

# **CHAPTER -I**

## **INTRODUCTION**

### **1. Introduction**

Rural marketing is a two way marketing process that includes the flow of goods and services from rural to urban areas and the flow of goods and services from urban to rural areas as well as the flow of goods and services within rural areas.

Marketing may aptly be described as the process of defining, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. In fact, satisfaction of customer's needs and wants provides the rationale for the firm's existence. Knowledge of consumer behaviour, therefore, is vital for a firm to achieve its marketing goals. The consumer's behaviour comprises the acts, processes and social relationships exhibited by individuals, groups and organizations in searching, obtainment, use of, and consequent experience with products and services. An understanding and knowledge of the motives underlying consumer behaviour helps a firm in seeking better and more effective ways to satisfy its customers. It helps to select appropriate sales and advertising strategies, and to plan marketing programme in a more efficient manner.

The term 'market' has been derived from Latin word 'marcatu' which means the trading of goods, traders and concerning to that particular place where it takes place. Again, the market can be defined "a place where buyers and sellers meet and function goods or services are offered for sale and transferring of ownership of title occur (Kareria, 1991).

A market economy can be defined as one in which goods and services are exchanged on the basis of relative prices. It is where transactions are negotiated and prices are determined. Its essence, as one economist has put it, is "the making of a price by haggling between buyers and sellers (Condliffe, 1950). Phrased in more formal terms, a market is "the whole of any region in which buyers and sellers are in such free intercourse with one another that the prices of the same goods tend to equally easily and quickly" (Pokhrel, 2004).

Rural markets or what we call "hat Bazar" may be defined as periodic markets run either bi-weekly or weekly or fortnightly, especially in a given location of rural area where rural farmers or peasant or artisans come from different points to dispose their products whatever they want to sell and also to buy different goods especially of daily necessities (Kareia, 1991).

Similarly, "the point where buyers and sellers meet at a fixed place in a day of a week to exchange their needs is called a market. "Thus, the periodic rural marketing system generally indicates to a certain point where buyers and sellers mainly farmers and traders visit the market place not often in a week rather having the interval within a week. Rural marketing refers that only where the primary types of product commodities occur and farmers, consumers and traders visit them to fulfil their necessities.

Nepal is a country of rural areas. Here 85.8 percent people are living in rural areas where about 197 percent areas are covered by rural areas so rural market is very necessary for the development of Nepal. In the rural areas of developing countries marketing activities are primarily periodic, rather than occurring on a daily basis, they commonly skip several days from one market day to another. Actually their spatio-temporal structure can be quite complicated. For example, in a given rural area there may be locations called market places, where markets of periodically.

However, only some of those market places become active markets on a particular days: the next day will have a different collection of active markets: as too for the third day and so forth. In short, the collection of active markets keeps changing from day to day, but after a certain number of days, called the marketing week, the schedule repeats itself. Moreover, some markets may open only once a week and others several times per week. Indeed, daily markets also occur, especially in urban areas, but those markets may exhibit a modified periodicity by operating at a high level of activity on one day, and at lower level for other days.

Broadly, rural markets can be categorised into two types : (i) primitive type or rural market and (ii) progressive type of rural market. The former type of rural markets are characterised by very little or no physical marketing facilities. In such markets farmers and middle men can be seen operating their transactions under the shades of few trees or umbrellas or small tent

personally managed by middlemen in open space or under huts for the market day and the market is held in an open field or village square or either side of a road. But, the progressive type of rural markets are featured by a relatively much more physical marketing facilities. Permanent market sheds, drinking water and some logistic supports from the market propelling agents are seen focussed on. Usually such markets become the critical points to connect the most rural areas and urban centre. Hence, such markets, though periodical in nature may be called "urban markets". We have still to understand the rural buyer, In rural marketing, the word "rural" connotes an environment and "marketing" a process. Rural environment in a developing country connotes a chain reaction of low investment, low productivity, low income, and low savings, in turn adversely affecting social factors such as education, health, housing, and sanitation. Marketing can be conceived as an instrument to deliver a standard of living rather than a process of exchanging goods and services to satisfy human needs and wants. While the latter is a more functional and product oriented concept, the former is a far more comprehensive socioeconomic concept that may be particularly relevant to developing countries. Thus, rural marketing can be defined as a process of delivering better standard of living and quality of life to the rural environment, taking into consideration the prevailing rural municipality.

It encompasses social interactions between the rural and urban as well as within rural areas, which may be spontaneous or planned. The objective of such interactions is to break the vicious circle of backwardness and poverty and induce changes into a stagnant social structure. These changes may lead to cooperation, conflict, and/or competition. The management of the rural marketing process involves a controlled promotion of cooperation and resolution of conflicts, and encouragement of constructive competition. Functionally, the rural marketing process involves the entire socio-economic activity network aimed at rural development. It involves not only commercial business organizations but also private, public, and voluntary organizations associated with the rural development process. Product-wise, it deals with all the tangible and intangible means of the development process. These include inputs, products, services, and ideas. Rural marketing implies applying marketing theory and directing marketing efforts to create and satisfy needs and wants of rural market (customers). Importance of marketing indicates the contribution of rural as well urban marketing. Rural market is growing faster than urban, rural marketing results into overall balanced economical and social development. Rural marketing turns beneficial to business units, people residing in

rural areas, people residing in urban areas, and to the entire nation. Let's see how growth and development of rural marketing contribute to overall prosperity and welfare.

Thus, the concepts of marketing also gradually changed. The concept of 'we sell what we make' changed into 'we make what we can sell'. Buyer preference started gaining importance. The cigarette companies began segmenting based on the status of the consumers. If we look at recent trends, even mobile phones have been targeted on the basis of buyer identification—their income level, their age group, their interest in mobile phones etc. However, the approach severely lacks research support.

There is a huge market potential in Nepal, which marketers have not seemingly identified and recognised. On a simple note, a reason to import and a high trade deficit itself acted as an opportunity and window for Nepali producers. The market potential is measured by the size of the population of the respective groups or regions as consumers multiplied by per capita income of the respective groups or regions. For a long time, the Nepali market was supply driven allowing a limited choice for consumers. Demand for a product would be higher than supply. That was when the public sector undertakings and a few businesses dominated the market – which can be termed as the 'Quota and License' period. This era came to end gradually after the liberal system was slowly introduced in the 1980s and speeded up in the 1990s. As a result, new business ventures started to crop up and it gave birth to a number of entrepreneurs. Collaboration with foreign companies increased, and the supply side gradually turned weighty.

Foreign joint venture companies such as Surya Nepal, Nepal Lever Ltd, Standard Chartered Bank started segmentation strategies in their marketing. Homegrown companies too tried to follow their example. And this trend picked up further as a result of other foreign joint ventures. So, now most of the companies (large, medium or small, family-held or public) have been making an attempt towards proper segmentation of their target markets.

Increased GDP and remittance income widened the market further, encouraging the companies to go for more professional marketing. Thus, the concepts of marketing also gradually changed. The concept of 'we sell what we make' changed into 'we make what we can sell'. Buyer preference started gaining importance. The cigarette companies began

segmenting based on the status of the consumers. If we look at recent trends, even mobile phones have been targeted on the basis of buyer identification– their income level, their age group, their interest in mobile phones etc. However, the approach severely lacks research support.

There is a huge market potential in Nepal, which marketers have not seemingly identified and recognised. On a simple note, a reason to import and a high trade deficit itself acted as an opportunity and window for Nepali producers. The market potential is measured by the size of the population of the respective groups or regions as consumers multiplied by per capita income of the respective groups or regions.

Nepal has a big rural market which has been overlooked by Nepali marketers. They are adopting urban-consumer-centred marketing strategies. Therefore, all marketing efforts are focused on the urban market only. Rural market is not prioritised. As a matter of fact, they have not accepted rural areas as a market. The main reason is higher per capita income in urban areas than rural areas. But rural markets are qualitatively and quantitatively better than urban markets.

Nepali producers are still following the traditional pattern of concentrating on the market with a high population, without analysing their income level. A clear example can be found in the sales of mobile phones, which has been much higher in rural areas than in urban areas. Had the producers only concentrated on the urban areas, they would have missed a large market share. As the taste and preference of one group from another can be different, the product development strategy should be shaped accordingly. Promotional campaigns have to be carried out differently. Careful analysis has to be done while making decisions upon selecting the distribution channel. The study of segmented market preference can be done through the local wholesalers, retailers and agents working in the local territory.

Effort must be made to set lower prices for the packages targeted at the rural market. Small size packets is one idea, but that may not be enough. Looking at the lower per capita income of the rural consumers, the price of the same quantity should also be lower in the rural areas than in urban areas. That may reduce the per unit margin for the producer company, but that is compensated by the volume. However, the idea of lowering the price should be taken even further. The techniques of value engineering should be adopted. This includes avoiding

sophisticated packaging. They may also offer refill packs or use reusable packaging. Products in rural markets may be promoted by using of mass media such as radio, television and newspapers and magazines, wall painting, advertising on vehicles, display in periodical markets, fairs and exhibitions.

1. How will you add value to rural marketing?
2. What is the factors, which have made rural markets attractive?
3. How does rural marketing differ from urban marketing?
4. What qualities should a rural marketer possess?

### **1.2 Statement of the Problem**

Realising the potential of rural markets is not enough. In fact, it is difficult to formulate proper marketing strategies for rural areas. However, some ideas can be suggested. Effort must be made to set lower prices for the packages targeted at the rural market. Small size packets is one idea, but that may not be enough. Looking at the lower per capita income of the rural consumers, the price of the same quantity should also be lower in the rural areas than in urban areas. That may reduce the per unit margin for the producer company, but that is compensated by the volume. However, the idea of lowering the price should be taken even further. The techniques of value engineering should be adopted. This includes avoiding sophisticated packaging. They may also offer refill packs or use reusable packaging. Products in rural markets may be promoted by using of mass media such as radio, television and newspapers and magazines, wall painting, advertising on vehicles, display in periodical markets, fairs and exhibitions.

Marketing may aptly be described as the process of defining, anticipating and knowing customer needs, and organizing all the resources of the company to satisfy them. In fact, satisfaction of customer's needs and wants provides the rationale for the firm's existence. Knowledge of consumer behavior, therefore, is vital for a firm to achieve its marketing goals. The consumer's behavior comprises the acts, processes and social relationships exhibited by individuals, groups and organizations in searching, obtainment, use of, and consequent experience with products and services. An understanding and knowledge of the motives underlying consumer behavior helps a firm in seeking better and more effective ways to satisfy its customers. It helps to select appropriate sales and advertising strategies, and to plan marketing programme in a more efficient manner.

Many assumptions prevail about rural marketing. For instance, one assumption is that the rural buyer is not very discriminating. Once he is persuaded to buy a particular product, he develops a strong affinity for it, and if satisfied, becomes brand loyal. As a result, Indian manufacturers are generally known to prefer selling fewer items at higher prices than selling more items at lower prices. A contrary view is that the rural buyer, being suspicious of the marketer's hard sell techniques, is quite discriminating, and is not easily persuaded. Yet another assumption is that the rural buyer is not particularly keen about quality and packaging. Some other assumptions can be quoted. But, all these.

### **1.3 The Objective of the Study**

The specific objectives is to provide information on existing activities and uses of markets in rural area and to find out role of rural the market on rural development

- To study the functions of market in rural areas
- To study the dependability of rural people on markets
- To explore the opportunities for the marketers who are eyeing this market.

### **1.4 Significance of the Study**

Rural Marketing is a developing concept, and as a part of any economy has untapped potential and marketers have realized the opportunity. Improvement in infrastructure and reach promise a bright future for those intending to go rural. Any macro-level strategy for these markets should focus on availability, accessibility and affordability. Focused attention needs to be paid to market research that goes on to reduce the uncertainty in dealing with these markets. More specifically, in relation to rural areas, demand is seen to be highly price elastic. Rural markets offer a great scope for concentrated marketing efforts because of the recent increase in the rural incomes and the likelihood that such incomes will increase faster because of better production and higher prices for agricultural commodities.

### **1.5 Limitation of the Study**

The present study on rural hats/bazars is confined in identification of growth points i.e. market places, hierarchy of markets and the process how best this market be used as coordinating centre in spreading out rural development aspects in the service at'ea. Institutional training, motivation and awareness stimulation, participation in the programme and diffusion of technology has been considered main issues in spreading of rural

development aspects with infrastructural and institutional development. The data collection techniques such as, case study, interview, questionnaire survey, observation, group discussion, key informant interview etc. were used to get fact data that needed in study.

### **1.6 Organization of the Study**

This study has organized with five chapters. The first chapter concerns with introduction of the study dealing with the statement to the problem, objectives, significance, limitation of the study. The relevant literatures reviewed in second chapter for this study. The third chapter deals with data presentation and analysis. The fifth chapter summary, conclusion and recommendation of the study.



## **CHAPTER -II**

### **LITERATURE REVIEW**

Review of literature is a back bone of any investigation work, because it plays a vital role by assisting the investigator in his work, it provides the former views of scholars in his particular study, so, it goes to be an important and fruitful element for the investigator, because one can have the ideas from earlier scholars' passions with their earlier literature.

#### **2.1 Concepts and Theories**

Some important studies which are relevant to the present study are reviewed below. Stine (1962 as cited by Webber et. al., 1973) on "Temporal Aspects of Tertiary Production Elements in Korea" developed a theoretical economic model for the existence of periodic markets based on two well known concepts from central place theory: threshold and maximum range. He argues that when the maximum range of a good is greater than or equal to the minimum range, the firm will survive and be immobile. By contrast, if the maximum range of a good (a firm notion is greater than maximum distance a consumer is willing to travel, the firm will either not survive or be mobile. The degree of mobility will increase with the increasing differences between these two ranges. However, this model is not used directly but it provides the theoretical base for the economic explanation of the periodic market in the present study. Skinner (1964 as quoted in Bromley et. al. 1975) on "Marketing and social structure in rural China" has applied economic location theory to explain periodic markets and the function of different settlements within regional social system. He (1978) on "Economic system in traditional China" has also analyzed Chinese traditional rural marketing system, relative importance, distribution pattern and internal structure or market places. This study provides the basic concepts of these periodic market system to the present study.

Symanski (1972 as cited by Webber et. al., 1973) "On the definition of periodic market cycles" has discussed some of variables which enter the definition of market periodicity. He concluded that hierarchy of periodicities was created by range of different goods offered and time dimension involved in the analysis of periodic markets introduced a bewildering complexity of systems not found in usual location analysis. He (1973) studied about "Good, food and consumers in periodic market systems" and concluded that as periodic market

centres grow in size and importance further market days were usually introduced and increasing demand for perishable goods often leads to the establishments of minor market days between main market days, but the volume of trade on the main market day may continue growing until it has to be spread over adjacent days. Hay (1971) studied the economic basis for periodic marketing in developing countries and concluded that periodic marketing may be adopted in order to achieve viability to increase excess profits or to lower retail prices so as to forest all competition. This study is useful for explaining the economic and functional base of periodic markets. Smith (1970 as cited by Singh et. al., 1983) studied the periodic markets of west African countries and proved the hypothesis that spatial proximity is inversely related to the temporal proximity. Good (1975) focused on the circulation pattern of relatively full time itinerant traders who operate within an extensive network of periodic traders who operate within an extensive network of periodic markets in Uganda. He (1972) on "Periodic Markets: A Problem in Location Analysis" concluded that temporal and location spacing of periodic markets is complementary and periodic markets are space-competitive and their locational pattern is uniform. This study is highly useful for making locational analysis for periodic markets.

Webber et. al. (1973) on "Periodic markets: An economic location analysis" analyzed the phenomenon of periodic markets with the aid of the tools of classical location analysis. They argued that periodicity depends only on the fact that characteristically low levels of disposable income in less developed economies permit sellers to concentrate sales in a relatively short time span.

Gazann (1978) on "Itinerant Salesmen and the periodic market system of Lushoto District, Tanzania analysed the hierarchical structure, horizontal movement of goods, synchronization of time and space and population density condition.

Handwerker (1978 as cited by Khatiwada, 1988) about the viability, location and timing of Liberian periodic markets and analysed central function, market cycle, exchange network, spatio-temporal synchronization of periodic markets concluding that farm trader visits only one market in a week and professional trader visits more than one market. He differentiates the temporal pattern of farm and professional traders in the periodic market partially confirmed.

Singh (1982) on "Periodic Markets and Rural Development : A Case Study" has analyzed the distribution of periodic market centres, market cycle, spatio- temporal relationship and some strategies for rural development through market system. He concluded that the spatial pattern of periodic market was not uniform and functioning of periodic markets and their spatio-temporal synchronization plays an important role in the development of areas. (Mandal,1995)

Periodic market in Nepal.

Management consultants and company (1975) has made an empirical study of the hats of Sunsari and Illam under the authority of National Planning Commission. This study provides the information about the historical growth of periodic markets and functional characteristics of markets. The information on functional characteristics is obtained simply by counting the functional unit in periodic markets. Therefore, the study does not make a comprehension analysis of functional characteristics.

Food and Agricultural Marketing Service has made an attempt to study the historical development of periodic markets in Dolakha (2031), Illam and Sunsari (2032), Kapilbasta (2033) and Siraha (2034) districts. These studies include distribution and locational pattern, circulation system of hats, functional unit and range of function.

Another important study on "A note on rural market" done by Uprety (1986) dealt with the factors responsible for localizing the hat and rational for government intervention. He concluded that rural markets establishment and intervention. He concluded that rural markets establishment and operation could play a crucial role to mobilize the local production and local resources interlia. So selection of proper locations and operation of such markets in the rural areas could be though as of prime importance for socio-economic upliftment of the rural areas in particular. This study is useful for analysing the problems of periodic market development.

Shrestha (1987) has studied the structure of rural market centres in terms of relative importance spatial patter functional role and interaction pattern in Kathmandu valley. Though this study was concerned with permanent rural markets the approach would appear useful in making the study of periodic market in Nepalese context.

Rijal (1979) has made an attempt to study periodic markets in Sunsari district. He analysed the structure, locational distribution, trade cycle and spatio-temporal relation of periodic markets. His study could be taken as the first study by applying basic theoretical concepts of geographical inquiry. However, Rijal has used subjective method in some cases particularly with regard to identification of hierarchical structure. In the present study an attempt has been made to refine the approach toward this direction.

Shrestha and Rijal (1979) have analysed the spatial pattern both the periodic and permanent market centre in Nepal without following the rigid geometry of the classical model. They concluded that in both systems the distribution pattern was cluster and conformed closely to the regular cluster model rather than regular triangle lattice. In locational arrangement, the pattern in both area was markedly linear.

Kareriya (1991) has made an attempt to study periodic marketing system in terms of origin and evolution, functional morphology, hierarchy and trade area. He has measured the hierarchy considering the basis of periodicity, functional magnitude, market day population gathering, types of accessibility and trade area. The method, he has applied, does not appear to be appealing and it is primarily based on subjective approach. He has concluded in his study that, the origin of periodic markets take place from the individual propensity to barter. Most of the shops are managed in open space under the tree. In the functional morphology, commercial function (vegetable) plays a dominant role in each periodic market.

The research by agriculture department, market development branch about "Agriculture market and hat Bazar was held in 2056/057 B.S. the Objectives of the research was, to find out the conditions of agriculture markets, hat Bazars. And, to find out precise account of these places and date to be held through the Nepal. By analysing this study, it is concluded that the usually closed and inactive hat Bazar would be done following recommendations to regulate them to activate them to reform the physical conditions (toilet, drinking water, hut and others) of the hat Bazars which were regulated from existing condition to the expected condition. This study is useful for explaining the problems and conditions of periodic markets.

Mandal (1995) has analyzed the Hierarchical structure, variation of types of trading commodities, functional base, spatial distribution, locational arrangement, sources of trading goods, strength of relationship of functional and spatial variables with relative importance of periodic market in Saptari district. He conclude that the functional types in periodic market, retailing is the dominant functional type in most of the periodic markets. There is pre-dominance of agricultural product in marketing goods.

## **2.2 Periodic Market in Nepal.**

Management consultants and company (1975) has made an empirical study of the hats of Sunsari and Illam under the authority of National Planning Commission. This study provides the information about the historical growth of periodic markets and functional characteristics of markets. The information on functional characteristics is obtained simply by counting the functional unit in periodic markets. Therefore, the study does not make a comprehension analysis of functional characteristics. Food and Agricultural Marketing Service has made an attempt to study the historical development of periodic markets in Dolakha (2031), Illam and Sunsari (2032), Kapilbasta (2033) and Siraha (2034) districts. These studies include distribution and locational pattern, circulation system of hats, functional unit and range of function. Another important study on "A note on rural market" done by Uprety (1986) dealt with the factors responsible for localizing the hat and rational for government intervention. He concluded that rural markets establishment and intervention. He concluded that rural markets establishment and operation could play a crucial role to mobilize the local production and local resources interlia. So selection of proper locations and operation of such markets in the rural areas could be though as of prime importance for socio-economic upliftment of the rural areas in particular. This study is useful for analysing the problems of periodic market development. Shrestha (1987) has studied the structure of rural market centres in terms of relative importance spatial patter functional role and interaction pattern in Kathmandu valley. Though this study was concerned with permanent rural markets the approach would appear useful in making the study of periodic market in Nepalese context. Rijal (1979) has made an attempt to study periodic markets in Sunsari district. He analysed the structure, locational distribution, trade cycle and spatiotemporal relation of periodic markets. His study could be taken as the first study by applying basic theoretical concepts of geographical inquiry. However, Rijal has used subjective method in some cases particularly with regard to identification of hierarchical structure. In the present study an attempt has been

made to refine the approach toward this direction. Shrestha and Rijal (1979) have analysed the spatial pattern both the periodic and permanent market centre in Nepal without following the rigid geometry of the classical model. They concluded that in both systems the distribution pattern was cluster and conformed closely to the regular cluster model rather than regular triangle lattice. In locational arrangement, the pattern in both area was markedly linear. Kareriya (1991) has made an attempt to study periodic marketing system in terms of origin and evolution, functional morphology, hierarchy and trade area. He has measured the hierarchy considering the basis of periodicity, functional magnitude, market day population gathering, types of accessibility and trade area. The method, he has applied, does not appear to be appealing and it is primarily based on subjective approach. He has concluded in his study that, the origin of periodic markets take place from the individual propensity to barter. Most of the shops are managed in open space under the tree. In the functional morphology, commercial function (vegetable) plays a dominant role in each periodic market. The research by agriculture department, market development branch about "Agriculture market and ha t Bazar was held in 2056/057 B.S. the Objectives of the research was, to find out the conditions of agriculture markets, ha t Bazars. And, to find out precise account of these places and date to be held 22 through the Nepal.

### **2.3 Origin and Evolution of Marketing**

System Marketing activities were pursuits from earliest peace of time of a man. "Archaeological excavations in Europe and Asia minor have indicated an extensive prehistoric trade in stone implement, ornaments and presumably, food stuffs. Evidence of international trade and trails crossing of a tribal boundaries such as rivers and streams is provided by the archaeologists spade. Fixed place of exchange only appeared when agricultural surplus made ci4ties and fortified towns. "among early civilizations the tribe was extended to what Aristotle called a community (Kiononia) in which the purpose of exchange was to link members by a bond of good will (Philia), Philia or brotherhood is expressed by reciprocal obligations needed to maintain the social relationship and self-sufficiency (Autarkeia) of the community.

(Mandal,1995) According to Aristotle trade is 'natural' only when it serves the survival needs of community. The term "just price" demands no gain to be expected from the exchange of goods and services; it was only for self-sufficiency and justice. "Gift philia and contributed to

autarkeia. But, this kind of exchange actually was not a trade, for it, there should be profit motive and redistribution of the commodities which involves a time lag between the promise to exchange goods and actual delivery of the goods for a consideration already given with the promise to buy. According to George Fisk, "traders become redistributive when one party sold to several other parties the products he had already collected from previous exchange." Although, the evolution of marketing system began when the first commodity surpluses become available after the development of pastoral agriculture. Following are the prerequisites for evolution of marketing system. i. Commodity surplus to trade. ii. Physical distribution networks to carry these goods to customers. iii. Transaction as the mechanism for exchange of goods something of equal value, and iv. Market places to exchange goods. The markets have passed through four historical stages from the very beginning where there above mentioned pre-requisites are needed. The marketing stages are :

- i. Early location at fixed geographic sites,
- ii. Organization in to open markets to attract buyers and scheduled times in fixed places,
- iii. Development of mass markets at widely dispersed locations,
- iv. Differentiation of products by sellers in order to meet the unique segments of demand. With the technological development these markets stages slowly and gradually developed.

The periodic markets are in second stages of the market history Kareiya,(1991) With the rise of city stages, the buyers and sellers meet at definite places such as, 'trading posts' and they organise for the purpose of exchange. In the 6th century B.C. each Greek city had agora. In the agora "each groups of sellers such as butchers, fish dealers, slave dealers and money changers was assigned a special circle in which its members were to stand or place their stalls. Another issue that has been received a considerable amount of attention is the question of how periodic marketing systems originate and how they change from one another. This is of importance for development objectives as far example – when a government wishes to establish a marketing system in an area where no markets exist or wishes to encourage development toward a more articulated and efficient marketing system. There are two alternative theories concerning the inception of a marketing system. As they are given below : i. The endogenous theory ii. The exogenous theory The former theory asserts that markets arise within a community from the natural propensity of people to trade, and the second theory which credits external stimuli such as the incursion of long distance traders, as the

cause of market inceptions. Models for the stages of market development have been proposed by a number of authors.

## 2.4 Types of Market Places

Different scholars have classified the market in different perspectives among them R.J. Bromley classified the market on the basis of their periodicity in "markets in the developing countries". A review in geography, journal of geographical association". They can be divided in to three classes.

- 1) Daily markets : Which occurs daily with the characteristics of major market centres.
- 2) Periodic markets : These types of markets take place regularly on one or more fixed days and week or month and are characteristics of smaller market centres.
- 3) Special markets : These markets take fairs lasting from one day to three months. The great majority of trading transaction in the periodic markets take place on a person to person basis with buyers and sellers dealing directly and having the goods at hand.

(Kareiya,1991) Similarly, according to "Krishi Bazar Alam ha t Bazar Adhyan", Generally markets are classified in to two part on the basis of permanency these are : **Permanent market** : Those market which is continued day today. This type of market is also divided by in to three parts :

- (1) national market,
- (2) local market and
- (3) international market.

**Temporary market** : Such type of market which is not continued every day is called temporary market. ha t Bazar is one of the example of this type of market.

## 2.5 Meaning and Definition of Rural Marketing

The term 'rural marketing' used to be an umbrella term for the people who dealt with rural people in one way or other. This term got a separate meaning and importance after the economic revaluation in Indian after 1990. So, before venturing into the other aspects of rural marketing let us discuss the development of this area in different parts which is briefly explained here.

Part I (Before 1960): Rural marketing referred to selling of rural products in rural and urban areas and agricultural inputs in rural markets. It was treated as synonymous to 'agricultural



marketing'. Agricultural produces like food grains and industrial inputs like cotton, oil seeds, sugarcane etc. occupied the central place of discussion during this period. The supply-chain activities of firms supplying agricultural inputs and of artisans in rural areas received secondary attention. The local marketing of products like bamboo baskets, ropes, window and door frames, small agricultural tools like ploughs by sellers like black smiths, carpenters, cobblers, and pot makers were emphasised in general. This was totally an unorganized market where all banias and mahajans (local business people) dominated this market.

Part II (1960 to 1990): In this era, green revolution resulted from scientific farming and transferred many of the poor villages into prosperous business centers. As a result, the demand for agricultural inputs went up especially in terms of wheats and paddies. Better irrigation facilities, soil testing, use of high yield variety seeds, fertilizers, pesticides and deployment of machinery like powder tillers, harvesters, threshers etc. changed the rural scenario. In this context, marketing of agricultural inputs took the importance. Two separate areas of activities had emerged- during this period 'marketing of agricultural inputs' and the conventional "Agricultural Marketing". During this period, the marketing of rural products received considerable attention in the general marketing frame work. The formation of agencies like Khadi and Village Industries Commission, Girijan Cooperative Societies APCO Fabrics, IFFCO, KRIBHCO, etc., and also the special attention government had paid to promote these products were responsible for this upsurge. Village industries flourished and products like handicrafts, handloom textiles, soaps, safety matches, crackers etc. hit the urban market on a large scale from rural areas.

Part III (After Mid 1990s): The products which were not given attention so far during the two earlier phases were that of marketing of household consumables and durables to the rural markets due to obvious reasons. The economic conditions of the country were as such that the rural people were not in a position to buy these kinds of products. Secondly, our market was in a close shape and we newer allowed companies (foreign) to operate in Indian market. But we lifted the ... and opened up economy, consequently companies started flourishing in India. The small villages/hamlets were widely scattered making reach difficult and expensive consequently. Rural markets were seen an adjunct to urban market and conveniently ignored. However, since 1990s, India's industrial sector had gained in strength and maturity. Its contribution to GNP increased substantially. A new service sector had emerged signifying the

metamorphosis of agricultural society into industrial society. Meanwhile, due to the development programmes of the central and state governments, service organizations and socially responsible business groups like Mafatlal, Tatas, Birlas, Goenkas and others, the rural area witnessed an all round socio-economic progress. The economic reforms further accelerated the process by introducing competition in the markets. Steadily, the rural market has grown for household consumables and durables. Rural marketing represented the emergent distinct activity of attracting and serving rural markets to fulfil the needs and wants of persons, households and occupations of rural people. As a result of the above analysis, we are in a position to define rural marketing “Rural marketing can be seen as a function which manages all those activities involved in assessing, stimulating and converting the purchasing power into an effective demand for specific products and services, and moving them to the people in rural area to create satisfaction and a standard of living for them and thereby achieves the goals of the organization”.

## **2.6 Rural Urban Interaction**

Much of the development debates of last four or five decades have been centered on changing the relationship between agriculture and industry, (the rural and the urban) and on the ‘correct allocation’ of the investment between two sectors (Tacoli, 1998). The policies favoring economical growth have often followed one of the two approaches. The first favors agricultural growth, which can then provide surplus for industrial and urban growth, where as the second approach argues that industrial and urban growths are prerequisites for a more modern and productive agriculture center .In the early 1950’s, development was conceptualized by increase in the size of domestic markets and the creation of inducements to invest. The modern sector would progressively encroach upon the traditional sector and the money economy over the subsistence or near subsistence (Tacoli, 1998). This idea of development through urbanization, based on assumption that innovation and modernization would trickle down to the rural areas (Tacoli, 1998) has pervaded economists’ and donors’ views for several decades and has decided the course of rural and urban development patterns in many countries. Lewis (1954) assumed that in the densely populated rural settlements in the third world, marginal productivity would be minimal and the transfer of labor from rural agriculture to the urban industries could be achieved without any change in production. However by the end of the decade, it became clear that job creation in the manufacturing sector was much lower than the expected and could not endure the fast growing urban

populations (Tacoli, 1998). Lipton, 1977, gave one of the theories in the rural urban context that was very provocative, in whose view the rural poor are dominated and exploited by powerful urban interests. With regard to the third world he wrote “ the rural sector contains most of the poverty and most of the low cost resources of potential advance: but the urban sector contains most of the articulateness organizations and power” (1977). Lipton’s argument highly criticized, especially for its exclusion of urban poor and rural rich, however provided a useful account of the relative flows of surpluses between rural and urban areas. More recently the attack on rent seeking, urban-based bureaucratic elites has been taken over by the neo classical economics and implemented through structural adjustment packages aiming to drastically reduce the role of the state.

A major study of markets has been promoted by Food and Agriculture organization (FAD, 1988). The report provides a detailed description of the economic organization, the current management system and the physical condition of ten markets in greater Pabna, Rajshahi and Bogra districts. The study can be considered a pioneer work on rural markets and its findings, especially in the field of the present market management and their potential revenue generation, may have considerable policy implications, even though some methodological limitations of the study should be acknowledged. The study applies the conventional classification system of markets according to which they can be divided into primary (local producer-consumer), secondary (assembly) and terminal (city). This classification seems however rather inadequate and in fact no reference to these categories is made later in the report. For the purpose of calculating the profit made by "market functionaries" the traders are classified into wholesalers, commission agents and retailers. However, a precise definition of these categories is not brought forward. This classification may not reflect the much more complex socio-economic stratification of rural markets and infact is not used when describing the marketing channels. In this context, the market's actors are divided by using partly the Bengali terms as producers, beparis, aratdars, paikars, dealers, small piker and small beparis. Again, no satisfying definition, in terms of their function, dimension of trade, socio-economic back ground, is provided. The category of growers/sellers was completely skipped by the study. As a consequence, while the study provides information on the economic value of market, the analysis of the socio-economic organization of markets is missing. The marketing channels of agricultural commodities are more complex that what was assumed by the illustrates, by means of a number of long term studies, the complexity of

the trading circuits, the role of credit relations and their link to price formation. The study shows that especially remote markets reflect an image of bounded" traders, forced commercialization, and a strict control over the market by a limited number of powerful traders.

## **2.7 Rural Urban Interaction and their Implications**

Rural Urban economic linkages that occur between urban market centers and surrounding rural areas is a two-way phenomenon. While the surrounding areas receive services and commodity production from the urban centers, urban centers are dependent on the rural areas for the supply of agriculture products, dairy products and a variety of raw materials for industries. This results into the flow of capital, products and people with broad implications for both rural and urban areas. The rural urban interaction in the agriculture market is shaped by their preexisting socio economic conditions, lack of financial resources and market inadequacies. The implication of these, compounded with the state policies and trade relations, on rural farmers is characterized by high investment and low returns. The capital flow is skewed towards the urban areas keeping the farmers in a cycle of poverty. These interactions change the socio economic dynamics of urban areas too. Since agriculture market alone is not enough for the farmers to sustain themselves, the survival costs are met by nonagriculture jobs in urban areas. One reason for phenomenon of rural urban migration is the failure of agriculture to meet their survival. The influx of a large number of people in the urban areas serve to make them densely populated, exerting pressures on natural resources, causing environmental degradation and in some cases, creating urban slums.

## **2.8 Limitations of “Haats” or the Local Market**

Though the local markets provided good and opportunities for marketing their seasonal agriculture produce, haats had their own limitations too, for example: The haats didn't have any infrastructure like storage facilities, shades and stalls for people to buy and sell. This makes it difficult for people to hold on to products like green vegetables for longer periods. Hence most of the farmers want to sell their products completely before going home. Some of the haat costumers I talked also waited till dusk to go to haat, so that they could get cheaper products. Haats normally occur periodically in very small areas. Sometimes this limits the participation of both the farmers and customers from the areas that are little further

up. The negative consequence of this for farmers is that the number of customers remains relatively fixed. So for farmers with more surpluses, oftentimes selling in local haats is not enough. 38 Haats are normally used for the agricultural products that do not need processing, like fresh vegetables and fruits. However, for the major crops that need to be processed like rice and wheat, the periodic markets or haats are not enough. In some places of Rangel, haats are located in muddy little streets and all products are kept in unclean and unsanitary conditions. Rural marketing implies applying marketing theory and directing marketing efforts to create and satisfy needs and wants of rural market (customers). Importance of marketing indicates the contribution of rural as well urban marketing.

Rural market is growing faster than urban, rural marketing results into overall balanced economical and social development. Rural marketing turns beneficial to business units, people residing in rural areas, people residing in urban areas, and to the entire nation. Let's see how growth and development of rural marketing contribute to overall prosperity and welfare.

In Nepal, the Haat Bazaar has developed as an alternative for small scale farmers to fulfill their economic potential by allowing them to sell their products while promoting local food system. For a population of whom the majority are dependant on small scale agriculture, this market development in a local context has proven to be beneficial. Haat Bazaar are markets that generally take place on a weekly or bi-weekly basis in a playground or an open field, which is accessible to most families in a village.

Difficulty or even inability to access the market, because of lack of access to transportation, represents an obstacle for local farmers to earn a supplemental income by selling their products. With 65% of the population depending directly on small scale agriculture, Haat Bazaar offers a unique opportunity for producers to increase their profits and convert underutilized species or Non Timber Forest Products (NTFPs).

In recent years, the system of Haat Bazaar, which was generally practiced in the southern plain region of Nepal, has now gained in popularity and the practice has spread to semi-urban areas. For instance, in the periphery of the city of Bharatpur in the Chitwan district, four Haat Bazaars are running twice a week. The majority of products sold at the market are

agricultural products like vegetables, fruit, legumes, pulses, spices and honey. Besides agricultural products people sell medicinal herbs, NTFPs, and clothes. Sanumaya Mishra, a local citizen regularly attends one of the Haat Bazaars in Bharatpur. She saw in the local market as an opportunity to sell her production and it has allowed her to support the needs of her two children while being able to pay for their education.

“The supply and availability of fresh and locally produced vegetables, underutilized species with high nutritive and medicinal value at the Haat Bazaar is beneficial for us”, said Mr. Narayan Chhetri, a local resident of that community. The market also represents an opportunity for citizens to socialise while promoting local food production, reducing the costs associated with transportation and improving the local economy and food security.

The development of Haat Bazaar has taken place without support from government authorities. In this context, the role of the Community Based Organizations (CBOs) and the Non-Governmental Organizations (NGOs) is crucial in persuading the Government to adopt policies that could extend services and improve infrastructure, enabling small scale farmers to sell their surplus. NGOs and CBOs fulfill an important role working towards agricultural development and community empowerment by providing training, raising awareness and giving technical assistance to the farmers.

### **1. Reduced Burden on Urban Population:**

Rural marketing can contribute to rural infrastructure and prosperity. People can also live comfortably in villages due to availability of all goods and services in villages, even comparatively at low price. People, due to growth of marketing activities, can earn their livelihood in rural places. Population pressure on urban can be reduced.

### **2. Rapid Economic Growth:**

Naturally, marketing acts as catalyst agent for economic growth. There exists more attractive business opportunities in rural than urban. Rural market is more potential for consumer durables and services. Rural population largely depends on agriculture and it can contribute nearly 50% to total national income. Agriculture enjoys significant portion in export business, too. Rural marketing improves agricultural sector and improved agricultural sector can boost whole economy of the country.

### **3. Employment Generation:**

At present, nearly 70% of total Indian population feeds on agricultural activities in rural areas. Rural marketing can generate more attractive employment opportunities to rural and urban people. Growth of rural marketing leads to increased business operations, professional activities, and services that can generate a lot of employment opportunities.

### **4. Improved Living Standard:**

Due to rural marketing system, rural buyers can easily access needed standard goods and services at fair prices. In the same way, rural marketing improves rural infrastructure. Additionally, rural marketing can also improve their income. These all aspects can directly improve living standard.

### **5. Development of Agro-based Industries:**

Rural marketing leads to set up agro-based processing industries. Fruits, vegetables, cereals, pulses, etc., are used as raw-materials. Such industries can improve farmers' profit margin and employment opportunities.

### **6. Optimum Utilization of Rural Untapped Resources:**

There are unlimited businesses opportunities exist in rural areas. Untapped and underutilized resources can be utilized at optimum level and that can further accelerate overall economic growth.

### **7. Easy Marketability of Agricultural Produces:**

Growth of rural marketing improves whole marketing system. Multiple options are available to farmers and local producers to market their products. Big domestic corporate houses and multinational companies prefer to buy agricultural products directly from villages by their own or through agents and small firms. Rural producers can sell their produces easily at satisfactory prices. Their improved income level can improve their purchasing power that can further fuel to industrial demand.

### **8. Improved Rural Infrastructures:**

Rural marketing and basic infrastructures go hand to hand. Growth of rural marketing leads to improved transportation, insurance, banking, communication, entertainment, and other

facilities. Due to availability of basic infrastructural facilities, business units can easily reach the target rural buyers.

### **9. Price Stability:**

Marketing results into better transportation, warehouses, and communication facilities. Agricultural products can be systematically marketed throughout the year. Huge gap between demand and supply can be avoided and, as a result, prices of most of commodities remain more or less stable.

### **10. Quality of Life and Reduced Crime:**

Marketing can refine entire living style and system. Better quality products at reasonable price, improved income level, availability of facilities, etc., have direct positive impacts on quality of life. Quality of life improves and level crime reduces.

### **11. Balanced Industrial Growth:**

The gap between rural and urban development can be reduced gradually. Rural development improves rural life and reduces pressure on urban life.

## **2.9 Concept of Rural Marketing**

The concept of Rural Marketing in India Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities, all the districts and industrial townships are connected with rural markets. The rural market in India generates bigger revenues in the country as the rural regions comprise of the maximum consumers in this country. The rural market in Indian economy generates almost more than half of the country's income. Rural marketing in Indian economy can be classified under two broad categories.

The concept of rural marketing in India is often been found to forms ambiguity in the mind of people who think rural marketing is all about agricultural marketing. However, rural marketing determines the carrying out of business activities bringing in the flow of goods from urban sectors to the rural regions of the country as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas.

To be precise, rural marketing in India Economy covers two broad sections, namely:



i. Selling of agricultural products in the urban areas

ii. Selling of manufactured products in the rural regions

Conceptually, rural marketing is not significantly different to urban marketing. Marketing manager has to perform the same tasks, but differently in rural marketing. It can be said that marketing is not different, but markets (buyers and users).

In rural marketing, a firm has to undergo marketing efforts to satisfy rural segments, which notably differ from urban segments in some aspects. At the same time, we must note that increasing literacy rate, improved sources of income, awareness due to improved and increased means of communication and transportation, high rate of mobility within and between countries due to liberalization and globalization, and many other such reasons, some customers are likely to be identical.

Even, a few rural customers seem cosmopolitan! So, one can find customers of different behaviour patterns within a village or a town. In the same way, most of products are commonly used in both urban and rural areas. In some aspects, both rural and urban customers behave in homogeneous pattern. Some Indian customers have become global and cosmopolitan!

Definitions:

‘Rural marketing’ is similar to simply ‘marketing.’ Rural marketing differs only in terms of buyers. Here, target market consists of customers living in rural areas. Thus, rural marketing is an application of marketing fundamentals (concepts, principles, processes, theories, etc.) to rural markets.

1. Let us define the term in simple way as: Rural marketing concerns with planning and implementing marketing programmes (often referred as marketing strategies or simply 4P’s) for rural markets to achieve marketing goals.

2. In more specific words: Rural marketing is a process of developing, pricing, promoting, and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants, and also to achieve organizational objectives.

3. Marketing efforts remain same, only important aspect is type of buyers. So, the term can be defined as: When marketing activities are undertaken for rural segments, it is termed as rural marketing and the management is called rural marketing management.

4. Since marketing manager has to carry out similar tasks. So, definition of marketing stated by American Marketing Association can be equally applicable in relation to rural segments. We will add only specific word 'rural' to define the term: Rural marketing is a process of planning, and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchange (for rural segments) that satisfy individual and organizational objectives.

(Only the word 'rural' has been added to the definition adopted by the AMA. The word implies that marketing activities are undertaken in rural areas to satisfy rural segments.)

5. More specifically, it can be said: Rural Marketing means to produce products (goods and services) for the rural customers and to make necessary arrangement to supply them.

6. At last, we can say: Rural marketing is the marketing for the customers residing in rural areas. It involves designing marketing programme (4P's) to arrive at desired exchange with the rural customers that satisfies their needs and wants.

## **2.10 Rural Marketing and History**

Rural marketing is the process of developing, pricing, promoting and distributing rural specific products and services leading to consumer satisfaction and achievement of organizational objectives.[1] It aims to improve standard of living of rural consumers by providing them greater awareness and accessibility to new products and services.

There were four phases of rural marketing:

Phase I (before the mid-1960s): Before the mid-1960s, rural marketing focused on agricultural products (such as food grains) and industrial inputs (such as cotton and sugarcane), while excluding heavy and durable products such as tractors, electric motors, and harvesters.

Phase II (mid 1960s-mid 1990s): During this period, it was influenced by Green Revolution, which enabled rural areas to have better irrigation facilities, high yielding seeds, soil testing, and application of implements such as power tillers and harvesters.

Phase III (after the mid-1990s): In the 1980s, the industrial sector of many developing countries like India became increasingly important and its contribution to Gross National Product increased substantially. After the Indian economic reforms of 1991-1992 competition in rural markets increased significantly.

Phase IV (around 2015): This phase marks the emergence of the global market. Globalization resulted in factors such as the information revolution, creation of appropriate technology, increasing urbanization promoted by greater focus on cities leading to the development of rural markets.

Because rural markets are in high demand, a range of different businesses are looking to them for growth support. A marketing mix framework focuses on delivering the right product, at the right price, using the right promotion strategy, choosing an appropriate distribution channel, and fostering long-term relationships with customers. Traditional literature in the field focused on 4P's (Product, Price, Place, and Promotion) as the drivers of marketing.[citation needed] Rural marketing is nowadays understood through the axes of 4As: Availability, Affordability, Acceptability, and Awareness.

The three stories of these people reflect the complexity of the Nepali rural market. Their voices, representing three different generations of a traditional Nepali rural family, have something in common: they are all, in some way, exposed to a fast changing rural market and a process of cocacolisation. Yet, their responses to this change are quite different. Cocacolisation, as used in this paper, is a process of domination of globalised products like Coke, Fanta and Pepsi over the local products like skimmed milk and fresh milk.

Since the introduction of globalised products in Nepali market in 1984, traditional products have gradually disappeared from Nepal's rural market and have almost been replaced by such globalised products like Coca-Cola, Fanta, Sprite, Pepsi. The complexity of the Nepali rural market originates from the various interests and behaviours of its traditional, modern and Postmodern consumers as well as from globalised products that have penetrated the local

markets. A large number of Nepali rural people believe that such globalised drinks are impure and harmful. Consequently, they do not drink such beverages. Yes, the use of local drinks, like fresh milk, skimmed milk and sarbat (mixture of lemon, sugar and water), has decreased in Nepal and gradually been replaced by globalised drinks. The consumption of Coke and similar beverages is slowly becoming part of local peoples regular life.

In rural Nepal, where agriculture is still the primary source of income, the rising consumption of globalised goods is of major concern, because of its cultural and economic impacts. Consumers in developing countries often prefer brands from abroad, for example, the U.S. or Germany, over brands that are seen as local in origin. By Choosing these products they seek to demonstrate higher social status and a lifestyle similar to those in economically developed regions (Batra et al., 2000; Howes, 1996, as cited in Nagata, Barg, Veleggia, & Bream, 2011).

Today, 77% of Nepali are living in rural areas. This is far above the global average (Central Bureau of Statistics [CBS], 2011). In our observations of Nepal's rural areas, shops are filled with an abundance of different imported products and many young consumers tend to prefer foreign brands. The postmodern consumers believe that their identity is associated with what they use or consume (Berner & Tonder, 2003). The consumer behaviour of the young Nepali shows certain characteristics of a postmodern consumer - a consumer that not only chooses a product because of its necessity or taste but also because it provides him or her with a desired identity (Peltonen, 2013). By consuming global products, they feel prestigious and proud. Their selection of certain products is largely determined by aggressive advertisements of multinationals that have recently appeared in the rural market; peer consumer behaviour; and the purchasing capacity of the consumer.

Although general access to education and information in Nepal has increased, rural consumers and vendors lack access to reliable information about local and global products and short and long term impacts of these products on their socio-economic life. Moreover, these consumers have very little understanding of how and to what extent they can influence the economy, the environment and the society through their individual behaviour.

Through the lens of postmodernism, using a critical approach, this paper analyses the modalities of cocacolisising Nepal's rural market versus a decocacolised swiss rural market and explores how consumer education can influence the share of local products in Nepal's rural market while contributing to an equitable co-existence of global and local products. Case studies, market observations, interviews and focused group discussions were carried out in June 2014 in Kavre, Kathmandu and Kailali District's rural markets in Nepal. Whereas interviews and market observations were conducted in Switzerland in September 2014. This paper explored the ways education can enable local products re-gain an equal share in the local market.

The phenomenon of domination of the rural market by global products has been frequently referred to as cocacolisation ((Nagata et al., 2011) and is seen as one of the many instruments and means of globalization. Globalisation refers to increase the flow of cross-border movement of goods, services and capital, increased human movement and increased market diversification (Hillebrand, 2010). Some interpret cocacolisation as a product of modernism and globalization, while others refer to it as a form of Americanisation and westernization, Koestler (1976) even takes it a step further and coined the term 'Coca-colonisation' to describe the impact of Western societies on developing countries and the results of Western intrusion into the lives of traditional-living indigenous communities (2000). We are here using the term cocacolisation and with it coke as a symbol for the availability of globalized products in the local market which are gradually displacing local market products.

Marketing strategies of multinational companies entering new markets often tend to be aggressive. Mainly targeting teens and children, they aim to create demand by changing traditional habits and reproducing necessities, so that global products are becoming an obvious choice for the rural youth (Mariola, 2005). The consumer in postmodern culture is perplexed by the incredible array of brands and products that impose their own rules and procedures as a way of life. The well-packaged products advertise a high western lifestyle where consumers enjoy their consumption and identify themselves with the product. Postmodernist studies argue that consumers seek to express themselves and their relationships to others through the products as they symbolize their identity (Elliott & Wattanasuwan, 1998). Identity construction thus plays an important role in the way consumers perceive

themselves (Firat, 1991). The consumers transcend the state of just satisfying their individual needs, and become positioned and identified by what they consume.

Buda and Tek, Shiva, and Rabin's stories give us an example of the Nepali rural consumer's mindset and symbolize three different types of consumers: the traditional, modern and postmodern. Buda and Tek, two traditional consumers, seem to be reluctant to new products, calling them impure and culturally inappropriate. They are satisfied with traditional local products.

Shiva, a modern consumer, explores new products and is informed. He is ready to negotiate the price and conscious about different brands, and packaging. For Shiva, consumption is not only to fulfill his needs but also to acquire prestige and identity.

Rabin, the third character represents a postmodern consumer. He cares not only about price and branding but is also emotionally attached to his favorite brands. The unpredictability is one of the major characteristics of postmodern consumer (Featherstone, 2007).

These individuals representing three generations are not exclusively fixed to one type of consumer as their behavior may differ in different contexts and cultures. Together they reflect the complexity of the market.

The local market -Haatbazar' in Nepal- was originally created as a space for exchanging local products but has since converted into a place to sell imported goods. Apart from vegetables, a majority of goods and products in the local Haatbazar are imported. In the Haatbazar in Kailali, about 150 shops are lined up along both sides of the main road. Whether it is a city centre's market or the Haatbazar, globalized products, like bottled drinks and packaged fast food, and local products, mainly grains and fresh vegetables, are kept together. Ram Chaudhary, one of the many local shopkeepers, said, "Twenty years ago there was no practice to have these kinds of shops, but now you can see them everywhere." With the extension of the road and a better connection to town, the number of outlets exploded and imported beverages became dominant in the market within only 10 to 15 years. While most of the shops sell imported beverages, there is only one that sells yogurt, yet none of them sells skimmed milk in Kushadevi, Kavre. There are a number of negative effects of regular use of fast food and globalized beverages. Zimmet (2000) argued that the use of coke and fast food caused a diabetes epidemic which is also the most obvious disease in developing countries.

At the beginning of 2000, there were 130000 market outlets in rural Nepal (Subedi, 2002). In the last 15 years, the number of market outlets has significantly increased. Globalised products have gained a dominant space in these markets and the number of local shopkeepers selling improved beverages has also significantly increased. Incentives such as free refrigerators and high profits, promised by re-sellers of global products, contributed to this trend. Similarly, self employed and without and without any formal training, local sellers seem not to be concerned about the consumers' changing habits. Bharat, a local seller of Jaharsingh Pauwa, Kathmandu, for instance stated: *"We sell what consumers buy, what wholesalers sell and from which we get more profit."* In rural areas, compared to urban markets, the demand for imported products is rather low. *"The market for these new products is not very large-people do not have sufficient cash to purchase imported beverages"*, explained Dhaniram of Kailali District as a low-income.

## **CHAPTER - III**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

To meet the objectives of the study, descriptive and exploratory research design were applied in this study. It were used exploratory design to invites to the study area. The data agglomerated are in the from the field survey i.e. primary resource. The data wereanalyzed in descriptive way. In addition case study were for the household's survey.

#### **3.2 Sampling Procedure**

This study wereapplied purposive sampling for area selection, where as sample population of the study wereselected on the following basis.

- The selected area of Phidim Municipality ward no. 12 the universe of the study.
- The data were randomly selected from the area.
- Focus group discussion wereheld on entrepreneurs.
- Out of 100 households 35 household of respondents were selected for the study using simple random basis.

#### **3.3 Source of Data Collection**

This study was drawn to explore the rural marketing activities in the study area. To get its accurate result, primary sources from the area and secondary sources from the related books, reports, journals and websites, documents and scholarly published and unpublished articles were the sources of data.

### **3.4 Data Collection Sources and Tools**

#### **3.4.1 Household Survey**

To generate the actual data firstly, the study area questionnaire tool were applied to sample household. It were both opened and closed questions according to the capacity of respondents.

Similarly structured questionnaire was prepared to generate the realistic and accurate data from the respondents. The respondents were requested to fill up if they could and if they could not their answers were filled up by researcher.

#### **3.4.2 Field Visit and Observation**

Each household and respondent selected sampling were visited and observed frequently during the study, field visit and observation were conducted participative and unconstructive to the local people. The researchers were visited to the hotel owner in the study area.

#### **3.4.3 Key Informant Interview**

Since this study is based on the exploratory in nature key informant interview were taken to those people who were informed with this site and activities. The key informants of this study were domestic tourists and hotel owners.

#### **3.4.4 Focal Group Discussion**

To accumulate more information for the study, group interactions on the topic were performed. The quantitative information necessary for the research were collected by group discussion method. The main objective of discussion were obtained more detailed information about the activity of rural marketing in the study area. The discussion were conducted with farmer's local persons, traders and retailers/wholesalers.

### **3.5 Data presentation and Analysis**



The data from the study were processed by editing coding, classifying tabulating. The quantitative data were presented in tables and related statistical tools like per eat age, ratio etc. were adopted for data analysis bar diagram, pie charts has been shown to make more attractive figure. The quantitative data were interpreted and analyzed in disruptive were based on their numerical characteristics.

## CHAPTER -IV

### DATA PRESENTATION AND ANALYSIS

#### 4.1 Introduction of the Study Area

Panchthar district located in the far east of Nepal belongs to province no.1 according to the new structure of the federal republican parliamentary system. This district is divided into one municipality and 7 Rural Municipality with different identities. Phidim is the district headquarters in the municipality. There are 14 wards in this municipality I have chosen as ward no 12 as my study area to complete my dissertation works.

#### 4.2 Gender

Gender refers to the characteristics of women, men, girls and boys that are socially constructed. This includes norms, behaviors and roles associated with being a woman, man, girl or boy, as well as relationships with each other.

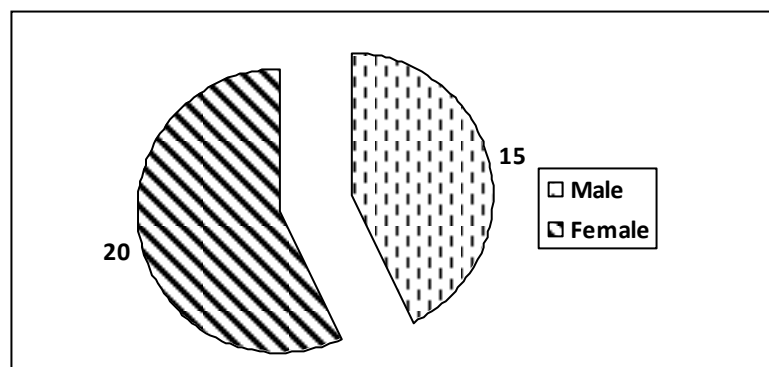
Table No. 4.1 Gender of the Respondent

Gender	No of Respondents	Percent
Male	15	42.85
Female	20	57.15
Total	35	100

Source: Field Survey, 2023

The table no. 4.1 shows that the gender of the respondents were 42.85 percent are male and rest of them 57.15 percent were female in the study area.

Figure No. 4.1 Gender of the Respondents



#### 4.3 Occupation Pattern

Rural marketing refers to marketing activities in a rural area that covers a major portion of the total geographical area and population of the country. Rural markets refer to marketing centers operating in rural areas where favorable marketing infrastructure may not be present. Here in this article, we have shared What is Rural Marketing, its meaning, definition, Nature, Scope, Types, Importance, and Challenges.

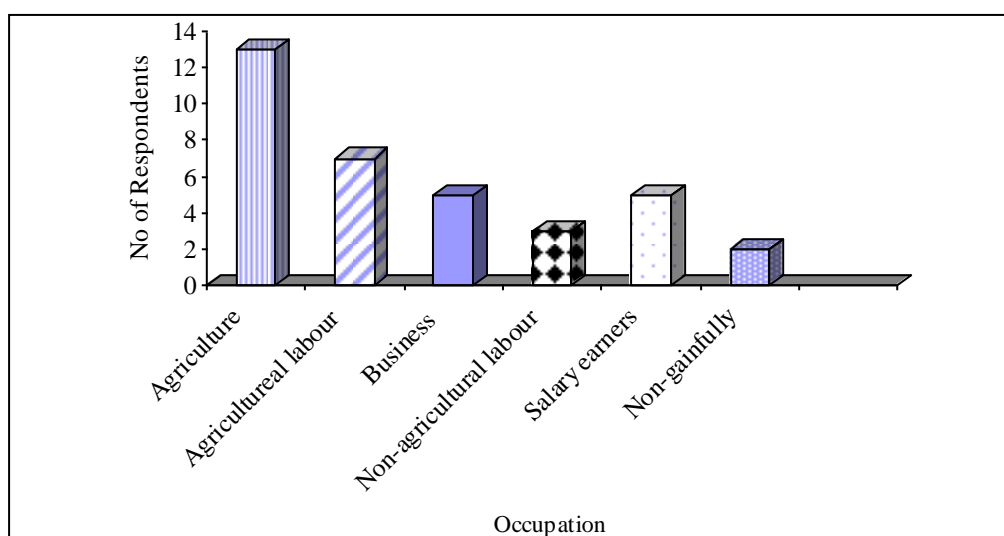
Table No. 4.2 Occupation Pattern

Occupation	Respondents	Percentage
Agriculture	13	37.14
Agricultural labour	7	20
Business	5	14.29
Non-agricultural labour	3	8.57
Salary earners	5	14.29
Non gainfully employed	2	5.71
Total	35	100

Source: Field Survey, 2023

The table no. 4.2 shows that the main occupation pattern were agriculture 37.14, agriculture labor were 20 percent, the respondents who were doing business is 14.29, salary earners as civil service were 14.29, nonagricultural labour are 8.57 and nongainfully employed are 5.71 in the study area.

Figure No. 4.2 Occupation Pattern



#### 4.4 Market Product

Local marketing is a marketing strategy that targets consumers and customers within a certain radius of the physical location of a business. Local marketing is also known as neighborhood marketing or local store marketing.

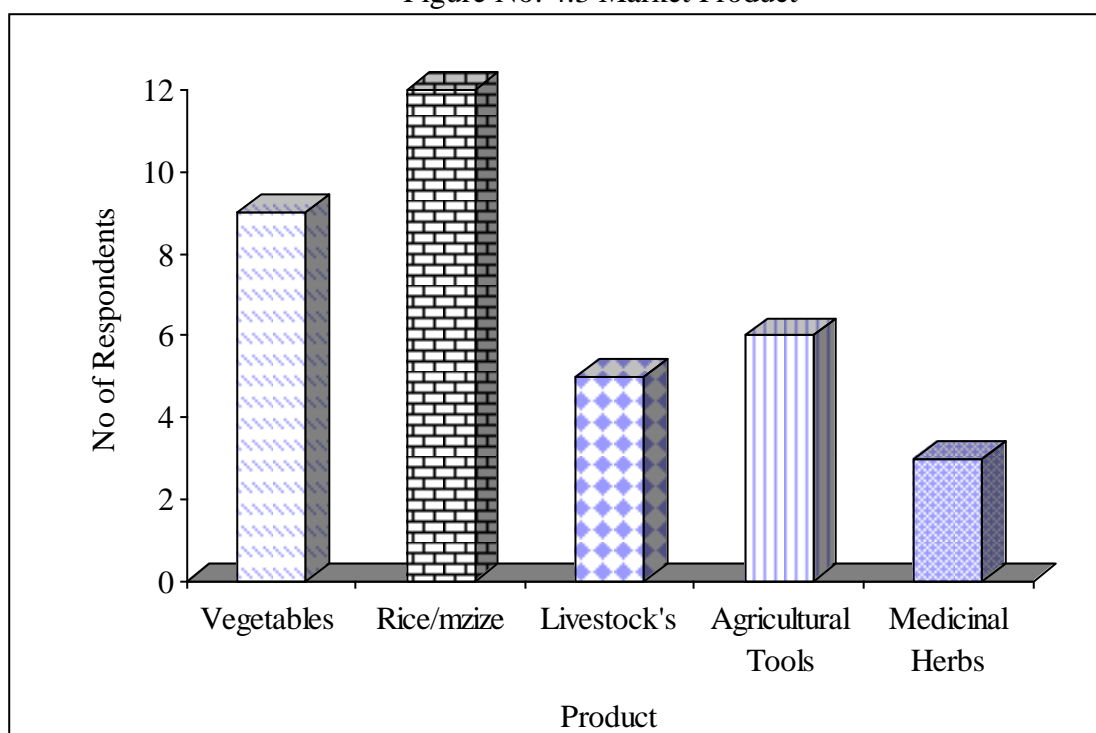
Table No. 4.3 Market Product

Product	No of Respondents	Percentage
Vegetables	9	25.71
Rice/Maaize	12	34.29
Livestock's	5	14.29
Agricultural Tools	6	17.14
Medicinal Herbs	3	8.57
Total	35	100

Source: Field Survey, 2023

The table no. 4.3 shows that the 34.29 percent of people bring rice/maize from their farms in the local market, 25.71 they bring vegetable, 17.14 agricultural tools, 14.29 livestock's and rest of them that is 8.57 bring medicinal herbs.

Figure No. 4.3 Market Product



#### 4.5 Market Exchange

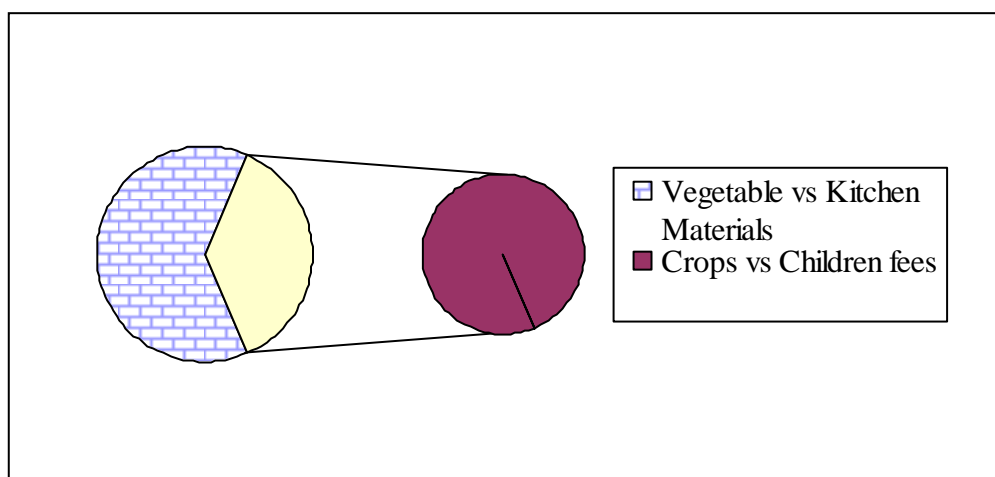
An economic system in which goods and services are produced, distributed, and exchanged by the forces of price, supply, and demand.

Table No. 4.4 Market Exchange

Response	Ondents	Percent
Vegetable Vs Kitchen Materials	22	62.85
Crops Vs Children fees	13	37.15
Total	35	100

Source: Field Survey, 2023

Figure No. 4.4 Market Exchange



#### 4.6 Livestock Pattern

Livestock are the most important and integral part of Nepalese economy. Farming and livestock rising are interdependent in the agriculture system of Nepal. Majority of households keep livestock for different purposes such as earning income, providing food and manure etc.

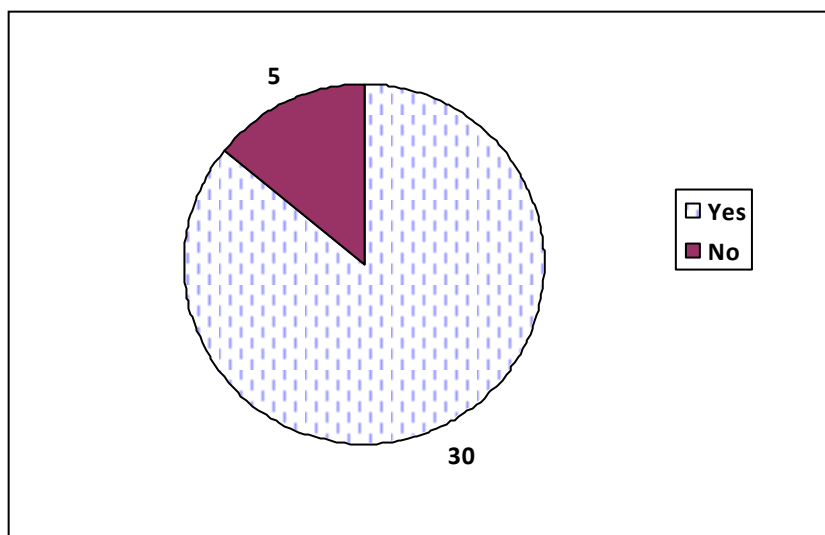
Table No. 4.5 Livestock Pattern

Cattles	No of Respondents	Percentage
Yes	30	90
No	5	10
Total	35	100

Source: Field Survey, 2023

Table No. 4.5 shows that in the sampled area 54.30 percent of the population hold cattle and 45.70 do not. This shows that more than half percent of the respondent are earning income through their livestock.

Figure No. 4.5 Livestock Pattern



#### 4.7 Expenditure Pattern

The changing social system, increase in the number of earning family members, access to credit facilities, new product innovation, demonstration effects, value attached to products etc., have led not only to a growing rural market but also to a shift in the consumption pattern. The rural market presents an exciting opportunity to develop brands into generic product association.

In addition to this, some social as well as demographic factors such as literary status of female, age, employment, economic exchange at marriage, educational achievement.

Table No. 4.6 Expenditure Pattern

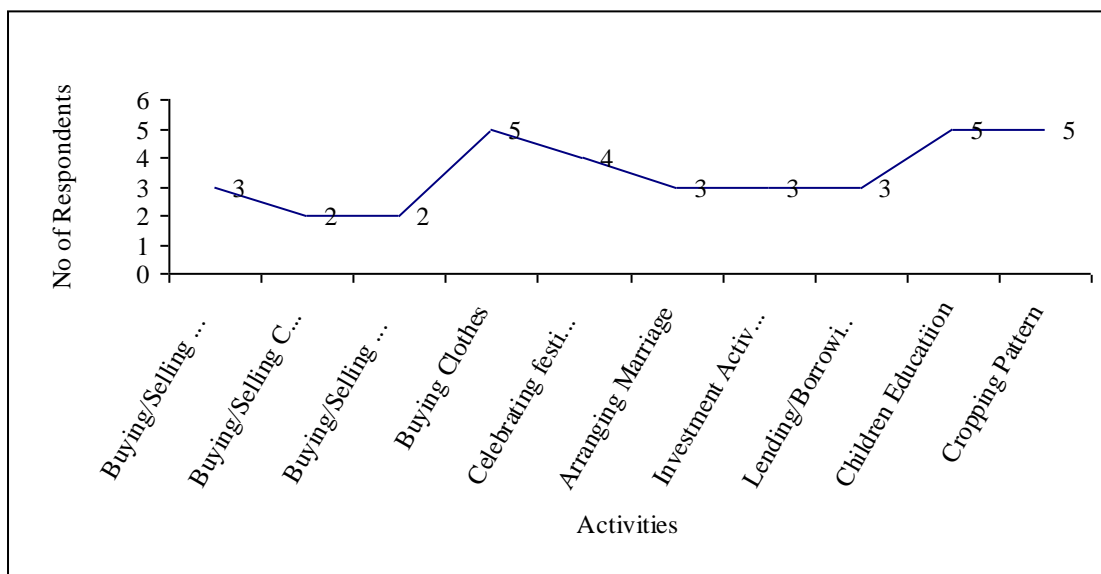
Activities	No of Respondents	Percentage
Buying/Selling Food	3	
Buying/Selling Cattle	2	
Buying/Selling Land	2	
Buying Clothes	5	
Celebrating Festivals	4	
Arranging Marriage	3	
Investment Activities	3	

Lending/Borrowing Activities	3	
Children Education	5	
Cropping Pattern	5	
Total	35	

Source: Field Survey, 2023

The table no. 4.7 clears that some fundamental characteristics of decision making practice within the household of the research area. The final decision making share seems greater in women especially in category of household affairs while in the question of resource allocation and in the disposal wealth and capital, men have excessively reserved the ultimate decision right.

Figure No. 4.6 Expenditure Pattern



#### 4.8 Communication Facilities

Broadcast media transmit information electronically via media such as films, radio, record demonic, or television. Digital media comprises both Internet and mobile mass communication. Internet media comprise such services as email, social media sites, websites, and Internet-based radio and television.

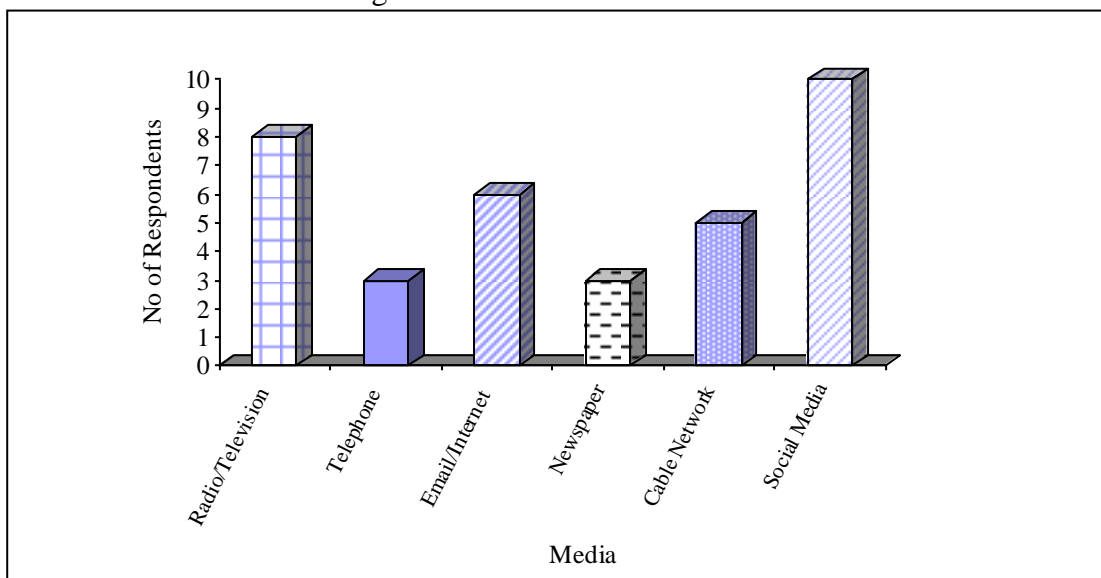
Table No. 4.7 Communication Facilities

Media	No of Respondents	Percentage
Radio/Television	8	22.86
Telephone	3	8.57
Email/Internet	6	17.14
Newspaper	3	8.57
Cable Network	5	14.29
Social Media	10	28.57
Total	35	100

Source: Field Survey, 2023

The table no. 4.7 indicates that the use of social media for communication constitutes fairly high percentage that is 28.57 percent, similarly who have radio/television is 22.86 percent, the person they use cable network is 14.29 percent, respondents that who use email/internet is 17.14, among them 14.29 were use cable network and the respondents who have telephone and habitual for reading news paper were similar that is 8.57.

Figure No. 4.7 Communication Facilities



#### 4.9 Annual Income of Respondents

Annual income is the total amount of money you earn during one year. It includes your salary and other payment sources such as Social Security checks and welfare assistance. Income is a variable which shows the status of an individual as well as family in society. It determines the economic status of everyone. Therefore an attempt has been made to find the monthly



income of the sampled households. The income may form of money, articles as food grains and other physical production.

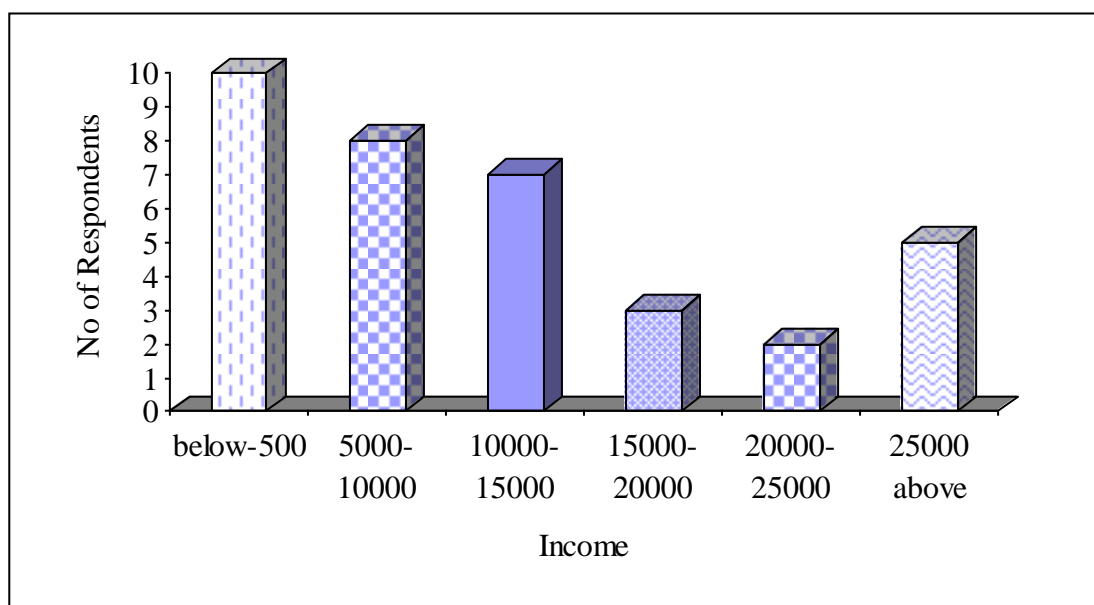
Table No. 4.8 Annual Income of the Respondents

Income (NPR)	No of Respondents	Percentage
below 5000	10	26.67
5000-10000	8	23.33
10000-15000	8	20
15000-20000	3	10
20000-25000	2	6.67
25000-above	5	13.33
Total	35	100

Source: Field Survey, 2023

The table no. 4.8 shows that the income of the respondent below 5000 is 26.67 percent, 5000-10000 is 23.33 percent, 10001-15000 is 20 percent, 15000-20000 is 10 percent, 20000-25000 is 6.67 percent and 25000 above is 13.33 percent.

Figure No. 4.8 Annual Income of the Respondents



#### 4.10 Market Engagement of the People

Agriculture, service, self-oriented business, Foreign Employment are the main occupation/income sources of the survey households. Other occupation includes daily wage, fishing etc. The frequency and the percentage of survey households has presented in the table below Most of the households are depending on agriculture.

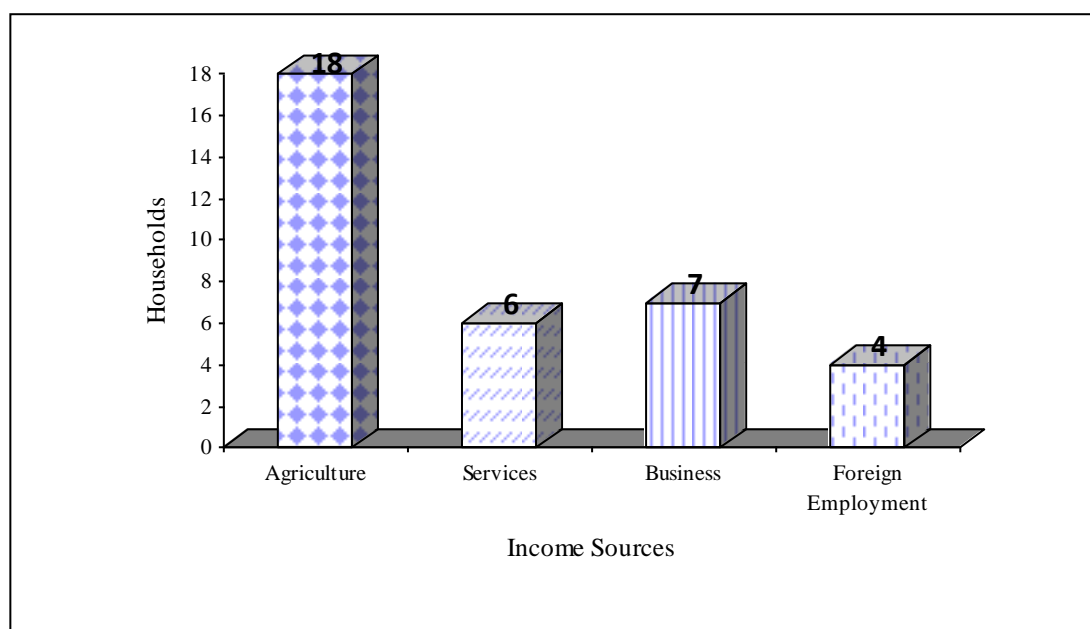
Table No. 4.9 Main Income Sources of Households

Income Sources	Households	Percentage
Agriculture	18	60
Services	6	20
Business	7	10
Foreign employment	4	10
Total	35	100

Source: Field Survey, 2023

The above table 4.9 demonstrate that the main income source is agriculture is 60 percent, service is 20 percent, business is 10 percent and foreign employment is 10 percent.

Figure No. 4.9 Main Income Sources of Households



#### 4.11 Price Stability

Price stability means avoiding prolonged periods of excessively high inflation or deflation. Inflation is a rise in the general price level of goods and services in an economy over a longer period of time, resulting in a decline in the value of money and purchasing power.

Table No.4.10 Price Stability

Response	No of Respondents	Percentage
Yes	15	42.85
No	20	57.15

Source: Field Survey, 2023

Table No. 4.10 shows that in the sampled area 57.15 percent of the population response as stable of price in the market area and 42.85 do not.

#### 4.12 Rising of Livelihood Status

Livelihoods contribute to food security, prevent dependency, reduce vulnerability, enhance self-reliance and can develop or build a set of specific skills during displacement.

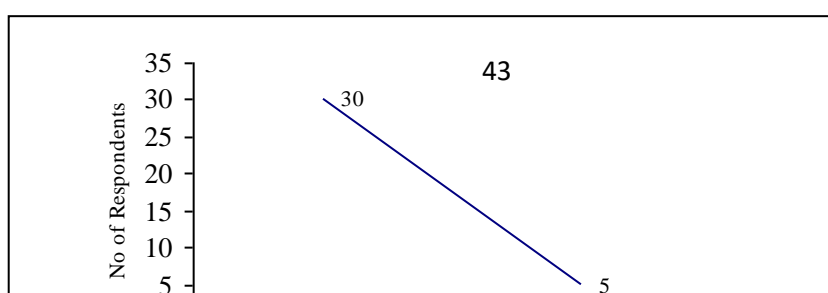
Table No.4.11 Rising of Livelihood Status

Response	No of Respondents	Percentage
Yes	30	85.71
No	5	14.28
Total	35	100

Source: Field Survey, 2023

The table no. 4.11 shows that the all respondent have accepted that the rising level of livelihood status practices and only few respondents have ignored.

Figure No.4.10 Rising of Livelihood Status



#### **4.13 Source of Selling Goods**

A good salesperson is the one who has thorough knowledge about the product he is about to sell and tries to strike a common point of link between the product and the customer needs.

Table No 4.12 Sources of Selling Goods

Response	No of Respondents	Percentage
Home Product	10	28.57
Bought	25	71.43
Total	35	100

Source: Field Survey, 2023

Table no 4.13 shows that of the total study population, the majority of the sellers (respondent) are carried their selling goods by buying from different places in the market than remaining one.

#### **4.14 Employment Generation**

Economically, employment provides income to poor families, revives domestic demand for goods and services, and stimulates overall growth. Socially, employment can also promote social healing, encourage the return of displaced persons, and improve social welfare in the long run. The peoples are engaged employment activities with cleaning/sweeping, helping in shop, load/unload of goods, tea shop and so on.

#### **4.15 Infrastructure Development**

The infrastructure facilities like roads, rural electrification, public distribution system, cinema, television coverage and the like have also received considerable attention in rural areas.

#### **4.16 Rural electrification**

Till about the late eighties marketing infrastructure was created mainly in the public sector. Electricity, toilet, cottage, roads, tele-communication, postal services, waiting shed and ports were among the marketing infrastructure, which remained reserved for the public sector.

# **CHAPTER -V**

## **SUMMARY, CONCLUSION AND RECOMMENDATION**

### **5.1 Summary**

The haats/bazaars cater to the basic needs of the agricultural producers and consumers by providing them with both economic as well as social services. These services encompass the marketing of agricultural products along with arrangements for the inputs that are fundamental for agricultural production, thereby having a direct impact on the productivity. The rural agricultural markets can also be credited to exert an indirect impact on the productivity by acting as centres of social gatherings, which happen seldom in rural areas. These interactions are the sole medium of transfer of technology, through exchange of views. These markets are a “social nexus”, speaking the language of exchange and negotiation. The haats/bazaars of West Bengal have since centuries provided such linkages and villages have never suffered from the menace of isolation. Haats/bazaars are part of a system of markets that bound villages into localities and small communities into larger ones. They are the locus of activity for the indigenous society. They play an important role in maintaining growth of the agricultural sector. Thus, their status is a universal parameter to judge the well-being of rural population. Hence, this particular study to identify the reasons behind the fluctuations in the status of any haat/bazaar seems to be justified, as their health is the prime indicator of the development of the rural sector. As long as they are affected by such bottlenecks, their functioning in the overall development of the rural sector will continue to be jeopardized.

Panchthar district located in the far east of Nepal belongs to province no.1 according to the new structure of the federal republican parliamentary system. This district is divided into one municipality and 7 Rural Municipality with different identities. Phidim is the district headquarters in the municipality. There are 14 wards in this municipality I have chosen as ward no 12 as my study area to complete my dissertation works.

System Marketing activities were pursuits from earliest peace of time of a man. "Archaeological excavations in Europe and Asia minor have indicated an extensive prehistoric trade in stone implement, ornaments and presumably, food stuffs. Evidence of

international trade and trails crossing of a tribal boundaries such as rivers and streams is provided by the archaeologists spade. Fixed place of exchange only appeared when agricultural surplus made cities and fortified towns. "among early civilizations the tribe was extended to what Aristotle called a community (Kiononia) in which the purpose of exchange was to link members by a bond of good will (Philia), Philia or brotherhood is expressed by reciprocal obligations needed to maintain the social relationship and self-sufficiency (Autarkeia) of the community.

Although general access to education and information in Nepal has increased, rural consumers and vendors lack access to reliable information about local and global products and short and long term impacts of these products on their socio-economic life. Moreover, these consumers have very little understanding of how and to what extent they can influence the economy, the environment and the society through their individual behaviour.

Through the lens of postmodernism, using a critical approach, this paper analyses the modalities of cocacolisng Nepal's rural market versus a decocacolised swiss rural market and explores how consumer education can influence the share of local products in Nepal's rural market while contributing to an equitable co-existence of global and local products. Case studies, market observations, interviews and focused group discussions were carried out in June 2014 in Kavre, Kathmandu and Kailali District's rural markets inNepal Wheres interviews and market observations were conducted in Switzerland in September 2014. This paper explored the ways education can enable local products re-gain an equal share in the local market.

## **5.2 Conclusion**

- The periodic markets mainly act as a collecting and distributing points for surplus agricultural and other industrial products.
- Vegetables play a dominant role functioning centrality in each periodic markets.
- In general, the periodic market do not overlap with each other.
- Most of the traders have very small amount of capital.
- All the shops are in open space.
- Some of the periodic markets are in dusty place.

- There is no any toilet facility in all periodic markets.
- The existence of the periodic market is closely related to the needs of the society and not just the exchange of goods.
- The volume of periodic markets is increasing day by day due to increasing the size of population in the study area.

### **5.3 Recommendations**

The markets have faced many problems. These all problems should be solved and managed to enhance the functioning of the hat the following recommendations are suggested.

- All four periodic markets do not have any toilet facility, which creates more difficulties to the business so toilet should be constructed very soon.
- There is no any facility of Hut, drinking water, in periodic markets; as a result the traders can not operate their business activities on rainy and sunny days. So, this problem should be solved in such case.
- Some traders are facing by the problem of stealing goods which is very danger for the future so, it should be solve soon.
- The traders of vegetables are facing by the problem of cattle which lost their vegetables so it create very difficulties both traders and consumers too. So also this problems should be solve.
- The traders are kept their shops hafazarly in the periodic market, this shows the market is very mismanaged, which create the problems to consumers as well as traders so, this problem should be solved and market should be managed i.e. the place of different types of shops should be specified.
- Regular and systematic supervision should be done so than it may help to more effective and efficient the periodic market.
- Two-way communication between market committee, municipality and traders should be improved, it helps for solving the problems in the markets.
- There should be provided service of security in the period markets which helps to manage and solve the problem of hooligan in the hatt bazaar.



## **References**

Adhikari, P.R. (2005) *Role of Rural Urban Partnership Programme in Poverty Alleviation through Rural Urban Linkage : A Case Study of Rural Market Centres of Pokhara Sub-Metropolitan City, Kaski*, M.A. Dissertation, Central Department of Rural Development, T.U., Kirtipur.

- CBS (2002) *Population Census of Nepal 2001*, Kathmandu : Central Bureau of Statistics, His Majesty's Government of Nepal (HMG).
- CBS (2004), *Statistical Pocket Book Nepal*, Central Bureau of Statistics, HMG/N, Kathmandu.), M.A. Dissertation Pokhara, Geography Department, T.U.
- Khatiwada, S.P. (1988), *A Study of Periodic Market in Dhankuta District*, M.A. Dissertation, Kathmandu, Geography Department, T.U.
- NPC (2002), *Tenth Five Year Plan (2002-2007)*, Kathmandu: National Planning Commission.
- Pokharel, Bharat (2004), *Rural Political Economy of Nepal*, New Hira Books Enterprises, Kirtipur.
- Rijal, U.N. (1979), *The Spatio-Temporal System of Periodic Market (hañt Bazar) in Sunsari District*, M.A. Dissertation, Kathmandu: Geography Department, T.U.
- Sharma, P. (1999), *Rural Urban Linkage for Rural Development*, CEDA, T.U., Kirtipur.
- Sharma, Prem (2002), *A Handbook of Social Sciences Research Methodology*, Kshitiz Prakashan, Kathmandu.
- Singh, S.B. (1982), "Periodic Markets and Rural Development: A Case Study", *National Geographical Journal of India*, Vol. 28, No. 182.
- Uprety, S.R. (1986), *A Note on Rural Markets*, The Economic Journal of Nepal, Vol. 9.
- Wood, L.J. (1975), *A Spatio-Temporal Analysis of Rural Markets in Kenya*, *The Journal of Tropical Geography*.

## Annex -I

### Questionnaire for the Respondents

Dear Sir/Madam, I express my immense happiness to see you. The purpose of my visiting here is to conduct the study on the topic is Role of Rural Market on Rural Development: A Case Study of Phidim Municipality Ward No. 12, Panchthar, Nepal for the partial fulfillment of academic requirement of Master Degree of Arts in Rural Development.

1. Name : Age : Sex :  
Religion : Marital Status :
2. From where have you bought the goods to sell ?
3. How did you bring them ?  
(a) Domestic product (b) By bought
4. From where did you buy them ?
5. How much money do you invest in your business ?
6. Do you satisfy in this business ?  
(a) Yes (b) No
7. If no, why do not satisfy ?
8. Why did you select particularly this haat ?
9. Do you go other haat to sell the goods ?  
(a) Yes (b) No
10. If yes which haat do you go ?
11. Why do you go to other haat ?
12. How long have you been doing this business ?
13. Do you pay any types of tax for your business to market management committee ? (a) Yes (b) No
14. If yes, how much tax do you pay ?
15. Do you utilize any kind of facilities in this market ?  
(a) Yes (b) No
16. If yes, what are they ?
17. Do you have any problems which you are doing the business here ?  
(a) Yes (b) No
18. If yes, what are they ?

19. How do you suggest for solving this problems to concern agencies ?

## **Annex -II Check List**

### **Questionnaire for Key Informants**

1. Do you know the history about this market ?  
  
(a)                      Yes    (b)  
    No
2. If yes, could you tell me ?
3. How do you manage this market ?
4. What are the problems of this market ?
5. How do you solve them ?