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TÜRK KIZILAY

SSN

THE SOCIAL SAFETY NET Programme

1st Market Assessment Report

May'24

KIZILAYKART
Cash Based Assistance Programmes

1st Market Assessment Report

May'24

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TABLE OF CONTENT

ACRONYMS AND ABBREVIATIONS

C-ESSN	Complementary Emergency Social Safety Net
ESSN	Emergency Social Safety Net Project
MA	Market Assesment
M&E	Monitoring and Evaluation
SSN	Social Safety Net Programme
TRC	Türk Kızılay (Turkish Red Crescent)
TRY	Turkish lira

Executive Summary

This market assessment study reveals that the price of essential items has soared due to local challenges caused by economic fluctuation. Market vendors are experiencing reduced sales and earnings due to economic fluctuations and price changes, particularly in winter. Significant price increases for consumer goods, with some doubling in price, have challenged market stability. As a result, consumer behavior has shifted towards essential purchases, reducing market variety and increasing competition from chain supermarkets. Economic hardships are pushing consumers towards cheaper goods, and the availability of food aid in some earthquake-hit areas has further reduced market demand. Payments in local markets are predominantly made through cash and credit, with a general reluctance towards debt, except for food products. Inventory management utilizes cash, credit, and cards, facing no significant issues in product procurement despite price rises induced by economic instability. Syrian vendors carry slightly higher debts compared to their Turkish counterparts.

Introduction

Background

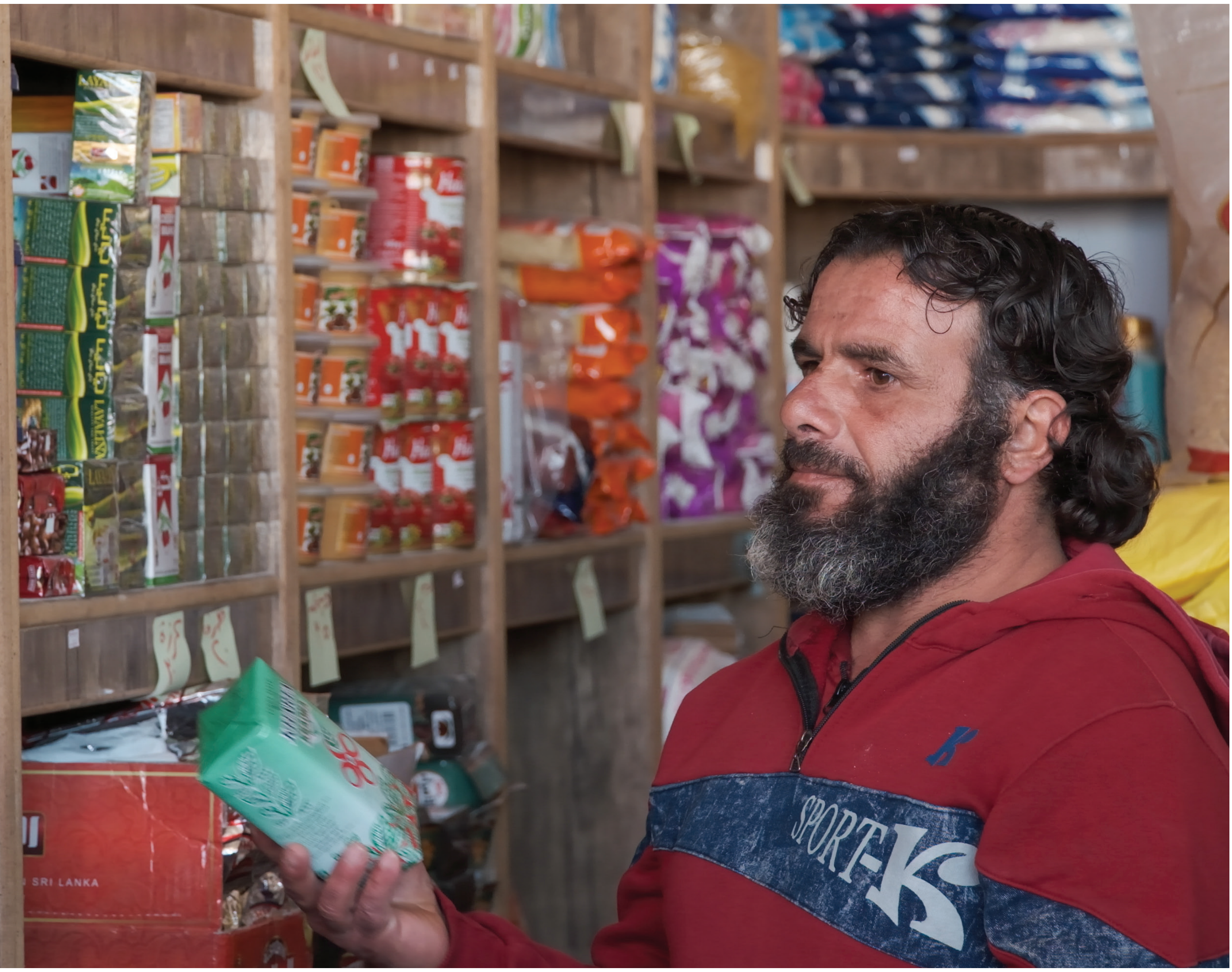
The Social Safety Net (SSN) Programme provides unrestricted and unconditional cash assistance to over 1.5 million refugees[1] to help support meeting their basic needs and mitigate the effects of economic shocks. However, as economic fluctuations increase, the purchasing power of consumers and the variety of products purchased decreases. This has a negative impact on sellers' dynamics such as supply, inventory and borrowing as well. Along with that, the devastating earthquake that occurred a year ago, still continues to have an impact on markets in the earthquake region. The ongoing economic downturn, compiled with the impact of the devastating earthquakes, is expected to impact people's lives in many ways, but mainly their consumption behaviour. As a result of these two situations; this market assessment study conducted under the SSN focuses on understanding accessibility of goods, consumer practices and purchase behaviour in different regions. It is important to explore the specific market-related dynamics that target group experience, for instance related to Syrian markets. Furthermore, using cash to provide humanitarian assistance gives recipients the freedom to choose how they will spend the assistance. It also both impacts the markets in the context the assistance is delivered and is impacted by changes in the markets. To be able to evaluate the impact of assistance on recipients' lives accurately, as well as inform the programme for further improvement, it is essential to understand the behaviour of the SSN target population towards markets, market types and commodities and what are the dynamics behind them.

This Market Assessment (MA) will build a comprehensive understanding of how programme recipients in Türkiye engage with markets, with a particular focus on changes in consumption patterns, spending behaviours, and the needs of the SSN target group. The assessment will inform a review of the MEB content, guide the calculation of the basket cost, and evaluate shifts in the accessibility and availability of goods and services across earthquake-affected and unaffected regions. By systematically tracking market dynamics and price movements, the MA will provide critical insights into evolving consumption habits and the changing accessibility and availability of essential goods and services.

1 Refugee is referring to foreigners who are under international protection or temporary protection according to the Law on Foreigners and International Protection. Herein the term is used to refer to their legal status.

Key Findings

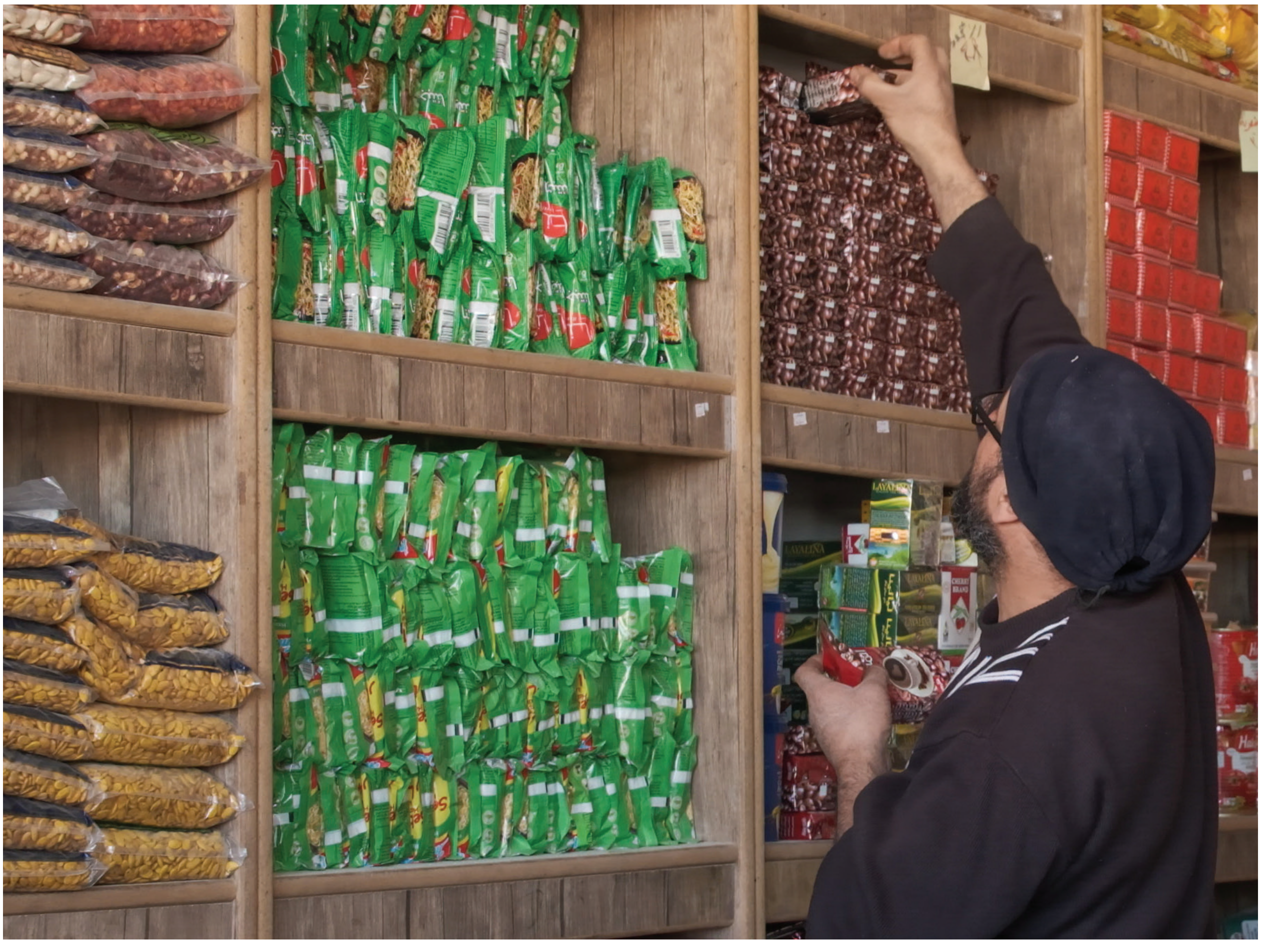
- The prices of essential items, particularly cereals and hygiene products, have soared, with some prices doubling within a year.
- Consumers have shifted their purchasing behavior to focus on essential, cheaper goods, which has decreased market variety and boosted competition from chain supermarkets.
- While most vendors use a mix of cash, credit, and cards, Syrian vendors carry significantly more customer debt on average than their Turkish counterparts.
- Besides eartquake, economic fluctuations and inflation, are the main drivers of price increases and reduced sales for market vendors in Türkiye.



Methodology

Research Design

The data collection method for this study comprises three distinct steps, designed to gather comprehensive data from various sources. Firstly, online data collection (Web Scraping) involves using automated tools to extract data from the internet, particularly from websites of chain markets. It allows for the efficient gathering of extensive data on prices, availability, and varieties of products offered in the digital marketplace. Secondly, key informant interviews entail conducting in person interviews with market representatives, who possess insightful knowledge about the local and Syrian market dynamics. These key informants were selected based on their comprehensive understanding of the marketplace, offering qualitative insights that web scraping cannot capture. Representatives from both Turkish or Syrian local markets and neighbourhood bazaars were interviewed, providing a broad perspective on market conditions.



Data Collection and Sampling

For key informant interviews, a snowball sampling technique were utilized to select market representatives across seven provinces in three regions, focusing on areas with a high density of the target group population. Thirdly, checklists for price tracking and observations involves using checklists to manually track prices and make observations in the field. This method complements the qualitative data from interviews and quantitative data from web scraping, providing a practical view of market prices and conditions as they are observed on-site.

The study covers 22 districts within cities including Ankara, Gaziantep, İstanbul, Şanlıurfa, Konya, Bursa, and Hatay. Data collection were spearheaded by Türk Kızılay Field teams, working in collaboration with the Türk Kızılay Monitoring and Evaluation (M&E) team. These teams equipped with a comprehensive data collection plan and logistical support. The tools for data gathering, such as survey questionnaires and checklists, were made accessible through the ODK (Open Data Kit) Platform.

Data Collected On	Type of Vendors	Method	Location	Number of Interviewed Shops
Vendors	Syrian Shops Local Shops Bazaars	Face-to Face Interviews	İstanbul Ankara Konya Hatay Bursa Şanlıurfa Gaziantep	57 Syrian Shops 38 Local Shops 19 Bazaars
Prices		Web-Scraping Field Observations	İstanbul Ankara Konya Hatay Bursa Şanlıurfa Gaziantep	

Table 1 *Details of Data Collection*

Limitations

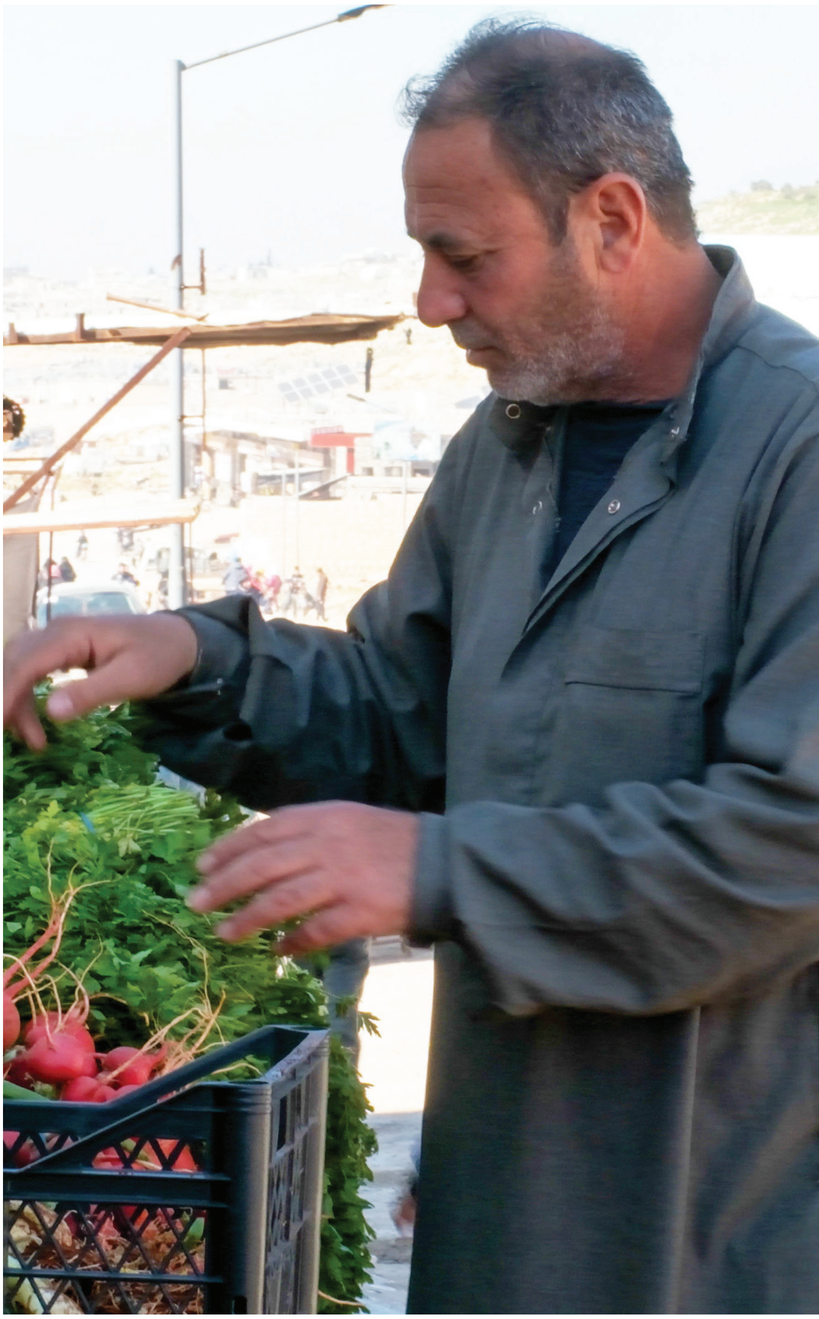
This study was conducted with a limited number of vendors only in some provinces affected and unaffected by the earthquake and where the largest beneficiaries of SSN is located. This study does not represent the market dynamics of all cities in the country.

Findings

Changes in Prices and Diversity of Products

The objective of this section is to gain insights and understanding into the price changes among the local markets, Syrian markets, and bazaar stands. Vendors were asked if they had noticed any significant price changes in the basic products they sell. They were also asked about the possible impact of these significant price fluctuations on their pricing, as a result most significant and impactful price changes were reported below.

When asked about sales conditions, the majority of bazaar vendors stated that due to economic fluctuations, their business has slowed and earnings have decreased. Along with that, their sales and profit margins have decreased. Due to rapid change in prices, their sales were negatively affected especially in winter season, thus the customers' purchasing power has decreased. The majority of vendors in bazaars have stated that while the variety of products remains constant compared to the past, they sold fewer goods previously. It has been stated that in some areas, sales have decreased due to the population reduction caused by the earthquake effect. However, according to vendors more than the impact of the earthquake, the rapid increase in prices and the decrease in customers' purchasing power have negatively affected sales.



"There is a problem caused by inflation."

Local Market, İstanbul

"It's the economy, not the earthquake, that has an impact."

Syrian Market, İstanbul

Market vendors generally mentioned that customers tend to purchase only their most basic and essential needs and the variety of products in the market is reduced as a result. The impact of inflation has been deeply felt by all vendors in the districts, with price increases observed especially in cereal and hygiene products in İstanbul, Bursa and Hatay. In some markets, items such as hygiene products were rarely found to be missing and only the most preferred products were available.

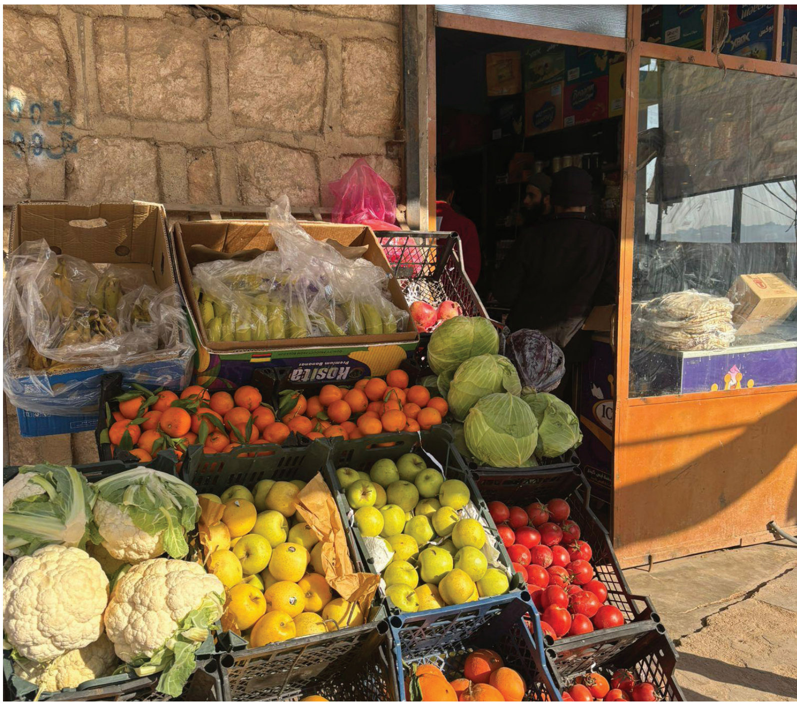
The most sold products of local and Syrian markets show small differences. The cereals and pulses, cigarettes, and hygiene items were the most sold products in local markets, while in Syrian markets, cereals and pulses are sold in large quantities, followed by oil, and sugar. Along with that, these products are sold more expensive in markets in Bursa, Hatay and İstanbul than in other cities within the market assessment locations.

Although a small number of sellers stated that the demand for certain products from their customers remained unchanged, most sellers indicated that necessities like cereals were now in higher demand. Vendors mentioned that due to the decrease in customers' purchasing power, less and cheaper products were in demand. In addition, it was noted that in areas where in-kind assistance was provided in the earthquake zones, there was no need for basic food products, and therefore, more snack were being purchased.

The majority of Syrian markets indicated that their customers were predominantly Syrian and they also noted that a small number of Turkish customers shop there. On the other hand, local market vendors reported that while Turkish customers made up the majority of their clientele, almost half of their customers were Syrian or foreigners of other nationalities. Market owners mostly indicated that the number of daily customers ranges between 10 and 100 individuals. Following this, although small in number, some markets also reported a daily customer count that reaches up to 300 or 700.

Debt Levels and Payment Practices Among Market Owners

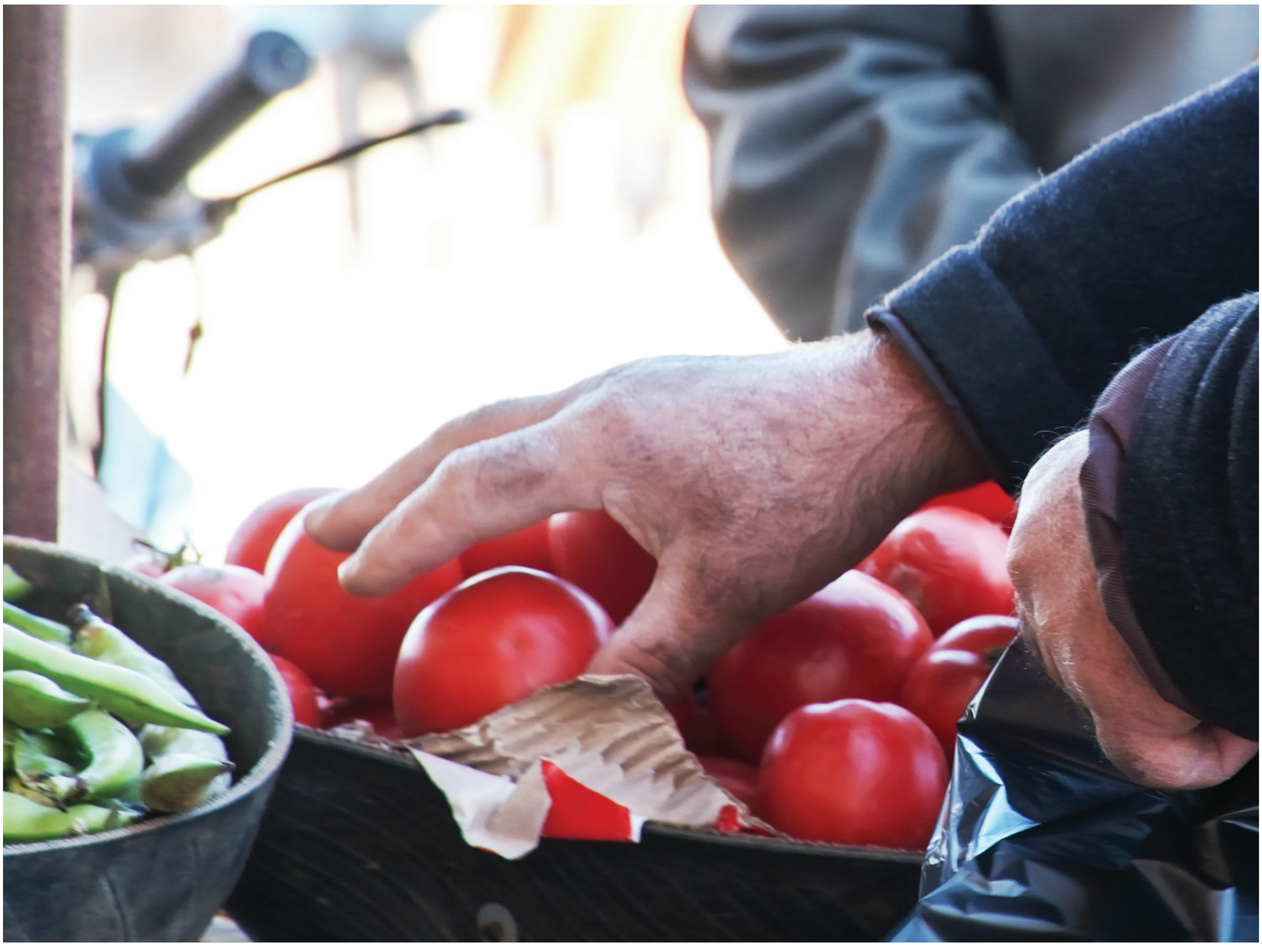
Vendors were asked about available payment methods, borrowing practices, and the challenges they encountered after the earthquake and the global economic crisis. Findings show that nearly all vendors accept both cash, loaning and credit card payments, with credit card use reported as widespread. Allowing customers to purchase on loan is less common: only a small number of local market owners provide this option, whereas almost all Syrian-owned shops do. Local vendors generally avoid selling on loan, citing both business principles and concerns around trust. Several also highlighted that rising prices make it increasingly difficult to offer goods on loan. Nevertheless, some shop owners reported that they occasionally provide essential food items on loan to households in severe financial difficulty.



Syrian and Turkish shop owners expressed the amounts of debt they are owed by their customers on various scales. The average debt amount starts from TRY 10,000 and go up to TRY 100,000. A small number of store owners mentioned larger amounts between TRY 350,000 - 450.000. However, it should be underlined that Turkish shop owners had lower average debt compared to Syrian shop owners since they don’t let customers pay on loan. On the other hand, vendors who owed money to stock sellers and other entities usually had debts around TRY 10.000 to TRY 100.000. However, some vendors, especially local market owners, had debts to distributors exceeding TRY 100.000. Many store owners use a blend of paying with cash, loans and credit card when replenishing their stock. This strategy helps them efficiently control their inventory and maintain a steady availability of goods. The price and quality, dependability of products were crucial factors sellers consider when planning to purchase additional supplies.

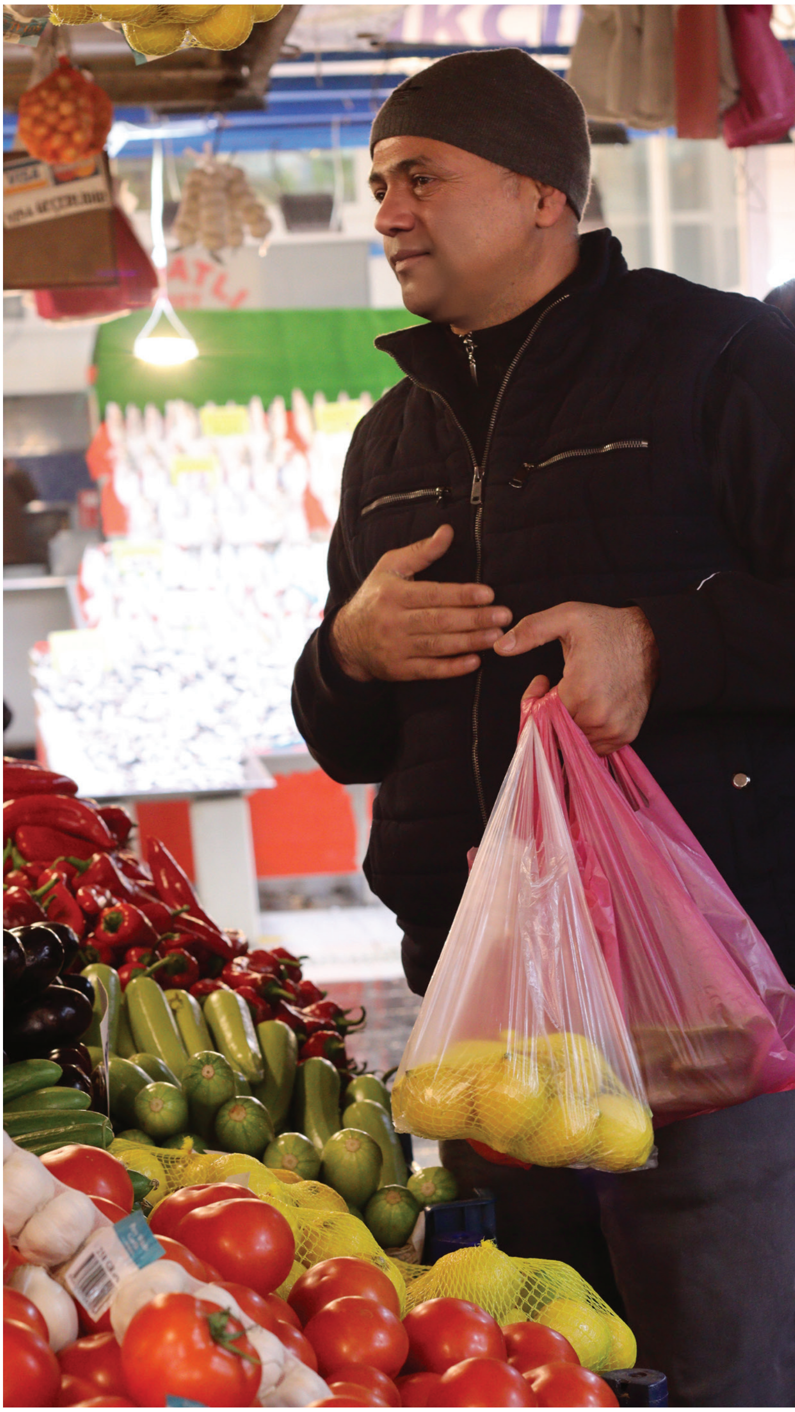
Details Related to Supply Chain

The issues related to supply chain were also asked to vendors. When asked about the capacity to supply basic products and the difficulties encountered related to this, most store owners stated that they generally did not experience any problems. However, they indicated that when in debt and unable to pay, they could not procure products. Store owners have stated that since the earthquake, the products of prices they received from suppliers have been increasing day by day, and the prices have almost doubled or tripled. According to shop owners, this increasing of prices is due to economic instability in Türkiye, rather than being an effect of the earthquake. Thus, when demand for a particular item increases, shop owners are able to restock quickly and keep up with demand. Lastly, bazaar vendors stated that they usually sell the products the next day at another bazaar when they can't sell some in one day. As a second option, they have mentioned that they sell the products at the same price they bought or even in a lower price. Following this, giving away unsold products to people in need for free is used as another option. Nearly half of the market vendors stated that there is a high demand for products left at the end of the day, especially for potatoes and onions. The other half has stated that there is not a high demand, especially in the city center.



Conclusion

The assessment provides an insightful examination of the economic fluctuation in Türkiye and its pronounced effects on both local and Syrian markets, characterized by significant price surges in consumer goods. Economic fluctuations in Türkiye have broadly impacted local and Syrian market vendors, manifesting in accelerated product price increases, altered consumer purchasing behaviors, and challenging sales conditions. This report shows how economic instability has led to a doubling of prices for basic commodities within a year, negatively affecting both Syrian and local market vendors through decreased sales and customer engagement. This challenge is compounded by a consumer shift towards chain markets, placing traditional vendors in a disadvantaged position. Besides that, the vendors' struggle against reduced profit margins and sales, exacerbated by changing consumer behavior focused more on essential needs, leading to a narrowed variety of products in the markets. Consequently, a downturn in sales and customer volume has been reported, alongside a reduced variety of goods, negatively affecting both Syrian and local markets. Despite these obstacles, market vendors exhibit resilience and adaptability, reflecting a commitment to sustaining their businesses and communities amidst economic adversity. Recommendations for addressing these challenges include fostering stronger support networks for traditional vendors, implementing strategies to mitigate financial risks, and enhancing the resilience of local and Syrian markets against economic instabilities.



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