study

- **Where do Indonesian home accessories fit into the global marketplace?**
- **What are the current trends?**
- **How can the industry respond to competition?**
- **What are its major strengths & weaknesses?**
- **Recommend a strategy for industry competitiveness**

An End-Market Study

Steps

- **Background research**
- **Secondary research**
- **Trade show, stores & catalogs**
- **Buyer surveys**
- **Interviews**



An End-Market Study

Interviews

- **Essential – opportunities & constraints unearthed, competitive advantages identified**
- **30+ interviewees, broad range**
- **Challenge viewpoints with those of others**
- **Consensus of expert opinion supported by secondary research, market observation, buyer surveys**

Findings & Recommendations

Report includes:

- **General trade data**
- **Distribution channels**
- **Global trends**
- **Market's perception of Indonesia**
- **Competitor benchmarking**
- **Buyer requirements**
- **Strategy recommendations**



**Available on
MicroLinks**



Combination of trends in U.S. & Europe creates clear opportunities for Indonesian producers of home accessories

Sustainable Products

- 36 million consumers – fastest growing segment
- \$230-\$500 billion spent in 2005
- Estimated to grow to \$845 billion by 2015
- Gen-X, Gen-Y are the target market
- Opportunity for Indonesian industry



Market's View: Strengths

Indonesia's Competitive Advantages

- **Natural, renewable raw materials**
- **Highly skilled artisans**
- **Cultural design accents for global style**
- **Flexible production, low minimum orders**
- **Large, available & competitively priced workforce**

Market's View: Weaknesses

Critical Constraints

- **Innovation & following trends**
- **Delivering reliable quality**
- **Customer service**
- **Infrastructure**
- **Financing**
- **Corruption & social unrest**



Competitive Strategy

Recommendations

- Leverage Indonesian strengths, advantages
- Differentiate – do not compete with China, Vietnam
- Target boutique retailers & wholesalers
- Address buyer concerns, change industry image
- *Go green, promote green, verify green*



Upgrading Strategy

Recommendations

- **Improve access to trend information**
- **Build capacity to research, identify, interpret & integrate trend information**
- **“Green” production & supply in riskable steps**
- **Raise quality – inputs, production, QC, packaging, shipping, service providers**
- **Improve communication & business skills**
- **Increase profile – websites, catalogs, agents, fairs, industry promotion**

Sustaining Competitiveness

Recommendations

- **Strengthen learning mechanisms**
- **Continuously improve fundamentals**
- **Increase inter-firm cooperation**
- **Strengthen vertical relationships**
- **Strive for greater efficiency**
- **Target multiple markets**



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“Market-Led” is the Key to Sustaining Competitiveness

- An obsessive eye on the marketplace
- End-market research – never finished, always requiring an update
- Constantly responding to shifts in trends & the competitor landscape





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THANK YOU

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