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United Nations Industrial Development Organization

Expert Group Meeting on Domestic Marketing of  
Small Industry Products in the Developing Countries

Dublin, Ireland, 29 May - 3 June 1972

PROVISIONAL AGENDA  
AND PROGRAMME OF THE EXPERT GROUP MEETING

Monday, 29 May 1972

9 00 - 10.00

Registration of participants

10.00 - 13.00

Item 1. Opening addresses

Item 2. Election of officers

Item 3. Adoption of the agenda

Item 4. Marketing problems of small industrial firms

4.1 Advantages and disadvantages due to the size  
of the enterprise

4.2 Limitations due to the size of the market

14.30 - 18.00

4.3 Inadequacy of distribution channels - dependence  
on middlemen and wholesalers

4.4 Pricing practices

4.5 The problems of product development, design  
and quality

4.6 Other problems

14.72-2253

**We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.**

Tuesday, 30 May 1972

9.30 - 13.00

Item 5. Promotional and assistance action - The role of the Government, of extension centres and of self-help

5.1 The role of the Government

5.1.1 Import substitution and import restriction policies

5.1.2 Reservation of certain sectors and products to small-scale industry

5.1.3 Price controls

14.30 - 18.00

5.1.4 The public institutional market - bidding and preferential procedures

5.1.5 State trade and marketing organisations

Wednesday, 31 May 1972

9.30 - 13.00

5.2 The role of industrial extension centres and other institutions

5.2.1 Training and advisory services for small industrialists

5.2.2 Facilitation of financing

5.2.3 Promotion of subcontracting

14.30 - 18.00

5.3 Self-help

5.3.1 Self-help at the plant level

5.3.2 Co-operative procurement, marketing and financing

5.3.3 Role of chambers of commerce and industry and other business organisations

Thursday, 1 June 1972

9.30 - 13.00

Item 6. Measures of promotion and assistance (private and public)

6.1 Assistance in market research and prospecting

6.2 Assistance in product development and design

6.3 Assistance in quality control; quality certification and marking

6.4 Assistance in accounting, cost accounting, pricing and other managerial functions

14.30 - 16.30

6.5 Organisation of direct sale, market places, wholesale depots, mobile shops, emporia, super-markets and chain stores

6.6 Packaging

6.7 Promotion, publicity and exhibitions

6.8 Franchising and licensing

6.9 Organisation of market and marketing information

16.30

Travel to Limerick and Shannon

**Friday, 2 June 1972**

Morning and afternoon

Visit of Shannon Industrial Estate

15.30

Return to Dublin

**Saturday, 3 June 1972**

9.30 - 13.00

Item 7. International co-operation in the field of marketing of small industry products

7.1 UNIDO technical co-operation

7.2 Co-operation by other organisations

14.30 - 18.00

Item 8. Adoption of the conclusions of the meeting

Item 9. Closing address



Distr.  
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ID/WG.124/1/Add.1  
18 April 1972

ORIGINAL: ENGLISH

**United Nations Industrial Development Organization**

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Expert Group Meeting on Domestic Marketing of  
Small Industry Products in Developing Countries

29 May - 3 June 1972, Dublin, Ireland

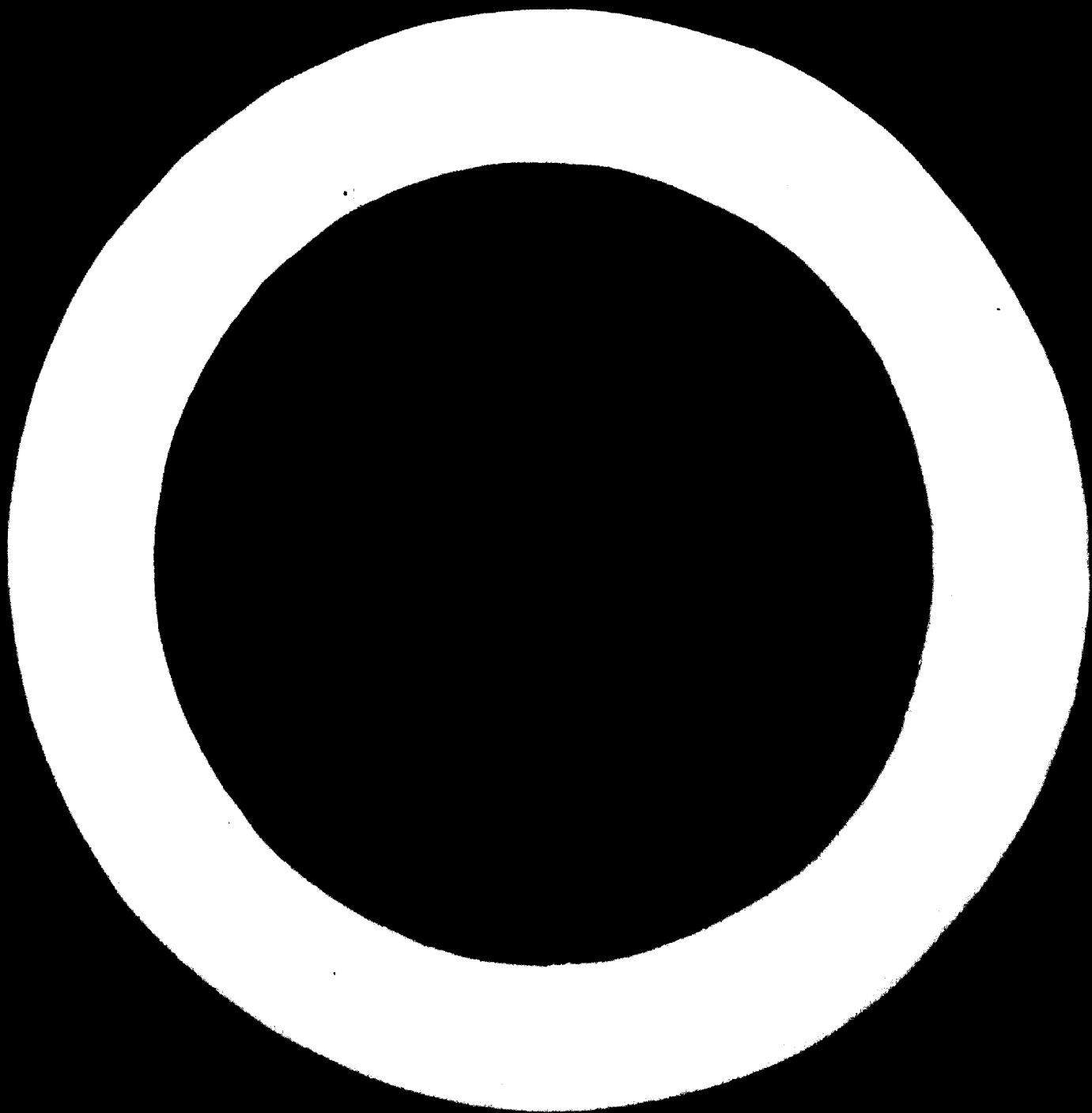
**PROVISIONAL AGENDA  
AND  
ISSUES FOR DISCUSSION <sup>1/</sup>**

- Item 1. Opening addresses
- Item 2. Election of Chairman, Vice Chairman and Rapporteur
- Item 3. Adoption of the agenda
- Item 4. Marketing problems of small industrial firms

It is proposed, under this item, to review the marketing problems confronting small-scale industries in the developing countries, rather than the solutions of

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these problems - these will be discussed under item 6. Participants are invited to draw upon their experience to present a comprehensive picture of the situation in this respect in the various developing countries.

4.1. Advantages and disadvantages due to the size of the enterprises

Small size of enterprise in a developing country may be a source of weaknesses and handicaps in marketing. But smallness may also afford competitive advantages. The following observations may give some orientation to the discussion.

Among the weaknesses and handicaps due to small size of enterprise are:

- (i) lack of separation of managerial functions, in particular between production and management, including marketing. One effect is that there is usually no separate sales department in the enterprise and rarely are trained salesmen employed;
- (ii) inadequate technical and managerial knowledge resulting in unreliability of performance and poor product quality; inadequate labour skill, inferior quality of raw materials and antiquated equipment are contributory factors. Lack of specialised machinery is also a problem, especially in manufacturing a quality product;
- (iii) shortage of financial resources, with consequent dependence on suppliers of materials and on clients - usually middlemen - which hamper modernisation, expansion or diversification of production and lead to delays or defaults in deliveries;
- (iv) lack of information on opportunities, markets and outlets.

At the same time, smallness may give competitive advantages on account of:

- (i) smaller risks resulting from modest orders, short production runs and relatively low inventories;
- (ii) lower freight costs when selling on local markets;



- (iii) greater flexibility in operations, in particular when changing product lines (innovation in response to changing customer needs) and when scheduling unexpected rush orders; or, on the contrary,
- (iv) higher skills due to specialisation;
- (v) lower production costs and specialisation which make small industries able to undertake subcontracting orders;
- (vi) close day-to-day relationships between management and customers which make it possible to offer a better response to the client's needs.

**Document:** Selected Marketing Considerations for Small Business Managing in Developing Countries, by Russell Loftus (ID/WG.124/2), pages 4 to 18.

#### 4.2. Limitations due to the size of the market

Small size of the domestic market is a characteristic of most developing countries. As a rule it is due not so much to small population and small geographical area as to low purchasing power resulting from over-all under-development. Most of the least developed countries - twenty-five of which have been identified and listed by the United Nations Committee for Development Planning - have extremely narrow domestic markets; fifteen of them, which are landlocked, have drastically limited prospects of reaching foreign markets and are even more closely bound to their small home market. There are also cases of large, highly-populated countries with predominantly isolated regional and local markets due to great distances and poor transportation facilities, e.g. Brazil, especially in the North-East.

The following issues, among others, might be reviewed:

1. In countries with narrow domestic markets, some industrial sectors might be particularly suitable for small enterprises. To the extent that generalisations are possible and allowing for the different level of development of various countries, the following sectors (which are not given in order of

priority) would seem to be of special importance: (i) consumer goods for personal consumption (foodstuffs, clothing, household items); (ii) productions for the public institutional market; (iii) manufacturing based on, and in support of, agricultural production; (iv) production of parts and components for national contractors (domestic subcontracting), foreign contractors (international subcontracting) or both; (v) industries set up at a level intermediate between handicraft and manufacturing and capable of growth and modernisation in the longer run; (vi) ponderous items produced locally to avoid high transport costs; (vii) high-precision goods with large manual content; (viii) custom-built or "customized" items with different combinations of parts such as furniture to special design, high-fidelity audio equipment, cloths with special finishes etc.; (ix) others.

2. Certain manufactured items require appreciable after-sales service, e.g. sewing machines, household appliances etc. Should small industries enter these fields?
3. Should any priority be given, in countries with narrow markets and poorly endowed in natural resources, to industries based on imported raw materials and oriented more towards export than towards the domestic market?
4. It is often stated that, because of their locational flexibility, small-scale industries may economically be established in, and cater to, local or isolated markets. Is this verified in actual practice?

**Documents:** - Papers by the participants

- The Public Institutional Market, by UNIDO (ID/WB.124/4), pages 3-4.

4.3. Inadequacy of distribution channels - Dependence on middlemen and wholesalers

In his paper - "A Study of Domestic Marketing of Small Industry Products in India" (ID/WG.124/3, page 25), Mr. Baldev Singh distinguishes two main patterns in the distribution of small industry products in India: one through the middleman and the other, when the products are in substitution of imports, through agencies and dealerships.

The latter, says Mr. B. Singh, is on the right lines of modern merchandising. But the former also appears to him, in spite of widespread criticism, as serving a useful purpose: despite his shortcomings, the middleman extends real services and is often the cheapest distributor.

On the other hand, Mr. R. Loftus, in his paper on "Selected Marketing Considerations for Small Business Managing in Developing Countries" (ID/WG.124/2, pages 46 to 52), feels that it is in the area of distribution that the small manufacturer experiences his greatest frustrations. If he cannot sell directly to the ultimate customer he is dependent upon another organisation, over which he has little or no control. In fact, "far too many manufacturers in the developing countries behave as if middlemen are their ultimate consumers ... They delegate the entire marketing function to outsiders whose services are often available to the highest bidder and whose loyalty is questionable ... in such cases the middleman may 'own' the market".

Both authors describe a number of measures which have been introduced with a view to improving distribution, not all of which have been successful - wholesale depots, mobile shops, emporia, state trading organisations, supermarkets, marketing co-operatives, etc. While the effectiveness of these measures will be discussed under sub-items 5.1.5, 5.3.2 and 6.5, the participants are invited to discuss, under the present sub-item 4.3, the general question of the inadequacy of the distribution

channels for small industry products in the developing countries, and the role of the middleman which, if it is expected to continue in the foreseeable future, might perhaps be made more effective and more economical. A related issue is whether it is feasible and desirable for a small firm to distribute its products through its own sales force (at the factory, in its own outlets, or with its own salesmen), thus by-passing wholesaler and middleman.

Documents: As mentioned above.

#### 4.4. Pricing practices

In his paper (ID/WG.124/3, page 19) Mr. B. Singh points out that "the Indian market is proverbially a 'price market'. The cheapest product sells the most". Quality is not a selling point and is neglected. This situation is likely to prevail in other developing countries. Is this preference for the cheapest product mainly the result of the buyers' poverty, in which case this situation would be likely to continue for a long time or is it also due to other factors, such as lack of information, which might be remedied earlier? Does quality improvement always involve an increase in cost and price? Is there a market for higher quality products at higher price in the developing countries and if so, for what type of products?

As regards the techniques of pricing, Mr. Loftus (ID/WG.124/3, pages 55 to 64) feels that most of the existing literature is of little help to the small entrepreneur. Some simplified techniques for calculating demand schedules and break-even points are needed, of which he provides examples.

Participants are invited to comment on the situation regarding pricing (practices and techniques) in the developing countries.

Documents: As mentioned above.

4.5. The problems of product development, design and quality

A number of views on product development and design are put forward in Mr. B. Singh's paper (pages 13 to 18), and discussion of these views is invited.

1. It appears that, in India, good design is important mostly for items having some ornamental or decorative value, such as handicrafts (handloom fabrics, batik, tableware etc.) and industrial products such as dressmaking materials, garments, furnishings and interior decoration items. In other areas, poorly designed articles may, apparently, sell well, as long as there is a strong demand and the items are cheap. It is a question, of course, whether well designed items could sell better. What is the situation in other developing countries? Are design and appearance of any importance when sales are made to undiscerning buyers who are the prevalent consumers in most developing countries? Or can buyers be expected to make their own education promptly when confronted with a choice of items of different design?
2. There are, undoubtedly, marked national preferences for certain types of items, say saris, saris (or in Africa, "boubous" and "pagas") with distinct ornamental features, packaged foodstuffs for national or even local tastes (e.g. South Indian breakfast foods and North Indian sweets) etc. Are new products catering to well-defined national or local preferences being introduced in the developing countries and, if not, or if inadequately so, why and what is the scope for promoting them? Is there, on the contrary, a trend towards producing in the developing countries items styled for the tastes in demand in the United States and Europe, without verifying if local preferences would call for items with different designs and features?

3. In Mr. B. Singh's view (page 16), the most notable feature of modern marketing is the creation of new demands. This, according to him, is confronted in India by considerable obstacles - poor acceptance due to prejudice, tradition, ignorance or plain poverty. Is this situation characteristic of the developing countries? What new products, if any, are gaining acceptance in developing countries at different levels of development? What is the scope for expanding the introduction of such products?

It may be noted that the question of how to improve product development and design for both established and new demands will be discussed under item 6.

4. Some aspects of the question of quality have already been proposed for discussion in connexion with pricing policies (sub-item 4.4). Additional issues are, among others:
- (i) According to Mr. B. Singh (page 19), there is, in India, a large market for low-price merchandise in which the functional quality is not a major consideration (even the poor demand certain "prestige" or "conspicuous consumption" items). Is there any point in orienting small-scale industry towards the manufacturing of products of that type?
  - (ii) In his paper on "Improving Product Quality in Small Industries in Developing Countries" (ID/WG.124/5, pages 12 to 15), Mr. D.J. Desmond defines the quality of a product as "the degree with which it satisfies the purpose for which it is intended". Components of quality are design, level of performance required, conformance to specifications, appearance, reliability, versatility, etc. all of which are related to cost and to the type of market the product is aimed at attracting.

Is it possible to say that, in the conditions prevailing in the less developed countries, quality improvement should be mostly aimed towards better reliability (say, durability), while in the more advanced developing countries, the other characteristics would be equally, if not more important? Is there, in particular, any room for "built-in obsolescence" features in products catering to the more affluent of the developing countries, and is this a desirable marketing technique in these countries? Should modern marketing promotion techniques aimed at creating "insatiable demands" - which may not correspond to real needs - be applied in these countries?

Comments: As mentioned above

#### 4.6. Other problems

Discussion is invited of other problems of small industry marketing which arise in both developed and developing countries, but which are particularly acute in the latter: reference is made to unethical or illegal practices, such as undersizing, misdeclaration of specifications, infringement of trade marks and patents and other forms of cheating.

Other aspects, which are relevant to marketing because they have an influence on costs and prices, are payment of substandard wages, non-payment of social security dues, tax evasion, employment of children and so on.

Are these "facts of life" which have to be accepted (though not condoned) as inevitable or can anything be done about them? What should be the attitude of officers of industrial extension centres - who are not professionally concerned with such actions - when they encounter them?

Comments: B. Singh, op. cit. pages 20 to 21.

Item 5. Promotional and assistance action - the role of the Government, of extension centres and of self-help

It is a major conclusion of Mr. B. Singh (op. cit. "Epilogue", pages 36 to 37), that "whether it is quality marking, product designing, demand assessment or introduction of new modes of distribution, it is the participation of the manufacturer, distributor and the consumer which is essential to make it a success". In other words, Mr. B. Singh, on the basis of the Indian experience, feels that, as far as marketing is concerned, the role of the Government and even that of extension centres are only secondary.

This important view may be discussed either at the beginning or at the end of the debate on item 5. In the latter case, it might well be kept in mind in the course of the discussion.

5.1. The role of the Government

5.1.1. Import substitution and import restriction policies

It is almost an article of faith, in the industrialisation policies of the developing countries, that new industries should produce goods in substitution of imports and be protected by import tariffs and in some cases by import restrictions (quotas or prohibitions). By definition, an import substitution policy is aimed at strengthening the domestic market by opening the door to the domestic product or even compelling people to buy it.

It is worth mentioning in this connexion that, in its report, the UNIDO Expert Group on industrialisation in countries at early stages of development with special reference to small-scale industry (Vienna, 6-10 December 1971) (ID/WG.109/17) felt that import substitution could be an important tool mainly in countries with a large domestic market. It expressed the view that, in the least developed countries, there was not only less scope for a policy of industrial development based on import substitution, but there might also be severe limitations since such a policy could



lead to increases in costs and only to minor effects on the balance of payments.

How does the import substitution policy work in practice, as far as domestic marketing of small-scale industry is concerned? Does it actually open the market for its products? Are campaigns to "buy national" effective and how can they be made successful?

Is there a danger that import restriction policies might deprive the public of a real choice by forcing it to accept an inferior and more expensive product? or might lead to large-scale uncontrollable contraband? or might prevent the local product from developing competitiveness for export?

Document: A paper prepared by the Irish Industrial Development Authority (ID/WG.124/8).

5.1.2. Reservation of certain sectors and products to small-scale industry

In a few countries, including India, certain sectors or products are either reserved to small-scale industry, production by larger enterprises being prohibited; or quotas are fixed on the production of large industries; or cesses and other levies are imposed on the production of large industries, as from a given output level; or licences are restricted for large industries which do not procure from small-scale industries.

Such measures may or may not protect effectively the market of small-scale industries. But they do appear to result in a restriction of over-all output and productivity and to retard general industrial development. It is not preferable to steer small-scale industries towards sectors in which they would not have to compete with large industries?

The views of the participants on these issues are invited.

5.1.3. Price controls

As a means of protecting domestic industries and/or the consumer, the Government may resort to price controls, "fair trade" legislation and control, and subsidies.

1. Assuming - which may not be always verified - that price control or fair trade measures are effectively enforced, would they actually help small-scale industries in conquering and keeping their share of the domestic market? Are price subsidies for small industry products justified and, if so, when and how?
2. Are any special measures needed for avoiding "cut-throat" competition among small-scale industries, and, if so, which?
3. Are price controls on raw materials, especially on the scarce ones, an effective measure? Can black markets for such materials be avoided and, if so, how? A relevant question is whether any priority should be given small-scale industries for the procurement of scarce raw materials.

5.1.4. The public institutional market bidding and preferential procedures

In a paper entitled "The Public Institutional Market" (ID/WG.124/4), the Secretariat of UNIDO outlines the policies needed for ensuring the participation of small-scale industries in government purchases.

Discussion is invited, in particular, of the following issues:

- (i) Adoption of unified purchasing regulations and procedures by all government departments and most agencies and, perhaps at a later date, by public sector industries
- (ii) Need for a central purchasing organisation
- (iii) Need for a price preference system

- (iv) Need for a "set-aside" system
- (v) Role of industrial extension centres in facilitating the participation of small-scale industries in government procurement, and in steering new enterprises towards the manufacturing of products for that market.

**Paragraph:** As mentioned above.

#### 5.1.5. State trade and marketing organisations

1. In his paper, Mr. Baldev Singh reviews a number of Indian state trade organisations - wholesale depots, mobile shops, emporia (mostly for handicrafts) and supermarkets, all of which, according to him, operated at a loss "because they did not offer a workable alternative to the distribution that already existed" and this "because it did not prove possible to operate them on commercial lines" (page 27). The only successful example given by Mr. Singh is that of the organisation, by the Indian National Small Industries Corporation (INSIC), of supply against bulk orders from abroad. "In this case the government organisation performed functions which were beyond the competence of ordinary trading organisations and rendered an important service. It would not have been possible to develop such business without the assistance of such an organisation." Could this service have been extended by a private organisation?
2. Is it axiomatic that state trade organisations cannot be run on commercial lines, that they cannot compete with existing distribution channels, or that they are justified only when there are no private organisations extending the same service?
3. If this is not necessarily the case, is there any justification for setting up state trading organisations in certain types of developing countries, for instance in the least developed ones?

4. Should state trading organizations be set up on a temporary basis until a private organization is able to take over? Do state institutions of this type tend to perpetuate themselves long after they are really needed?
5. There are few, if any, institutions in the developing countries which carry out marketing surveys and research for small-scale industries. Even in India, which has the largest promotional system for small industries in the developing world, no organization is exclusively engaged in that work. Since no individual small industry can afford commercial marketing services of this type, should these be extended by the Government and is there a need to create special institutions for the purpose?
6. Is there any scope for self-help in this area, e.g. through collective action groupings or through professional and business organizations?

Answer: As mentioned above.

## 5.2. The role of industrial extension centres and other institutions

### 5.2.1. Training and advisory services for small industrialists

A major condition for successful marketing is that the management and production of small enterprises should be competent and effective. In the developing countries, most small-scale industries carry out these functions inadequately, and, in many countries, industrial extension centres, that is agencies for promotion and assistance (technical, managerial and economic training and counselling) have been created to assist them in these areas.

Several reports submitted to the Expert Group provide information on the organization and contents of training and advisory services in the field of marketing for small-scale industries. (R. Loftus, op.cit.; B. Singh, op.cit.; C.M.A. Dudney, "Training and Advisory Services in the Field of Marketing for Small-scale Industries in Developing Countries")

(ID/WG.124/6); and a paper by the Irish Management Institute (ID/WG.124/10)).

1. Discussion is invited of the appropriate institutional arrangements and methods for providing such training and services to small-scale industries.
2. As regards the contents of the training programmes, participants are invited to discuss the question whether and how modern marketing techniques such as sales forecasting and control, inventory control, break-even analysis, demand schedules, product mix, volume analysis, cost analysis, pricing, credit sales, sorting, sising, grading and so on, may be simplified to be within the reach of small entrepreneurs in the developing countries.
3. The discussion might also be concerned with the question whether it is economic for a small industry to employ its own sales force. If it is, then salesmen should be trained and their skills and effectiveness improved. Effective methods of remunerating sales personnel may need to be devised (commissions, bonuses etc.). It may be noted that, in several developing countries, merchandising is not considered to be a reputable profession. Ways of changing this state of affairs might be discussed.

The question of the special role of industrial extension centres in facilitating the participation of small-scale industries in government procurement programmes will have been discussed under sub-item 5.1.4. This question as related to subcontracting is referred to in ID/WG.41/34/Rev.1, paras. 42 to 46.

Marketing as mentioned above.

### 5.2.2. Facilitation of financing

Discussion is invited of those problems of financing which are linked to the domestic marketing of small industry products. Most of the credit needed in this respect is likely to be of short term.

1. Would credit guarantees and supervised credit schemes facilitate such financing? What role can be played by industrial extension centres to facilitate financing for small-scale industries?
2. In his paper (op.cit., page 9), Mr. R. Loftus states that "it may be decades before consumer credit for the mass market will be economically feasible in most developing countries". Mr. Loftus also suggests that if credit is made available to the "tiny but affluent upper class and the growing middle class", the sales and distribution process can be accelerated. Is there agreement on these views?

**5.2.3. Promotion of subcontracting**

The general conclusions of the Expert Group on the Role and Promotion of Subcontracting in Industrial Development (ID/WG.41/34/Rev.1 - CD/PME (69) 39) are made available to the participants as a background document. Although the question of domestic subcontracting is very relevant to the theme of the present meeting, it is not proposed, in view of the work previously done by UNIDO on the subject, to discuss it in detail. Participants are invited to express their views on the following two questions:

1. Is there any scope, in their opinion, for promoting subcontracting in the least developed countries whenever suitable large industries are established there?
2. Is there a justification for imposing on large industries that they subcontract the production of some parts and components to small-scale industries (compulsory subcontracting)? Is this effective?

**Document:** General Conclusions of the Expert Group (ID/WG.41/34/Rev.1 - CD/PME (69) 39, paras. 32 and 38).

5.3. Self-help

5.3.1. Self-help at the plant level

What can be done by the small industrialist himself to improve the marketing of his products?

5.3.2. Co-operative procurement, marketing and financing

1. What is the scope for carrying out procurement of raw materials, marketing of finished products and financing of individual needs through co-operative associations of small industrialists or through collective action groups organized on a sectoral or geographical basis?
2. It may be noted that until now the development of co-operative associations or other joint undertakings of small industrialists has been very limited in most developing countries, whatever their level of industrial development. The reasons for this state of affairs might be considered and some remedial action (e.g. government incentives) might be suggested.

Document: R. Loftus, op. cit., pages 53-55.

5.3.3. Role of chambers of commerce and industry and other business organisations

As a rule, professional and business organisations prefer to confine themselves to their traditional action of protection and representation and are reluctant to engage in promotional activities. What could they contribute to the domestic marketing of small-scale industries in the developing countries? How could they be induced to provide the necessary assistance? How should they organise themselves to be able to help in this field?

**Item 6. Measures of promotion and assistance (private and public)**

**6.1. Assistance in market research and prospection**

The overwhelming majority of small-scale industries in the developing countries cannot afford to obtain these services (surveys, canvassing, demand evaluations, consumer acceptance, testing, etc.) on a commercial basis. Who should assist small industries in this field, and how?

**6.2. Assistance in product development and design**

According to Mr. B. Singh (op.cit., page 18), small-scale industries can, whenever design is a decisive marketing factor, look after this aspect, though they will rather copy than create. He suggests that a library of design books and a show room of models would be cheaper and more suitable than a service providing original designs. On page 15, Mr. Singh suggests that design service is unworkable when it is provided by development agencies that are not engaged in actual selling.

This opinion is not shared by all authorities, some of which believe that marketing advantages can be gained through relatively simple innovations in design.

Discussion of these views is invited.

**6.3. Assistance in quality control; quality certification and marketing**

1. Discussion is invited of the simplified techniques of quality control, including statistical quality control (sampling plans, control charts and industrial experimentation) described by Mr. D. J. Desmond in his paper (ID/WG.124/5). Are these techniques appropriate for small-scale industries in developing countries at different levels of development? How can these techniques be imparted to the entrepreneurs and how can they be induced to use them? Some suggestions on the training of indigenous trainers are made by Mr. Desmond (op. cit. pages 80 to 83) and may be discussed in this connexion.



2. While Mr. Desmond feels that "the obvious way to improve the quality of a product is to improve the technology used in the manufacture" (page 16), he recognises that this is not always possible and economic for small-scale industries in the developing countries. Before thinking of ordering new plant, better use should be made of the current one. In nearly all cases, quality may be improved through better management. Mr. Desmond considers (page 20) that, in the industrial countries, better management would be mostly concerned with cost and labour productivity aspects; in the developing countries, with plant and material utilisation (productivity). He gives several examples (pages 28 to 37) of means of improving plant utilisation by employing relatively large numbers of unskilled or semi-skilled people with limited training. Discussion is invited of these views and of the methods suggested.
3. Participants are invited to discuss the need for the testing laboratory as a common service facility for small-scale industry. The role of the laboratory is to standardise and calibrate measuring equipment. It is also to test raw materials and finished products through techniques beyond the reach and means of individual small industries. A laboratory is often proposed as a common facility in areas of concentration of small-scale industries, especially on industrial estates (Desmond, page 63). Do such facilities lend themselves to co-operative ownership and management?
4. On pages 67 to 76, Mr. Desmond describes the quality certification and marking scheme. In many countries, the system operates through the national standards institution which owns a registered trade mark which it is prepared to license to manufacturers able to supply goods to the appropriate national standard. In some countries, this is done, for certain types of products, through consumer associations. Discussion is invited of the scope for introducing quality certification schemes for small industry products in the developing countries.

5. It may be noted that, in his paper (op. cit. pages 21 to 24), Mr. B. Singh states that, on the whole, the Indian government-sponsored quality marking scheme was not successful. He feels that such a system cannot work when it is imposed from outside. There are several reasons for this: the buyers' preferences are not considered when the quality standards are formulated and the market remains unresponsive to what is offered; there may be inadequate confidence in the quality mark and the inspecting organisation; the features standardised are insufficiently publicised. A case of successful quality marking is quoted by Mr. Singh: in that case, the manufacturers themselves requested it and even paid for the service. What is the situation in other countries? Would the consumer public react favourably to the use of quality marking? How can it be induced to do so?
6. Mr. Desmond insists on the importance of procuring quality-marked raw materials. What is the scope for this in the developing countries? What are the problems in introducing quality certification and marking in this area?

6.4. Assistance in accounting, cost accounting, pricing and other managerial functions

Discussion is invited of the role of industrial extension centres and other institutions, and of collective action groupings in providing training and counselling in this area.

6.5. Organisation of direct sale, market places, wholesale depots, mobile shops, emporia, supermarkets and chain stores

Some references have already been made to these issues under sub-item 4.3. Participants are invited to discuss the effectiveness of these different channels of distribution in the conditions prevailing in the developing countries, and means of organising and improving them.

6.6. Packaging

Is improved packaging an important marketing advantage in the developing countries? Is there need for professional advice in this field or can the entrepreneur deal with this himself? Where would the advice come from? Is packaging an individual factory problem or a more general one, which would, in particular, lend itself to group training?

6.7. Promotion, publicity and exhibitions

1. Is it worthwhile for small entrepreneurs with tight budgets to spend money on advertising for their products? What are the best promotion and publicity media for industrial products in the developing countries? Should any measures be taken to ensure truth in advertising in these countries and, if so, which?
2. In some developing countries, exhibitions of small industry products have been organised. Are these effective from a marketing standpoint? Who should organise and finance them?
3. Is participation in foreign trade fairs useful for small industries? Should they be advised to make the financial effort required to participate in them?

6.8. Franchising and licensing

Are agreements of this type suitable for small-scale industries in the developing countries? Do they effectively enlarge the market for the products manufactured under such agreements?

6.9. Organisation of market and marketing information

Which institution would be able to make the necessary studies and to collect and disseminate information on market opportunities, procedures, practices and so on? Can it be done through groupings of small-scale industries?

**Item 7. International co-operation in the field of marketing of small industry products**

**7.1. UNIDO technical co-operation**

Until now, UNIDO has provided, in response to government requests, only limited assistance in the field of domestic marketing of small industry products. This has been done almost exclusively through expert services. In the relatively less developed countries, experts have done some study of the market as part of the feasibility and pre-investment studies of broader scope in which they were engaged. In some relatively more advanced developing countries, they have provided counselling on specific measures for improving the marketing of small-scale industries, e.g. the setting up of a marketing organization, advising on product development and design, introducing quality control, establishing a government purchasing scheme, setting up subcontracting exchanges, undertaking marketing surveys, advising on sales improvement as part of the more general assistance to the management of individual enterprises etc.

On the whole, however, the number of technical assistance operations in these fields has been small. Hardly any fellowships in the field of marketing have been requested and granted.

1. Participants are invited to discuss the types of expert services which would appear to be needed in developing countries at different levels of industrial development, including advice to governments, assistance to extension centres and other institutions, help to individual factories, facilitation of self-help, including organisation of collective and co-operative action, and stimulation of promotional action by professional and business organisations. In what areas of marketing is technical assistance most needed?

2. What type of training in the field of marketing could be organised by extension centres, especially those assisted by UNIDO expert teams?
3. In what training institutions could UNIDO fellowship-holders be placed?
4. In a note entitled "Partnerships" (UNIDO/IBID/16), which outlines a scheme for promoting co-operation between industrial and developing countries in the field of small-scale and medium-sized industry in African countries, a number of partnerships involving promotion of domestic marketing are described (para. 11 (v), (vi) and (vii)). Participants are invited to express their views on the proposal.

**7.2. Co-operation by other organisations**

Some international organisations, in particular the International Labour Organisation (ILO), the Food and Agriculture Organisation of the United Nations (FAO) and the United Nations Conference on Trade and Development (UNCTAD) have given assistance to the developing countries in some areas of domestic marketing.

Some non-governmental organisations have also carried out work in this field.

1. What scope is there for an increased co-operation from these sources?
2. What measures can be taken to expand the exchange of information and experience in this field?

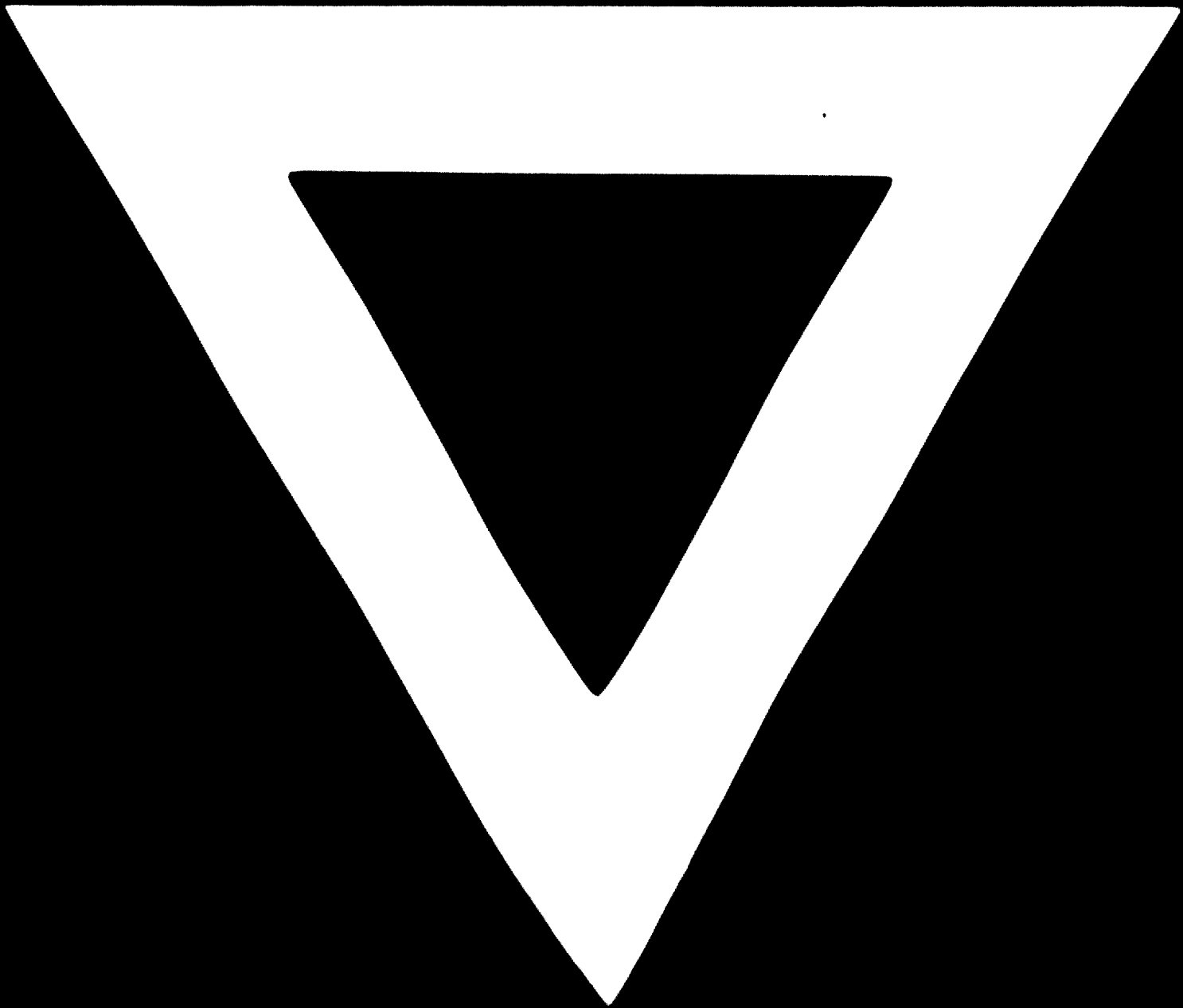
**References:**

- UNIDO Activities in the Field of Domestic Marketing of Small Industry Products (ID/WG.124/7)
- "Partnerships" - A Note on Co-operation Between Developed and Developing Countries in the Field of Small-scale and Medium-sized Industry in African Countries (UNIDO/IBID/16)

**Item 8. Adoption of the conclusions of the meeting**

**Item 9. Closing address**





**30. 11. 73**