

RURAL MARKETING AS A TOOL FOR NATIONAL DEVELOPMENT

Strategies for Socio-Economic Progress

CHARLES CHATTERJEE



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Rural Marketing as a Tool for National Development: Strategies for Socio-Economic Progress

BY

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United Kingdom – North America – Japan – India – Malaysia – China

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INVESTOR IN PEOPLE

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About the Author

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Introduction

A number of books have already been published, on rural development, but, unfortunately, the vast majority of these publications have actually addressed the issue of 'rural marketing' procedures without even thoroughly examining the issue of whether the rural marketing procedures, which the experts in marketing recommend, would be applicable to the rural markets in the developing countries, bearing in mind that most of the essential factors for rural marketing, namely, publicity of products, the contribution of the climate at different times of the year and the capacity to purchase the products, often presents circumstantial hindrances, which need special efforts from united inhabitants in the areas concerned.¹ For example, in many parts of the developing countries, there appears strategies of water supply for meeting the requirements of irrigation, such as India has been facilitating irrigation for the crop-producing lands, especially during the summer months by preserving water in special reservoirs. These supplementary means, at least initially, prove to be indispensable.

Rural people, in general, in the developing countries, are frustrated in view of what may be described as an almost total neglect of the rural areas, even though by referring to their zeal and enthusiasm one may surmise what might have happened if they had received part of the development received by the non-rural areas.

It is for the indigenous people to push their governments to transform rural areas in order to make a country more useful by setting up new industries, education centres and catering for training centres. Leaving vast areas of land in a country without any purposeful development will not give any benefit to that country.

Rural areas may also form the platforms for socio-economic development in a country, but unfortunately, most of the developing countries seem to have ignored these areas; instead, they have prioritised their urban areas for 'development', which effectively was perceived to be a form of Westernisation. This work

¹See P V Baran, 'The Political Economy of Growth', New York, *Monthly Review Press* (1957); R Chambers, *Rural Development: Putting the Last First*, Harlow, Prentice Hall (1983); W Easterly, *The Tyranny of Experts: Economists, Dictators and the Forgotten Rights of the Poor*, New York, Basic Books (2013).

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emphasises the fact that in the socio-economic development process in a country, rural areas must not be ignored, and that the development process there must be made interesting so that the local people volunteer to actively participate in the process.

Rural marketing takes different forms even within a country simply because these markets are often different in structures and serve different kinds of customers.

This work is primarily based on the author's experience, which he gained while visiting many rural markets in developing countries.

This work has been developed over nine chapters:

Chapter 1: Certain Basic Concepts and the Background to Rural Marketing

Chapter 2: What is Development

Chapter 3: Hindrances to Rural Development

Chapter 4: Regulatory Measures Required for Rural Marketing and Sales

Chapter 5: Sources of Finance for Rural Marketing and Development

Chapter 6: Whether Socio-Economic Development may be Achieved Through Rural Marketing

Chapter 7: ICC International Code of Direct Selling, 2013

Chapter 8: ICC Advertising and Marketing Communications Code, 2018

Chapter 9: Development and the Issue of the Protection and Preservation of the Environment

In developing the theme of this work, primary sources of information have been relied upon, where possible. Secondary sources of information have also been referred to, where necessary.

It is sincerely hoped that this work will add a new practical dimension to the socio-economic development process in developing countries, in general.

Chapter 1

Certain Basic Concepts and the Background to Rural Marketing

Abstract

People, in general, seem to maintain a rather elementary meaning of rural marketing. Although there exists certain common features of rural marketing, there does not exist as yet, a reliable published work on this concept. The methods of rural marketing are very different from marketing in urban areas. These differences have usually occurred for a variety of reasons especially (a) paying careful attention to the development of urban markets and (b) a development in the marketing sector in the urban areas would be more visible than what they might be in the rural areas.

However, rural marketing stands for developing a form of marketing suitable for the rural areas. In this process of marketing, the marketeers and promoters will be required to consider the rural prejudices of the inhabitants therein, including those of the women consumers too. These markets also lack infrastructures, goods on demand are often different from those of the urban markets and lack of facilities proves to be a hazard for the suppliers of products. Nevertheless, it has been maintained in this work that rural marketing can be developed when it becomes a policy issues.

Keywords: Rural; urban; marketing; prejudices; infrastructure

1.1 Introduction

Although the concept of rural marketing has been with us for some time, not many direct major works seem to exist on the market. It is elementary that villages in the world outnumber cities and towns, and yet no consolidated policies or works have been developed on rural marketing; only opinions of certain authors exist.

The methods of rural marketing are different from those of marketing in urban areas, but nevertheless there exist certain common elements/factors in both types of marketing, namely, non-misrepresentation of goods and services, consumer

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protection, health, safety standards, etc.; in order to clarify these concepts and practices, it is intended to define certain basic concepts relevant to rural marketing, in addition to the background to it.

1.2 Certain Basic Concepts Relevant to Rural Marketing

1.2.1 What Is Rural Marketing?

Rural marketing stands for a system of developing marketing concepts for rural areas and implementing them in practice through distribution and sales. It is a special kind of marketing, which is exclusively addressed to the rural population. The essentials of rural marketing may vary from one rural area to another around the world. The concept of rural marketing should be addressed to the rural population, i.e., a community of consumers and users of services who have not had the privilege of being introduced to products and services to which the urban population are easily introduced. Rural sales must be concerned with the products and services, which would be most suitable for the rural people under rural conditions and affordable to them. One of the principal aims of rural marketing and sales would be to create demands for goods and services affordable to them, and eventually allow the rural population to be engaged in the production process so that gradually and eventually those people take interest in them, and capacity is built in due course. The average income of the rural people will be the driving force to determine the level of demands for products and services. Rural marketing therefore is a system of marketing, which will entail an effective distribution network and cater for the requirements of the rural and urban population in accordance with the level of their economic demands.

1.2.2 Rural Distribution Networks

In most cases, the distribution network for introducing products and services to rural customers remains traditional, in consequence of which the supply of products and services primarily rely on distribution by wholesalers in urban areas to retailers in rural areas. The current distribution system is slow and expensive owing to interventions by middlemen. High transportation costs are also involved in this process. In a typical village in many parts of the world, the distribution network system remains primitive owing to the lack of communication systems, including the very primitive forms of rails, roads and even ports. Rural distribution network requires to be upgraded preferably with governmental intervention, after sufficient priority has been accorded to it. Furthermore, improvement of the communication system is a prerequisite for improving the rural marketing and sales systems. The usual channels of publicity through radio and television should be vigorously utilised in developing networks for rural marketing and sales. By the same token, it may be maintained that it is primarily through governmental participation that improvement and regular maintenance of rural infrastructure, particularly roads and transportation system may be ensured.

1.2.3 Rural Tradition – Prejudices

Rural tradition that is often based on their individual prejudices for or against certain products and/or services may initially be construed as a hindrance by marketeers. A thoughtful marketeer or a service provider should not make any attempt to criticise the rural people's consumption habit or even the traditional services they receive for household purposes; instead, they should politely try to introduce new products and services by explaining to them the comparative merits and disadvantages of using the traditional products over which certain urban firms or providers of services (including insurance policies, or savings of funds, etc.) have established their monopoly. The caution must be entered that marketing and sales in rural areas should be attempted with utmost politeness. Rural people are as intelligent as urban people, the principal distinguishing element between the rural and urban people would be that the former may lack the latest information on a product or a service.

Rural marketing and sales entail two important tasks:

- (1) to break the barriers of the traditional consumer habits based on perhaps prejudices and
- (2) to introduce new products and services in a polite but convincing manner without bearing any prejudice against rural customers.

No attempts should be made to hurt them by criticising their tradition – prejudices or consumption habits. A fine balance is thus required to be struck to protect the rural consumption habit, on the one hand, and yet to introduce new products and services on the other. In the final analysis, it must be the choice of consumers whether they would like to depart from their traditional consumption habit and opt for the new products. Some of the essential factors to tilt the balance towards the new products or services would be the price; the use of the products and/or services; the attractiveness of the product or services; the ease with which these may be used; and of course, the health and safety issues.

Ideally, it might be easier to introduce new products and services if they are manufactured or developed by indigenous means and by the indigenous people. Such a sentiment seems to be quite high in rural areas. It is reiterated that whilst tradition-based rural products must be allowed to stay on the markets, at the same time new products and services with their merits and disadvantages should be introduced to rural customers to see for which products and services they would eventually opt.

1.2.4 Rural Marketing and Rural Sales

In reality, there is no reason why the basic elements of marketing (Product, Price, Place and Promotion) may not apply to rural marketing too.¹ The theme of this work is that rural areas have been consistently ignored by the urban marketeers

¹Some maintain that there are six Ps in marketing.

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for a very long time perhaps in the unfounded belief that rural demands for products and services may not be as high as urban demands for products and services. It is possible to acquire a wide market for products and services in rural areas, economies of scale can become evident over a short period of time and the essentials of marketing may also be implemented in rural areas in any country.

It is to be emphasised that the principles of rural marketing may not be significantly different from those of urban marketing, although the demand structure should be initially determined by introducing new and smart products and services and by encouraging the rural people to be engaged in the manufacturing process of these products/goods.² Of course, the distribution network and the conditions of the basic infrastructure in rural areas will initially appear to be very different from those that usually exist in urban areas, but it is through rural marketing and sales and marketing of services to households that the distribution facilities and infrastructure may be improved.

One should appreciate that if rural marketing, sales of products and services are successful, then the total demand and sales of products and services in rural areas would far exceed than in urban areas. Rural marketing and sales therefore need a holistic approach from the government concerned in terms of policy-making, prioritisation coupled with a developed distribution network, which so far do not seem to have been prioritised in most cases.

1.3 Background to Rural Marketing

It would be inappropriate to discuss rural marketing and sales and rendering of services to rural areas without providing certain basic characteristics of rural areas generally. This should enable one to identify the issues that seem to be essential for developing and promoting rural marketing, sales and services in rural areas, in general, and suggest certain possible improvements that may be achieved generally by all developing countries.

The purpose is not to describe rural areas; instead, the characteristics of rural area-based demands, the consumers' aspirations and opportunities for marketing, sales and services have received attention. It is to be emphasised however that this discussion is based on certain general similarities in a broad sense that one may find in rural areas; concentration on particular rural areas has been avoided. It would be impractical and inadvisable too to identify the finer characteristics of rural areas in certain parts of the world in a work of this nature and size.

1.4 Some Basic Characteristics of Rural Areas

Rural areas in the developed world and those in the developing world are significantly different in that the former is usually well-served by the urban areas. Furthermore, rural areas in the developed world are often regarded as symptoms of wealth and luxury, which is not the case in the developing world. In view of

²This issue has received attention in Chapter 6 of this work.

these basic differences between the rural areas in the developed and developing worlds, rural marketing, sales and services do not usually get as much attention as those in the developed world. Rural markets in the developed world are in effect treated as extensions of urban markets. The providers of goods and services in most cases can serve the rural community extremely well.

Another important issue that should be pointed out is that the climate in most of the developed countries in the West are cold except those that border the Mediterranean. Nevertheless, these countries should pay attention to the effect of the looming climate change. Goods and services in a cold climate and those in a tropical climate are significantly different; thus, climatic conditions are an important factor in determining what types of goods and services should be provided; furthermore, the issues relating to their presentation, maintenance and life cycle prove to be an extremely important factor in developing marketing, sales and services in rural areas in the developing world.

Most of the rural areas in the developing world lack infrastructure, that is, they lack appropriate roads, distribution networks, communication systems as they also lack basic education particularly among women. These deficiencies have far-reaching effect on production, market-factoring and supply of goods and services. The lack of facilities of these basic factors operates as a deterrent to providers of goods and services in entering into rural areas and providing the goods and services as they do in the urban areas in the developing world.

In developing countries, in general, rural population usually are not very wealthy; thus, reasonably priced products and services are to be introduced to them, at least during the initial stages of marketing and sales. However, in a subsequent chapter of this work, it has been clearly suggested that rural products should be developed at a rural level, and that the indigenous people should be offered opportunities to learn the mechanics of service industries too. This process should also decrease the flow of migration from the rural areas to the urban areas in a country; in fact, it would be possible to have the migration flow reversed – from the urban areas to the rural areas in a country.

Multi-dimensional policies should be adopted and implemented by the government concerned whereby sectors such as education (skill-based) and health are prioritised, and the initial fund should be sought from various aid agencies rather than from any foreign government; the national government should also contribute to the development process as much as it can.

Through the initiatives of the national government and non-governmental bodies cost-effective and yet relevant programmes for rural development should be launched, which would make the rural people interested in participating in their own development goals. It is important to emphasise that the rural markets should be the ‘feeders’ at least initially for the urban areas in a country.

This work maintains that involvement of rural people in rural production and manufacturing process will offer them encouragement to improve on their own economy and other related issues, such as, education, health, etc., but governmental assistance will be needed. Rural marketing, sales and services should be regarded as a springboard for socio-economic development process in the rural areas of a country.

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Issues of health and the environment are the two important factors that seem to plague most of the rural areas in the developing world. The causal connection between the conditions of life in rural areas and a high incidence of diseases are obvious. The lack of sanitation combined with the lack of education, nutrition and prejudices are but a few factors that have a negative effect on rural life. Rural people find agriculture as their basic source of employment and income, and not so surprisingly, most of the rural economies in most parts of the developing world are agriculture-based, and that is not sufficiently mechanised either.

Where agriculture is not an all-the-year-round activity, many rural people remain unemployed almost half of the year; incidentally, in India, for example, for over three decades now, agriculture has become an all-the-year-round activity; human resources for that period of time usually do not remain unutilised. This is the result of the programme of saving water during the rainy season and sprinkle them during the scorching summer season.

On the other hand, heavy rainfall often adversely affects the rural economies culminating in floods, which, in turn, leads to destruction of houses (mainly huts), unmetalled roads, and a variety of diseases take place. There is no reason why rural marketing, sales and services may not be addressed to the basic issues concerning the rural population. Gradually, providers should introduce materials for education, and a new style of marketing, sales and services whereby an everlasting changeover from agriculture to small-scale industries may be set up. These industries may eventually operate as a springboard for higher and sophisticated industries, which might bring in a change in the buying habits of the rural people.

Rural marketing, sales and services are a matter of policy. New ideas coupled with an understanding of how a large number of products may be introduced to rural areas should be seriously considered by the policy-makers. Additionally, policies and strategies as to how to break new grounds should receive the urgent attention of the policy-makers too. Giving rural people hope of a better life by the policy-makers at a rural level, should motivate them to take the initiative to do development work themselves.

1.5 Governmental Participation and Rural Marketing Sales and Services

Rural marketing, sales and services are the causes; rural development would be the effect. The developed world clearly exemplifies the fact that without governmental participation in a proactive role nothing much may be achieved by a country. Despite the fact that the private sector, which is primarily a profit-driven sector, often take part in the improvement of societal issues in the developed world, it falls on the public sector to take the initiative to liaise with non-governmental institutions as well as the private sector industries to determine policies and targets, and where possible, to involve the private sector and the rural initiatives too.