EXECUTIVE SUMMARY

1. BACKGROUND:

In line with the changing focus of many donor environments, several countries in South Asia have already undertaken a demand analysis of Business Development Services (BDS) by their respective private sectors. The findings from these studies have led to the design of the BDS programmes in these different countries.

What these studies aim at doing is to gain a basic understanding of the consumption of BDS so that it leads to design interventions that stimulates the existing BDS market as well as pave the way for new players to enter. It also provides a baseline to measure the impact of the country's programmes on the development of the BDS market in the respective countries.

The information for this demand analysis comes from a survey of various private companies/establishments in the urban areas of the individual countries. These surveys are always aimed at examining the picture –encompassing a wide range of business development services and universe of various private sector firms which are the target consumer of these services. Business Development Services (BDS) will be offered commercially to Small and Medium Entrepreneurs (SMEs) of different sectors located at potentially new and emerging growth centers beyond Dhaka and Chittagong with the assistantship/collaboration from local service providers.

In this backdrop, Swisscontact Bangladesh had taken an initiative to reap the benefits of a survey entitled " Awareness and Usage of BDS in Selected Centres of Urban Bangladesh" and make the demand analysis of BDS by private sectors in Bandladesh. The task was commissioned to ORG-MARG QUEST LTD and was executed successfully in two rounds covering eight centres of urban Bangladesh.

2. FINDINGS OF THE STUDY:

2.1. AWARENESS OF SERVICES IN TOWN SPECIFIC:

The table below shows the overall awareness of business development services in the selected centers of urban Bangladesh. Awareness level of all the services across towns found satisfactory.

Service	**Dhaka**	**Bogra**	**N'ganj**	**Khulna**	**Jessore**	**Comilla**	**Sylhet**	**Tangail**
Accounting, Finance and Taxation	99%	100%	90%	100%	100%	100%	99%	100%
Advisory in Business Planning and Management	89%	78%	85%	92%	93%	92%	96%	68%
Advisory in Legal Processes	88%	80%	75%	91%	99%	86%	94%	58%
Advisory in Production Processes / Operations	76%	72%	75%	81%	81%	83%	77%	32%
Management Training	89%	69%	72%	77%	82%	84%	92%	63%
Production Training	78%	84%	76%	84%	95%	88%	73%	89%
Technical Training	87%	87%	81%	86%	97%	82%	81%	88%
Communications & Correspondence incl. couriers	100%	100%	96%	99%	100%	100%	100%	91%
Trade Fairs	94%	80%	74%	90%	95%	71%	86%	67%
Advertising	98%	100%	94%	100%	100%	100%	100%	96%

2.2. THOSE CLAIM TO BE FULLY AWARE AMONG AWARE OF:

Respondents were judged fully aware if they could correctly describe the service. In case fully aware of services, it is seen that Dhaka, Bogra, Comilla, Sylhet have an edge over the remaining towns such as Tangail, Jessore, Khulna and Narayanganj. This can be seen from the table below.

Service	Dhaka	Bogra	N'ganj	Khulna	Jessore	Comilla	Sylhet	Tangail
Accounting, Finance and Taxation	64%	64%	38%	45%	39%	68%	66%	49%
Advisory in Business Planning and Management	65%	65%	51%	36%	23%	61%	61%	33%
Advisory in Legal Processes	65%	65%	34%	50%	30%	62%	65%	18%
Advisory in Production Processes / Operations	52%	52%	42%	27%	22%	49%	51%	14%
Management Training	62%	62%	38%	26%	13%	49%	54%	16%
Production Training	68%	68%	56%	36%	16%	66%	59%	22%
Technical Training	70%	70%	48%	40%	33%	57%	53%	30%
Communications & Correspondence incl. couriers	92%	92%	62%	57%	51%	90%	89%	40%
Trade Fairs	68%	68%	55%	37%	31%	61%	62%	32%
Advertising	82%	82%	76%	56%	49%	77%	88%	38%

2.3. REACH RATIO OF SERVICES IN TOWN SPECIFIC:

The reach of a service would be defined by all respondents who have ever purchased the service but does not include free use. In this context, it is observed that the biggest marketing challenge for all services in Bangladesh is trial. The survey results show that entrepreneurs are generally reluctant to try business services. Despite being evolving markets, reach ratio of most evolving markets surpass Dhaka in many occasions esp. in case of low-end services. The following table illustrates details finding.

Service	**Dhaka**	**Bogra**	**N'ganj**	**Khulna**	**Jessore**	**Comilla**	**Sylhet**	**Tangail**
Accounting, Finance and Taxation	25.9%	56.3%	32.7%	18.9%	37%	14.5%	8.9%	17.6%
Advisory in Business Planning and Management	0.5%	2.1%	0.0%	1.1%	0.0%	0.0%	0.0%	0.9%
Advisory in Legal Processes	21.4%	28.1%	15.9%	20%	16%	24.1%	17.8%	1.9%
Advisory in Production Processes / Operations	1.5%	0.0%	1.8%	1.1%	0.0%	1.2%	3.3%	0.0%
Management Training	2.0%	1.0%	0.0%	1.1%	0.0%	1.2%	1.1%	0.0%
Production Training	2.5%	4.2%	1.8%	1.1%	0.0%	0.0%	2.2%	0.9%
Technical Training	8.5%	14.6%	5.3%	0.0%	4.1%	10.8%	0.0%	0.9%
Communications & Correspondence incl. couriers	53.7%	77.1%	46.0%	62.1%	55.4%	68.7%	55.6%	23.1%
Trade Fairs	6.0%	6.3%	0.0%	11.6%	4.1%	7.2%	7.8%	0.0%
Advertising	37.8%	54.2%	32.7%	42.1%	31.1%	50.6%	38.9%	18.5%

2.4. AWARENESS BY CUSTOMER SEGMENT:

2.4.a MANUFACTURING SEGMENT

Awareness of services is higher for manufacturing industries than the other two consumer segments i, e, the trade sector and service sector. This is consistent across all the eight towns under consideration. Among services, awareness level was relatively low for training/ advisory services as compared to low-end services. The following three tables gives a detail elaboration of awareness level of services by consumer segments i, e, manufacturing, trading and service sector respectively.

Service	**Dhaka**	**Bogra**	**N'ganj**	**Khulna**	**Jessore**	**Comilla**	**Sylhet**	**Tangail**
Accounting, Finance and Taxation	99	100	97	100	100	100	100	100
Advisory in Business Planning and Management	90	77	88	94	98	95	100	70
Advisory in Legal Processes	90	84	83	96	98	88	93	58
Advisory in Production Processes / Operations	90	77	93	98	85	100	100	38
Management Training	91	75	77	88	83	85	100	61
Production Training	97	100	91	98	100	100	97	94
Technical Training	93	100	86	100	100	88	87	90
Communications & Correspondence incl. couriers	100	100	95	100	100	100	100	89
Trade Fairs	93	86	76	92	95	75	97	63
Advertising	97	100	93	100	100	100	100	98

2.4.b TRADING SEGMENT

Service	Dhaka	Bogra	N'ganj	Khulna	Jessore	Comilla	Sylhet	Tangail
Accounting, Finance and Taxation	98	100	65	100	100	100	100	100
Advisory in Business Planning and Management	80	85	70	80	83	82	92	58
Advisory in Legal Processes	76	70	45	72	100	74	92	75
Advisory in Production Processes / Operations	58	65	45	56	67	56	61	17
Management Training	74	60	60	60	79	74	84	50
Production Training	54	60	55	60	83	63	63	58
Technical Training	58	60	60	52	89	63	76	58
Communications & Correspondence incl. couriers	100	100	95	96	100	100	100	100
Trade Fairs	92	80	55	84	89	52	82	75
Advertising	100	100	95	100	100	100	100	100

2.4.c SERVICE SEGMENT

Service	Dhaka	Bogra	N'ganj	Khulna	Jessore	Comilla	Sylhet	Tangail
Accounting, Finance and Taxation	99	100	94	100	100	100	100	100
Advisory in Business Planning and Management	96	75	94	100	94	100	96	56
Advisory in Legal Processes	96	80	83	100	100	100	100	50
Advisory in Production Processes / Operations	72	65	27	70	88	88	73	19
Management Training	97	60	60	70	88	100	96	81
Production Training	72	65	27	80	94	100	59	88
Technical Training	94	75	87	95	100	100	82	100
Communications & Correspondence incl. couriers	100	100	100	100	100	100	100	94
Trade Fairs	97	65	87	90	100	94	77	81
Advertising	100	100	100	100	100	100	100	88

2.5. PURCHASE OF BDS BY EACH SEGMENT:

At a generic level, the three services namely A/C, Finance & Taxation, Communication and Correspondence and Advertising had already been identified earlier as the key services being bought presently remain the same for the manufacturing sector as well. Another service trade fair termed as support service has also moderate reach ratio esp. in manufacturing segment. The only so-called high-end service that enjoys a relative presence across towns is Advisory in Legal Processes. The scenario of trading and service sector can be seen as replica of manufacturing sector in view of service outsourcing ratio. Market of high-end services does not seem promising in any of the segment. However, technical and production training are insignificantly present esp. among few towns of manufacturing segment. The following tables specially looks at the reach of all services across the eight towns and by consumer segment.

2.5.a MANUFACTURING SEGMENT

Service	Dhaka	Bogra	N'ganj	Khulna	Jessore	Comilla	Sylhet	Tangail
Accounting, Finance and Taxation	16.3	53.6	34.6	24	40	20	6.7	13.8
Advisory in Business Planning and Management	1.2	3.6	0	2	0	0		0
Advisory in Legal Processes	26.7	35.7	15.4	26	12.5	27.5	26.7	1.3
Advisory in Production Processes / Operations	3.5	0	1.3	2	0	2.5	10	0
Management Training	1.2	1.8	0	2	0	0	3.3	0
Production Training	5.8	7.1	1.3	2	0	0	6.7	1.3
Technical Training	10.5	25	2.6	0	2.5	2.5	0	1.3
Communications & Correspondence incl. couriers	62.8	80	43.6	74	72.5	80	63.3	15
Trade Fairs	9.3	10.7	0	14	7.5	7.5	23.3	0
Advertising	25.6	48.2	26.9	50	32.5	47.5	40	13.8

All figures in percentage to base

2.5.b TRADING SEGMENT

Service	Dhaka	Bogra	N'ganj	Khulna	Jessore	Comilla	Sylhet	Tangail
Accounting, Finance and Taxation	16	50	20	8	22.2	0	0	33.3
Advisory in Business Planning and Management	0	0	0	0	0	0	0	8.3
Advisory in Legal Processes	4	15	10	4	16.7	11.1	5.3	8.3
Advisory in Production Processes / Operations	0	0	5	0	0	0	0	0
Management Training	0	0	0	0	0	0	0	0
Production Training	0	0	5	0	0	0	0	0
Technical Training	2	0	10	0	11.1	3.7	0	0
Communications & Correspondence incl. couriers	54	85	50	40	27.8	44.4	47.4	41.7
Trade Fairs	6	0	0	12	0	3.7	0	0
Advertising	22	60	30	4	16.7	37	31.6	16.7

All figures in percentage to base

2.5.c SERVICE SEGMENT

Service	Dhaka	Bogra	N'ganj	Khulna	Jessore	Comilla	Sylhet	Tangail
Accounting, Finance and Taxation	46.2	70	40	20	43.8	25	27.3	25
Advisory in Business Planning and Management	0	0	0	0	0	0	0	0
Advisory in Legal Processes	27.7	20	26.7	25	25	37.5	27.3	0
Advisory in Production Processes / Operations	0	0	0	0	0	0	0	0
Management Training	4.6	0	0	0	0	6.3	0	0
Production Training	0	0	0	0	0	0	0	0
Technical Training	10.8	0	13.3	0	0	43.8	0	0
Communications & Correspondence incl. couriers	41.5	60	53.3	60	43.8	81.3	59.1	50
Trade Fairs	1.5	0	0	5	0	12.5	0	0
Advertising	66	65	66.7	70	43.8	81.3	54.5	43.8

All figures in percentage to base

2.6. EXPENDITURE ON BDS (1999-2000):

2.6.a THE MANUFACTURING SECTOR

As far as manufacturing industries are concerned, the average spending on services per establishment by the smaller segment (i.e. < 10 employees and 10-19 employees) is significantly lower than the larger units which employ 20 or more than 20 employees (but less than 50). It may be noted that across the eight towns, there is not a significant difference in spending between the micro scale and small-scale units. However, medium manufacturing units in towns other than Jessore and Tangail have a significant higher amount of average spending than micro and small manufacturing units.

Training and advisory services, while having a very low reach, show quite insubstantial amount spent across all the towns. While legal advice, only service do command a relatively high price.

AVERAGE YEARLY EXPENDITURE: ALL FIGURES IN TAKA

	DHAKA	BOGRA	N'GANJ	KHULNA	JESSORE	COMILLA	SYLHET	TANGAIL
Less than 10 employees	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**
A/c, fin & taxation	0	1600	3000	5,000	1,800	0	0	3,800
Adv. in bus plng & mgt	0	0	0	0	0	0	0	0
Advisory in legal	0	1300	800	1600	0	2,000	1,800	500
Adv. In prod. proc. & oper.	2500	0	0	0	0	0	7,000	0
Management training	0	0	0	0	0	0	0	0
Production training	5000	0	0	0	0	0	0	0
Technical training	0	1300	0	0	0	0	0	0
Communication	2000	1200	2500	3,200	430	1,400	12,000	3,200
Trade fair	0	3100	0	0	0	0	25,000	0
Advertisement	2000	1600	4000	7,700	300	4,200	25,000	0
10-19 employees	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**
A/c, fin & taxation	9000	6300	2600	3,000	2,100	4,500	15,000	1,500
Adv. In bus plng & mgt	0	0	0	0	00	0	0	0
Advisory in legal	27000	50000	2000	5,600	1,400	5,800	5,000	0
Adv. In prod. Proc. & oper.	3000	0	0	0	0	10,000	0	0
Management training	0	0	0	0	0	0	0	0
Production training	125000	0	0	0	0	0	0	2,000
Technical training	8000	33000	3500	0	0	0	0	1,700
Communication	12600	3500	2000	10,500	2,300	7,300	26,000	3,000
Trade fair	65000	60000	0	50,000	0	22,000	0	0
Advertisement	28000	8200	2300	55,000	3,200	13,000	39,000	12,300
20-49 employees	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**
A/c, fin & taxation	3000	9000	6100	6,000	2,400	29,000	10,000	3,800
Adv. In bus plng & mgt	0	0	0	55,000	0	0	5,000	0
Advisory in legal	13000	5300	3700	2,300	2,000	31,000	0	0
Adv. In prod. Proc. & oper.	9000	0	5000	0	0	0	0	0
Management training	0	0	0	0	0	0	0	0

	DHAKA	BOGRA	N'GANJ	KHULNA	JESSORE	COMILLA	SYLHET	TANGAIL
Production training	2000	2000	4000	1,000	0	0	0	0
Technical training	20000	2000	0	0	0	0	0	0
Communication	7800	5500	6000	18,000	7,600	11,300	4,000	66,000
Trade fair	115000	23000	0	500,000	0	110,000	15,000	0
Advertisement	180000	71000	145000	85,000	25,000	58,000	39,000	9,500

2.6.b THE TRADING SECTOR

The trade segment as a whole spends primarily on 3 services, 2 of, which are low-end services (identified earlier), and only one being Advisory (legal). Of the eight towns in question, only Dhaka, Khulna and Comilla seem to have had an active trade sector while in the others, the BDS spent is quite negligible.

AVERAGE YEARLY EXPENDITURE: ALL FIGURES IN TAKA

	DHAKA	BOGRA	N. GANJ	KHULNA	JESSORE	COMILLA	SYLHET	TANGAIL
Large retailers of FMCGs	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**
A/c, fin & taxation	600	1000	0	1,000	400	0	0	1,000
Adv. In bus plng & mgt	0	0	0	0	0	0	0	0
Advisory in legal	15000	0	2000	0	500	2,000	0	300
Adv. In prod. Proc. & oper.	0	0	0	0	0	0	0	0
Management training	0	0	0	0	0	0	0	0
Production training	0	0	0	0	0	0	0	0
Technical training	0	0	0	0	0	0	0	0
Communication	800	2100	3000	2,500	280	1,500	1,000	1,900
Trade fair	0	0	0	1,500	0	3,000	0	0
Advertisement	1500	1600	1700	2,000	0	1,100	1,600	0
Retailer of durables	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**
A/c, fin & taxation	2000	4000	3500	300	3,000	0	0	0
Adv. In bus plng & mgt	0	0	0	0	0	0	0	0
Adv.in legal	1500	300	2000	0	0	1,000	700	0
Adv. In prod. Proc. & oper.	0	0	0	0	0	0	0	0
Management training	0	0	0	0	0	0	0	0
Production training	0	0	0	0	0	0	0	0
Technical training	0	0	2000	0	0	3,000	0	0
Communication	3500	800	3000	11,000	7,700	800	0	2,000
Trade fair	100000	0	0	0	0	0	0	0
Advertisement	1600	1100	300	0	5,500	700	700	0

2.6.c THE SERVICE SECTOR

Overall, the service sector (being represented by private medical facilities, private guest houses, motor vehicle workshop and computer education and training institutes) looks to be as low a spender as the trading community. Spending pattern of service sector is noticed as a replica of trading sector.

AVERAGE YEARLY EXPEDITURE: ALL FIGURES IN TAKA

	DHAKA	BOGRA	N'GANG	KHULNA	JESSORE	COMILLA	SYLHET	TANGAIL
Pvt. Medical estab.	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**
A/c, fin & taxation	8200	2800	6600	1,100	3,000	15,000	14,000	3,800
Adv. In bus plng & mgt	0	0	0	0	0	0	0	0
Advisory .in legal	8000	0	2000	1,600	0	14,000	12,000	0
Adv. In prod. Proc. & oper.	0	0	0	0	0	0	0	0
Management training	20000	0	0	0	0	0	0	0
Production training	0	0	0	0	0	0	0	0
Technical training	61000	0	0	0	0	0	0	0
Communication	6000	2000	5200	6,400	14,200	3,800	10,000	15,200
Trade fair	0	0	0	0	0	0	0	0
Advertisement	17000	4000	13000	1,700	5,000	27,000	19,000	15,000
Hotel/Motor vehicles workshop/ Computer education & training inst.	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**	**Avg. Spend**
A/c, fin & taxation	5200	500	0	500	350	0	4,000	0
Adv. In bus plng & mgt	0	0	0	0	0	0	0	0
Advisory in legal	10000	0	0	500	4,000	12,000	5,000	0
Adv. In prod. Proc. & oper.	0	0	0	0	0	0	0	0
Management training	0	0	0	0	0	16,000	0	0
Production training	0	0	0	0	0	0	0	0
Technical training	0	0	0	0	0	14,000	0	0
Communication	2000	300	0	2,700	0	2,400	2,700	5,900
Trade fair	0	0	0	0	0	18,000	0	0
Advertisement	7000	2000	1000	4,100	300	14,000	2,300	1,500

2.7. FREQUENCY OF PURCHASE OF BDS:

The table below shows the common frequency of use for each business service. With the exception of most training and advisory services, most low-end services (and some high-end services as well) are generally used once a year.

Service	Common Frequency of Use
Accounting, Finance and Taxation	Once a year
Advisory in Business Planning and Management	Once a year
Advisory in Legal Processes	Once a year
Advisory in Production Processes / Operations	Less than every two years
Management Training	Once a year – less than every two years
Production Training	Once a year/less than every two years
Technical Training	Less than every two years
Communications and Correspondence	Every month
Trade Fairs	Less than every two years
Advertising	Once a year/twice a year

2.8. THE CURRENT BDS SPENDING: SERVICE-WISE TOTAL SPENDING AS WELL AS TOWN SPECIFIC TOTAL SPENDING:

ALL FIGURES IN US$

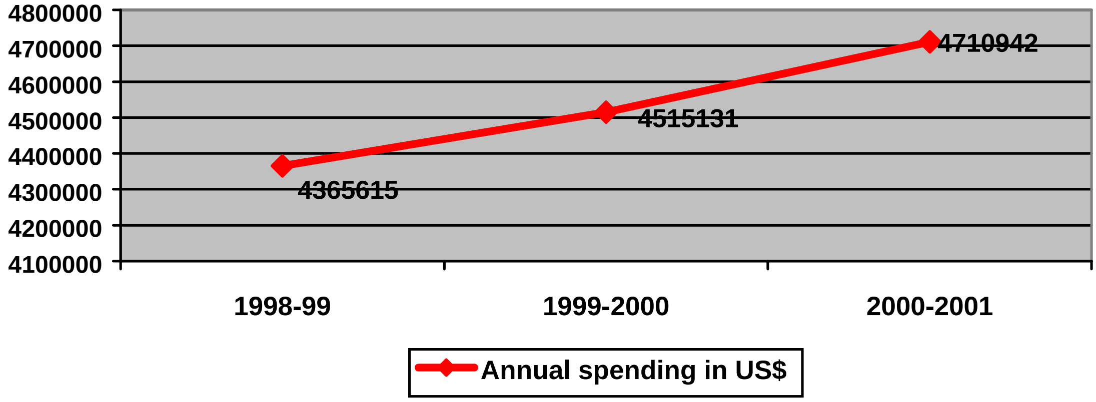
Towns	A/C,Finance & Taxation	Adv. In Bus plan. & Mgt	Adv in Legal	Adv in Prod. Proc & Oper	Mgt. Training	Prod. Training	Tech. Training	Communication	Trade Fair	Advertising	Total
Dhaka	138981.84	0	507598.5	20137.7	1481.48	438816	155490	543065.59	769346.9	1940213.37	**4515131.04**
Bogra	61296.34	0	159670.2	0	0	1435.18	63926.5	58776.55	56918.6	187215.87	**589239.16**
Narayanganj	46458.73	0	13799.18	1908.44	0	1526.75	4470.99	68154.35	0	366211.59	**502530.03**
Khulna	9208.06	5907.41	10065	0	0	107.41	0	82639.17	293598.15	236821.30	**638346.48**
Jessore	7161.37	0	2766.67	0	0	0	0	16818.56	0	10314.52	**37061.11**
Comilla	18077.78	0	22818.52	1135.80	1037.04	0	6490.74	30922.53	33655.56	70777.04	**184915**
Sylhet	8690.48	0	8796.00	1322.22	0	0	0	38598.85	3981.48	44210.53	**105599.56**
Tangail	11412.10	112.22	100	0	0	1520.16	1292.14	42119.14	0	48967.04	**105522.80**
Total	**301286.69**	**6019.63**	**725614**	**24504.16**	**2518.52**	**443405**	**231670**	**881094.73**	**1157500.69**	**2904731.25**	**6678345.18**

The Total Volume of BDS market across eight towns is estimated as US$ 6,678,345. Out of which Dhaka alone accounts US$ 4,515,131 considered 67.61% of total BDS spending. Next to Dhaka, we have Khulna contributing 9.64% of total BDS spending closely followed by Bogra and Narayanganj contributing 8.82% and 7.52% of the BDS spending respectively. Share of Comilla's BDS market is 2.77% followed by both Sylhet and Tangail having BDS market share of 1.58% respectively. Share of BDS market in Jessore is the least just registering only 0.55% of total BDS spending.

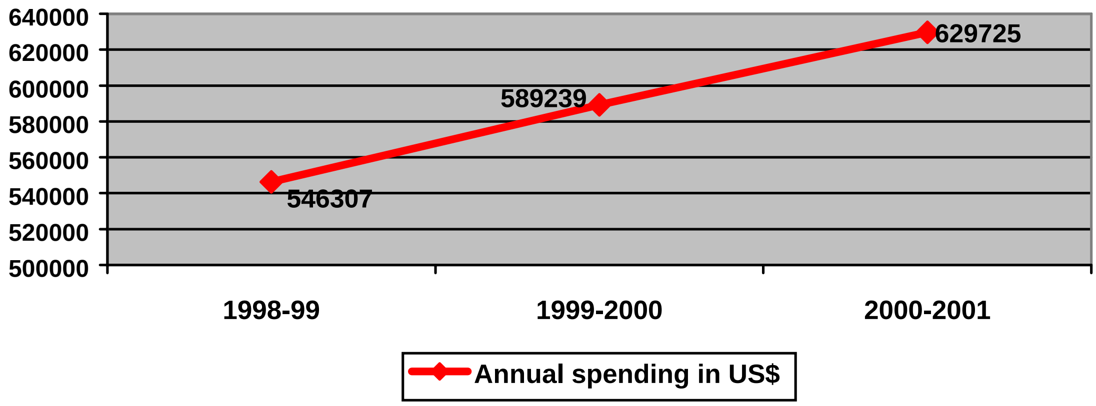
Now having a close look at the every service individually, it is quite clear that only three services completely dominates the BDS market in terms of value of spending, i.e. Advertising (43.49%), Trade fair (17.33%) and Communication and Correspondence including Couriers (13.19). These three together accounted for nearly 74%. The other services that also have sizeable contribution are Advisory in Legal services (10.87%), Production Training (6.64%), A/C, Finance and Taxation (4.51%) and Technical Training (3.47%). The remaining advisory and training services account for just only 0.50%.

2.9. HOW THE MARKET IS GROWING:

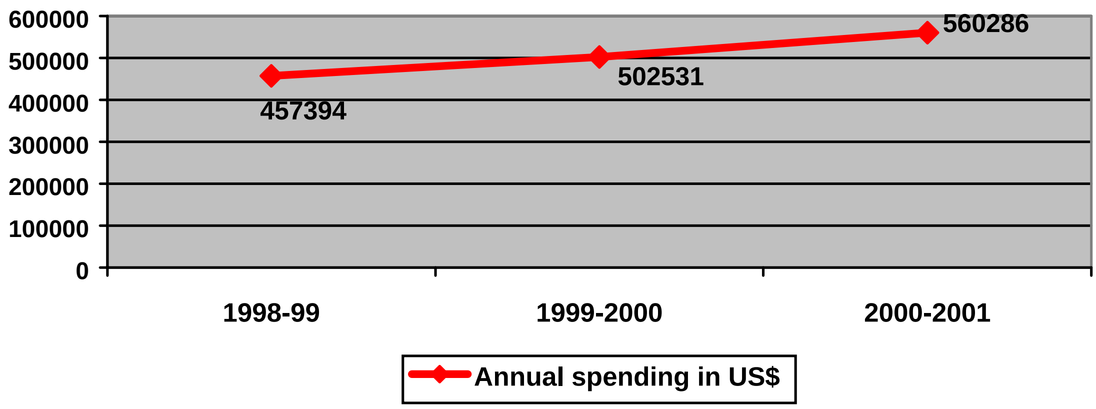
DHAKA



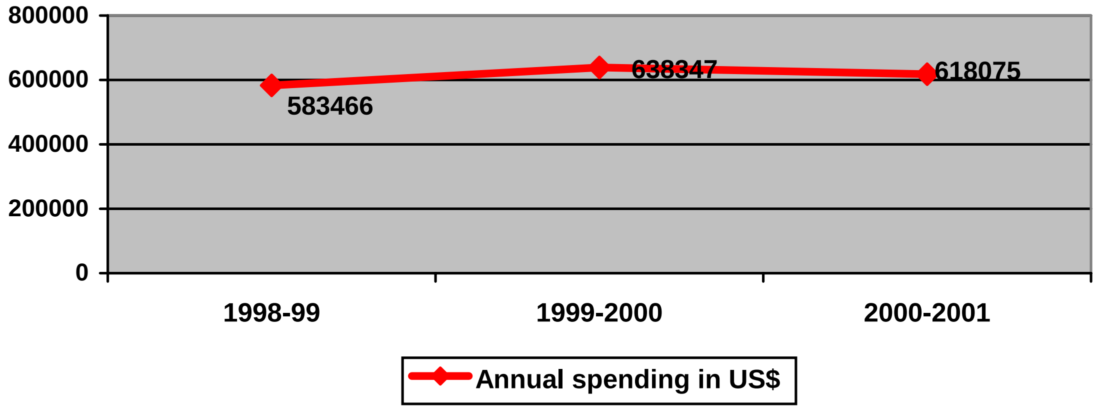
BOGRA



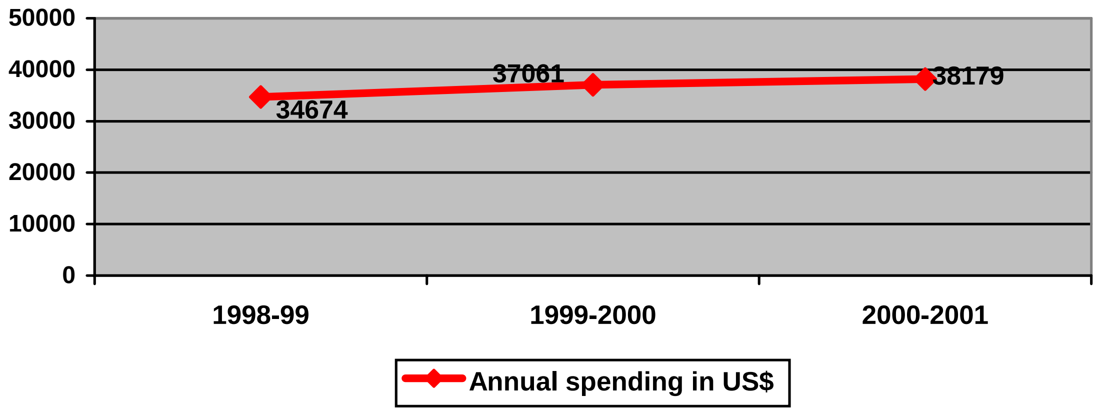
NARAYANGANJ



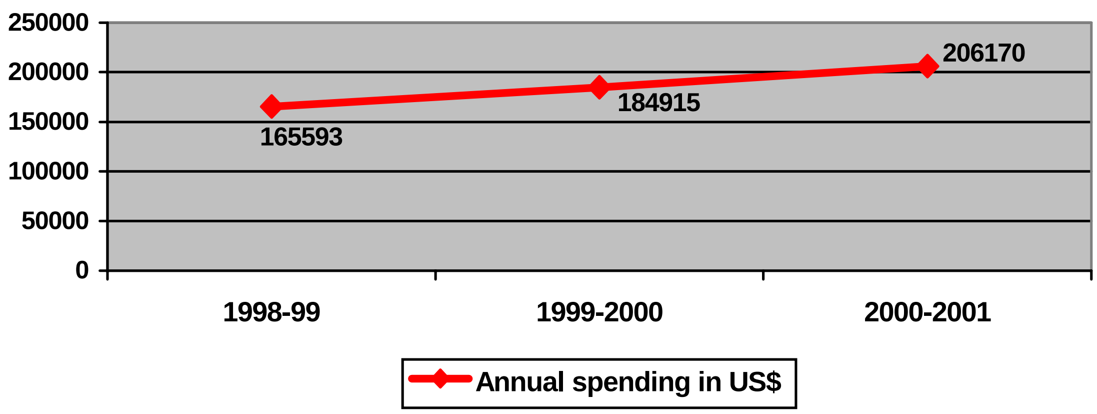
KHULNA



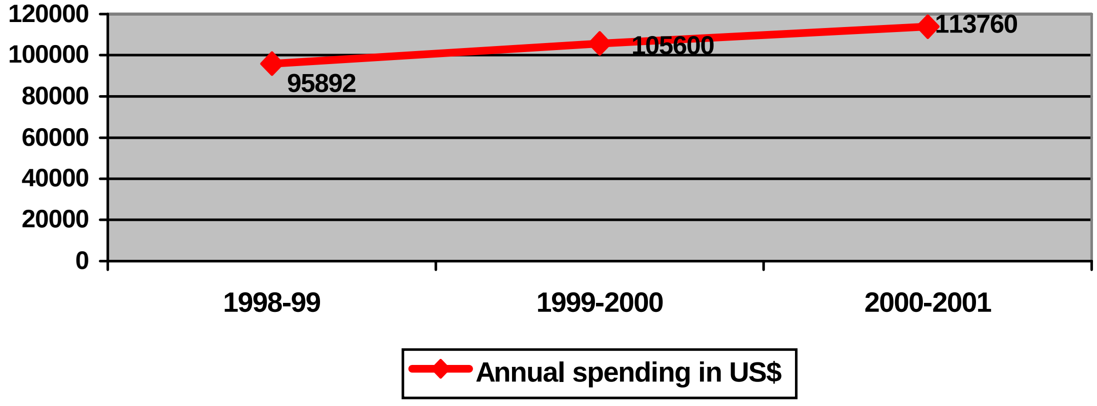
JESSORE



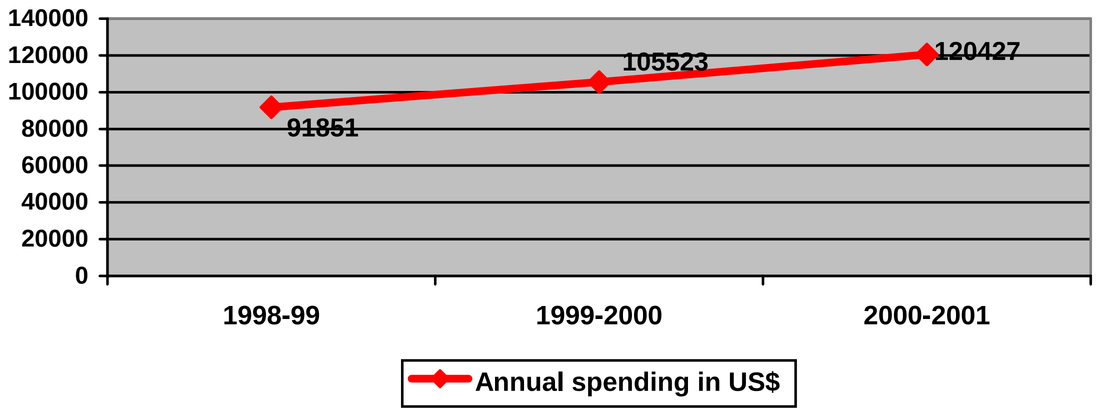
COMILLA



SYLHET



TANGAIL



It must be appreciated from the above diagram that the BDS market in all seven towns display a positive potential without having had the advantage of any external stimulation. This itself is the most positive sign for the future of the programme. However BDS market Khulna follows little variation over seven towns in questions with a declining growth of around 3% from 1999-2000 as shown in the diagram. Corollary to this, it is but natural that more efforts will be required in Jessore than the rest in order to bring it even at par with at least any other city of our sample center.

2.10. REASONS FOR PURCHASING BUSINESS DEVELOPMENT SERVICES:

During the course of this survey, it was observed that there is very little variation among centres w.r.t. reasons behind purchasing different types of BDS. However, there were significant differences observed between services where the factors influencing first time purchase were observed to vary. In the following table, we will look at the top two reasons given by respondents behind purchase of a particular service.

	Most repeated reason	**Next most repeated reason**
A/c, finance & taxation	No in-house experience in undertaking this function	This service certification is a legal requirement
Advisory in business planing & management	My business become larger and more complicated	Service was provided free of cost and I just took it
Advisory in legal	This service certification is a legal requirement	No in-house experience in undertaking this function
Advisory in production processes & operations	Service was provided free of cost and I just took it	My business become larger and more complicated
Production training	No in-house experience in undertaking this function	My business become larger and more complicated
Technical training	No in-house experience in undertaking this function	My business become larger and more complicated
Comm. & correspondence, incl. couriers	My business become larger and more complicated	More expensive to get it done in-house than to purchase
Trade fair	For getting publicity/My competitors started purchasing this service	I was strongly advised by friends/colleagues
Advertising	My business become larger and more complicated	No in-house experience in undertaking this function

2.11. TYPOLOGY OF THE SERVICE PROVIDERS:

2.11.a THE CHOICE OF A SUPPLIER

The respondents who had reported to have bought any business development service from among the ones being researched had also been asked to specify the nature of their last supplier. The following table elaborates.

Service	**Individual**	**Small firm**	**Large firm**
Accounting, Finance and Taxation	80	4	14
Advisory in Business Planning and Management	43	32	23
Advisory in Legal Processes	86	6	5
Advisory in Production Processes / Operations	45	13	35
Management Training	23	13	64
Production Training	24	21	51
Technical Training	21	17	50
Communications and Correspondence	6	23	69
Trade Fairs	0.0	28	78
Advertising	19	55	23

All figures in percentage to base

2.11.b INCIDENCE OF USING MULTIPLE SERVICE PROVIDERS

As the below table indicates, usually, entrepreneurs stick with one supplier. Incidence of using multiple suppliers exceeds 30% for Communication and correspondence (incl. courier) and Advertising services though both the services have a relatively high reach, which may reflect higher usage and possibly more suppliers as well as entrepreneurs' inclination to try out different suppliers. It is likely that some services, particularly training, are dominated by a few large suppliers, so entrepreneurs do not have many choices to try. For other services, such as legal advice and financial services, entrepreneurs may want to stick with a supplier they know and trust.

	Whether used more than one supplier
A/C, fin. & taxation	YES (11%)
Advisory in business planning and Management	YES (5%)
Advisory in legal	YES (6%)
Production training.	YES (18%)
Technical training	YES (21%)
Communication & correspondence	YES (42%)
Trade fair	YES (18%)
Advertising	YES (45%)

All figures in percentage to base

2.11.c FACTORS GOVERNING THE CHOICE OF A SUPPLIER

Once again, this analysis had to be done at the gross level because the manufacturing sector dominates the user market and other two consumer segments did not always have adequate usership against each service to merit any attempt at valid projections. The table elaborates top two reasons.

	Most repeated reason	**Next most repeated reason**
A/C, fin. & taxation	The company/individual has a good name in the market	Professionals are very competent/recommended by friends/colleagues
Advisory in business planning & management	The company/individual has a good name in the market	The service provider is relative/close friend of mine
Advisory in legal	The company/individual has a good name in the market	Professionals are very competent
Production trng.	This service was provided for free	The company/individual has a good name in the market
Technical training	This service was provide for free.	The company/individual has a good name in the market
Commu. & correspondence	The company/individual has a good name in the market	Professionals are very competent
Trade fair	They are the only one who provide such kind of service/recommended by friends/colleagues	They tailored the service to the exact needs of my business/my competitors/peers were also using them
Advertising	The company/individual has a good name in the market	It was the cheapest /recommended by friends/colleagues

2.11.d SOURCE OF INFORMATION REGARDING SERVICE PROVIDERS

Through a colleague or friend

↓

Through a business institute

↓

Through a business associate

↓

Through a leaflet or newsletter

↓

Through the newspaper ad

2.11.e REASONS FOR NOT PURCHASING BUSINESS DEVELOPMENT SERVICES:

It is extremely important to evaluate the reasons behind why consumers or potential consumers do not buy certain services. This is important from the point of view that some of the cited reasons could be actionable by the proposed project while others may not. Overwhelmingly, the reason for not purchasing services is that the service function is either 'yet to face any problem with that function in my business' or 'get it done in-house'

Service	Most repeated reason	Next most repeated reason
Accounting, Finance and Taxation	I get it done in-house	Yet to face any problem problems with that function in my business
Advisory in Business Planning and Management	I get it done in-house	Yet to face any problem with that function in my business
Advisory in Legal Processes	Yet to face any problems with that function in my business	This service function is not required for my business
Advisory in Production Processes / Operations	I get it done in-house	This service function is not required for my business
Management Training	I get it done in-house	Yet to face any problems with that function in my business
Production Training	I get it done in-house	Yet to face any problems with that function in my business
Technical Training	I get it done in-house	This service function is not required for my business
Communications and Correspondence	Yet to face any problems with that function in my business	This service function is not required for my business
Trade Fairs	This service function is not required for my business	It is too expensive to purchase
Advertising	It is too expensive to purchase	Yet to face any problems with that function in my business

2.12. INTERNAL CAPACITY OF FIRMS TO GET IT DONE IN-HOUSE:

Looking at the internal capacity of firms to get certain services done in-house, we find that apart from A/C, Finance and Taxation and to a lesser extent, production and technical training, most other services need to be outsourced by most firms wishing to avail of the same. Due to nature of the low-end service, most of the firms prefer outsourcing rather arranging it in-house. In the following diagram, only services having a sizeable reach have been captured.

However, it needs to be recognised that where firms get a service done in-house, the scope for intervention becomes very limited for the time being.

Service	Dhaka	Bogra	N'ganj	Khulna	Jessore	Comilla	Sylhet	Tangail
Accounting, Finance and Taxation	90	57	83	90	100	83	87	92
Advisory in Legal Processes	8	0	2	2	2	11	2	5
Production Training	34	32	61	39	57	39	27	70
Technical Training	33	30	62	51	74	50	37	77
Communications & Correspondence incl. couriers	29	27	21	0	0	3.8	5	9
Advertising	2	7	10	4	2	5	4	1

All figures in percentage base

2.13. HOW BIG IS THE POTENTIAL MARKET: ALL FIGURES IN US$

Sectors	Dhaka	Bogra	Narayanganj	Khulna	Jessore	Comilla	Sylhet	Tangail	Total
Manufacturing	4892095	398117	365819	142698	3475	301659	45082	476604	6625549
Trading	622165	7253	19777	25047	1443	22010	23846	4713	726254
Service	63218	249	1399	3280	2774	11831	22537	4904	110192
Total	**5577478**	**405619**	**386995**	**171025**	**7692**	**335500**	**91465**	**486220**	**7461994**

As the above diagram indicates, the total potential (new) BDS market taking all the eight towns together is US$ 7,461,994 million, i.e. this was the estimated volume of money spend by the three sectors last year on the 10 services being investigated. Out of which Dhaka alone accounts for 74.75% of the total BDS market followed by Tagail, Bogra and Narayanganj registering 6.52%, 5.44% and 5.19% respectively. Share of Comilla's BDS market is 4.50% followed by share of BDS market in Khulna and Sylhet having 2.29% and 1.23% respectively. Jessore has the least potentiality for BDS market just registering only 0.10% total potential BDS market value share.

It is interesting to note that manufacturing sector alone contributes to a whopping 88.79% of the total potential volume of BDS spending followed far behind by trading sector sharing 9.73 and service sector sharing 1.48% of total potential volume of BDS spending.

3. RECOMMENDED ACTION:

- With a volume of US$ 6.68 million current BDS market across the eight towns and a further US$ 7.46 million potential market, it is our contention that the Bangladesh BDS programme is definitely a viable initiative.

- Volume of potential market spending exceeds volume of existing market spending. Latent/expected demand is found across eight towns and this expected demand can be realised if measures like trust building, propaganda, mass campaign, seminar and symposium etc. undertaken by the service providers.

- Awareness level is not a problem to deal with rather it is a trial of the services for first time.

- The programme has to look specifically at creating demand for services in the gray areas by acting as a catalyst

- Overall growth of BDS market across all towns promises to maintain a fairly stagnated growth of present consumption level, thereby indicating further growth require external stimulus.

- The findings from this survey clearly indicate that the programme needs to concentrate on key services.

- Starting with low-end services is critical as they are bought repeatedly – without this, a service provider will not be interested

- Even though Dhaka has been taken as a control group, we strongly suggest that these towns should also be incorporated within the ambit of the programme.