MARKETING OF RURAL HANDICRAFT PRODUCTS THROUGH RETAIL FORMAT: A SYNTHETIC REVIEW

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ABSTRACT

The importance of rural sector in Indian economy cannot be undermined. There have been many multinational organizations that have been attempted to tap the potential of rural market through aggressive marketing strategies. However few studies have been conducted to access the marketing of rural products in the urban market using retail format.

The present communication reviews the available literature in this field many studies in the Indian context have also been reviewed. Towards the end synthesis of literature has been given.

Keywords: - Rural marketing, Rural products, Artisans, retailing, synthetic Review, farm products, non-farm products, rural retail marketing

INTRODUCTION

Inclusive Marketing is an approach that looks at the poor not only as consumers but also as producers/suppliers. At present these rural producers/suppliers are struggling to market their products and services due to various reasons. Apart from these, rural producers in both farm and nonfarm product categories are facing serious problems about technical and marketing knowledge. They are also ignorant about modern marketing issues like quality, delivery schedule, packaging, after-sales-service, etc.

A brief review includes in following sequence i.e. rural sector, framework of rural marketing, marketing of rural products, concept of retailing and towards the end applicability of retail for rural products has been presented in a nutshell.
RURAL SECTOR

This section covers the concept of rural areas or the country or countryside areas that are not urbanized, though when large areas are described, country towns and smaller cities will be included. They have a low population density, and typically much of the land is devoted to agriculture.

The OECD (1996) “predominantly” classified rural areas as those where more than 50 percent of the population lives in rural communities, and “significantly” rural area as those where between 15 and 50 percent live in rural communities.

A study conducted by Brajesh (2000) the nature and pattern of rural diversifications in India. Though rural manufacturing is the most important industry category in non-farm sector, employment growth in it decelerated during the 90s. There is also evidence of manufacturing activities shifting away from rural to urban sector in the country. Construction, trade, transport and business services have spearheaded rural employment growth.

Census of India (2001) describes, ‘Rural’ as any habitation with a population density of less than four hundred per Sq. Km., where at least seventy five present male working population is engaged in agriculture and there is no Municipality or Board.

FRAMEWORK OF RURAL MARKETING

Literature in the area of rural marketing, involves the process of developing, pricing, promotion, distribution of rural specific products and services leading to exchange between rural to urban, urban to rural, rural to rural market which satisfies consumer demand and achieve organization objective.
In the opinion of **Tahroi and Singh, (1993)** rural industrialization has been vital issue for the country to ensure socio economic development of the nation. The experience gained all over the world has shown that industrialization is essential for development as it ensures the supply of goods and services required for improving quality of life and provides opportunity for employment.

**Liang, Chen et al (2002)** has examined the impact of rural industrialisation on migration using data from the 1990 China Population Census. China has, since the late 1970s, actively pursued a strategy of rural industrialisation by encouraging the development of rural industries which provide employment opportunities for the surplus labour in agriculture.

**Mukhrjee and Zhang (2005)** observed that the patterns in the rural nonfarm development are the results of institutional differences between the two countries, especially in their political systems, ownership structure, and credit institutions. A review of the strengths and weaknesses of the rural nonfarm economy in China and India highlights the potentials and challenges of growth in the sector.

The research done by **Mano and Selvaraj (2006)** clearly shows the social changes and growth of Indian rural market. An invitation to “The fast moving consumer goods” is a cornerstone of the Indian economy. The sector is excited about the rural population whose income is rising and the lifestyles are changing. There are as many middle income households in the rural areas as there are in the urban. Author also covers the attraction for FMCG marketers to go to rural, the challenges, the difference between the rural and the urban market and the suitable marketing strategy.

**Craig and Douglas, (2011)** envisaged the role of marketing in tapping potential in rural areas and suggested how firms can help potential consumers develop their purchasing power, thus creating a situation that benefits both consumers and the firm. The paper found that marketing can plays important role in consumer income levels in rural areas of emerging market economies by integrating them into the value chain and enhancing their ability to consume.

**Aithal, (2012)** aims to understanding the distribution channel in rural areas, by starting from the village retailer onwards to the channel intermediaries in the nearest small town. Author tries to understand the influence of the external environment and rural retailer purchase preference on the length of channels in rural areas in India. Conclude by him that channel length varies in regions based on variation in the external environment. Village retailer with his unique buying preferences also influences the by distribution channel.

### MARKETING OF RURAL PRODUCTS

The success of rural industries depends upon two major functions: effective marketing and internal resources generation including finance. Marketing involves everything which could be important to lead the market. It also involves constant interaction with all relevant stakeholders. It is important for both type of business i.e. farm sector and
non-farm sector. Marketing mix also plays an important role to manage marketing of rural products.

On analyzing the market orientation and effects on business profitability, Narver et al (1990) explored the relationship between sustainable competitive advantage and market orientation market orientation in business culture effectively and efficiently create superior value of customers. A substantial market orientation must be the foundation for a business competitive advantage strategy.

Christensen and Lacroxi (1997) explored that promotion of rural non-farm enterprises is seen as having the potential to absorb this excess farm labour, stimulate rural development and overcome rural poverty.

According to Reardon (1998) the success of rural industries crucially depends on two major function i.e. effective marketing and internal resource generation including finance. Too much production orientation is a common fallacy and causes failure of some entrepreneurship efforts. Marketing involves everything which could be important to lead the market. It is crucial for both type of rural business, farm sector and non-farm sector.

The study presented by Sara (2000) shows that how India tapped in rural market. The rural Indian market is important for multinational corporations. Although rural India needs to purchase consumer goods just as their western counterparts do, rural Indian consumers have a different set of needs that must be met by both package and product. Spending time researching the rural Indian consumers as well as the market before diving can help to prevent necessary struggles and failures.

Smith and Jackson, (2004) emphasised on the fact that rural enterprise needs to be encouraged to preserve the countryside – not just economically but socially and culturally. The logic is to introduce policy measures that encourage enterprise growth to constitute some reversal of economic decline in rural areas is clear. Business enterprises have been targeted as a vehicle to bring about rural regeneration. Research found that most “non-farm but on-farm” enterprises are started and run by women, but a little formal support exists to encourage and sustain their growth.

According to Aziz (2006), in India, entrepreneurs first emerged in the rural area. They were basically traditional artisans, cultivators and businessmen engaged in production and distribution of goods and services required by the people.

Kashyap and Raut, (2006) found that craftsmen have lack of understanding about the local demand pattern of the area, market dynamics, market channel, price fluctuation and value addition possibility which can help them to develop a comprehensive intervention plan based on market realities.

Hienerth and Kessler (2006) focused on small family business performance and success. This article is to compare various measure of success, success measure based on growth, overall success, estimates by business owners, and internal as well as external success factor to illustrates the main drawback of common success measure (i.e. ambiguous definitions of success, biased perception of success) both theoretically and empirically.
Raghuvanesh (2007) concentrated on rural artisans who needed a support in the era of global marketing. It helps the rural craftsmen who intend to create a unique to withstand and compete in platform for developing the era of global market linkage with customers and oriented economy.

Giron et al (2007) concluded that marketing strategies are the key factor for the success of rural artisans in Mexican city. These strategies are important because it is related to the other element of success, for the use of pricing strategies oriented to profits. The second most important strategy is the use of personal recommendation which is used to promote products. Product diversification and the information artisans gave to customers were representatively the third and fourth strategy.

Bar-El (2008) explained that relatively high share of employment in food processing (about 5% of total non-farm employment), indicative of the tendency for agricultural processing activities, both in the Northeast and Southeast. Most employment, however, is not related to the agricultural sector, for example, ceramics and wooden goods that represent mainly artisan production or textiles that may be related to cotton production. However, these are mostly justified by the existence of a low-cost labour force.

Prasad and Tata, (2009) opined the idea that in the developing world most citizens relay on self-employment and micro-enterprise operations as their only source of income. Given competition from large-scale industrial outfits, most micro-enterprises are finding it difficult to compete in terms of quality or price. The paper compares the literature with actual field observations to provide practical insights that may be of value to micro-enterprise owners, and might indirectly help to raise their standard of living.

Present study provided by Leonidas , Zametakis et al, (2010) gives an evidence of the utility of existing opportunity entrepreneurship theories in rural contexts. Results could be of value to policy makers focusing on the development of small businesses entrepreneurship and the promotion of entrepreneurial and innovative capabilities in rural contexts. Results suggested that entrepreneurs’ personality, prior knowledge, expectation of future social status, and level of education are significant predictors of opportunity entrepreneurship.

Haggblade, Hazell, Reardon (2010) introduced the rural nonfarm economy (RNFE) as a large and crucial part of any developing country’s overall economy. Author concerned these in four sections, one is focused on agricultural growth linkages, another concentrates on rural nonfarm employment, a third takes household livelihoods as the starting point, and the fourth delves into the causes and effects of the spatial distribution of activities.

Brown, Waldron and Longworth, (2011) highlighted the engaging smallholders in specialty agricultural product markets poses significant challenges for China. The market efficiency approach (exchange efficiency versus operational efficiency) provides a new perspective on these challenges and offers new insights about appropriate policy settings both at a macro- and micro-level. Marketing system is required not only to
develop a culture even they need that the smallholders can access the premium prices potentially available but also to improve international competitiveness.

Poon and Weersink, (2011) examined the factors affecting the relative variability in farm and off-farm income for Canadian farm operators. Government payments have a small, positive effect on farm and off-farm income variability, indicating this support leads farmers to take on more risky activities and/or reduce the use of self-insurance activities. Author found that Greater reliance on farm income results in lower (greater) relative variability in farm (off-farm) income. Larger commercial operations experience larger farm income volatility because they are less risk averse or they can manage more risk.

Teerakul, Villano et al, (2012) described the framework for developing assess Community-based Enterprises (CBEs) impacts on poverty reduction at the household level in northern Thailand. The paper explains how business performance measurement, impact assessment of development projects and poverty measurement that have been integrated into a single poverty impact assessment framework in relation to CBEs. This framework has two key steps: (1) identification of poverty groups and poverty components, and (2) impact assessment of CBEs and other factors on household poverty.

**CONCEPT OF RETAILING**

The word ‘retail’ is derived from the French word ‘retailer’, meaning ‘to cut a piece off’ or ‘to break bulk’. In simple terms, it implies a firsthand transaction with the customer. Retailing involves a direct interface with the customer and the coordination of business activities from end to end – right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer. The industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic industries in the world today.

Singhal (2006) found in survey that organized retailing takes place in Indian urban areas. Rural markets have vast size and create opportunities to the marketers. Corporate can be supplement of government efforts for rural development. Researcher concludes that innovative and exciting initiative impetus to tap the talent in rural India.

Kent, (2007) demonstrated the concepts of creativity and proposes how they might be applied to retailing. He demonstrates how creativity pervades the industry, in terms of design and the use of designed spaces. He has proposes new areas for research relating to the definition of creativity in the retail industry, and the role of creativity and retailing in cultural and social contexts. He defines retail design and its engagement with stakeholders within and outside the organisation and its impact on organisational creativity.

The study done by Fiore et al (2009) explored the relationship between consumer innovativeness, shopping enjoyment, beliefs, attitude, and patronage intentions towards pop-up retail. The paper demonstrates empirically how consumer innovativeness and shopping enjoyment, noted as growing tendencies among
consumers which affects beliefs, attitude, and behavioural intentions towards pop-up retail.

Tran and Cox, (2009) opined on the product branding, significant attention is given to brand equity in the consumer context, but relatively little attention is paid to the application of the concept in business-to-business (B2B) context. Retailers are often seen as irrelevant to the source of brand value, resulting in manufacturers not targeting retailers to help them to build strong brands.

Kumar (2010) explored the idea that logistics, supply chain in rural areas could be a next big opportunity for Indian retailers, manufacturer and infrastructure sectors. These sectors poised for rapid growth, they faced new challenges when it comes to logistics and supply chain issues, particularly in the untapped rural areas for farm produce and delivery of goods and services.

Mann and Byun, (2011) highlights the competitiveness of the Indian apparel retail industry and the changing market conditions since 2006 retail trade liberalization to identify the opportunities and challenges of operating in the Indian market. This study provides a comprehensive view of the rapidly evolving Indian apparel retailing industry by evaluating multi-dimensions of competitive conditions

According to Mukherjee, (2011) the retail sector is one of the fastest growing sectors in India. The growing Indian market has attracted many foreign retailers and Indian corporate to invest in this sector. This sector is politically sensitive, and the Indian government is trying to formulate an appropriate policy regime. To sustain the growth of this sector, there is an urgent need for regulatory, fiscal, and other reforms. Precisely, the clearance of process needs to be streamlined and outdated regulations should be amended. However, since retail is a sensitive sector, India cannot take an international commitment on liberalization of retail before streamlining the domestic policy regime.

Dabas, Sternquist, Mahi, (2012) identified the structural and relational factors influencing the upstream channel management of organized retailers in India. The paper contributes to the literature on the supply chain structure in India. Despite growing interest in the Indian retailing industry, not many studies reflect on the specific B2B exchange structure in India. The paper fills this gap and also provides several marketing implications for multinational retailers planning to enter into the Indian market.

APPLICATION OF RETAIL FOR RURAL PRODUCTS

India needs creative solutions to start a revolution which can take its village fast forward in – time converting them into economically viable units and growth units and growth engines, harnessing the power of the villagers and opening up new horizons with the promise of better tomorrow.

Kean et al, (1996) examined the competitive strategies used by retailers to market craft products to the tourists. Retailers relied on strategies that minimized operational activity while considering quality, uniqueness, and innovation as important in their marketing efforts. For the quality of workmanship retailers concentrate on the
differential strategies rather than focused strategies. Craft retailers can serve to reinforced the local atmosphere, provide social-culture benefits for travellers, and offer economic benefits for the community.

Wandschneider & Davis (2002) highlighted the importance of institutional coalitions for successful promotion of rural non-farm employment and income. Donor conditions for project funding usually includes the development of partnerships between different public and private stakeholders; at both national and local level, and that pilot initiatives are developed to test the appropriateness of different partnership models. Some interesting models are currently being developed under DFID-funded rural livelihoods programmes.

O’Keefe (2003) opined the innovations are happened in tiny pockets throughout the world. With their aggressive stands on development of new technologies, these small but mighty rural and independent techniques have kept the complex flowing as well.

In the study conducted by Pratibha and Bang (2005) that India’s has vast middle class and its retail industry are key attraction of global retail giant. Indian retail has two sectors organized and unorganized sector. In India organized retailing is only 2 percent, because lots of barriers like lack of credit facility etc. he described that India needs to develop more organised sector to delivers right product to right person on right price.

Bian and Moutinho (2008) focused on the fresh look at the demand side of counterfeiting. Researcher aims to investigate the effects of self-assessed product knowledge, product involvement, and consumers’ perceived brand image of CBPs, as well as the interaction between these variables on consumer purchase intention of CBPs. This research seeks to examine the impact of perceived brand image, direct and indirect effects (mediator and moderator effects) of product involvement and product knowledge on consumer purchase intention of counterfeits.

Verma (2008) pointed out that the Indian retail scenario is poised for a quantum leap. Not only with newer names set to the retail landscape but also new and emerging retail formats will drive the diversity of the fast changing retail backdrop.

Organized retail means “Big stores” a common myth; nothing can be further than the truth. In its every essence, organized retailing is about “aggregating value” and shape, size and configuration your consumer facing, entity takes is largely a function of your offer and proposition.

Study conducted by Lowe and Ward (2009) with the objective is to explore how techniques used by future logistics might satisfy the criteria of rigour and transparency demanded by academic research, second objective is to explore rural futures for England; third objective is the production of a set of alternative future scenarios.

Singh, and Chaudhuri, (2009) revealed a unique contribution in articulating that how competitive advantage can be generated from the every constraints that threaten the growth of business. This study focused on distinction between constraints that can affect companies and those affects customers goods and services. This understanding will guide executives on where to focus their efforts for navigating constraints. Further,
this paper shows how executives can consider a parallel stream of innovation for growth while operating in emerging markets.

**Rajagopal, (2009)** highlights upon the new models of brand management in bottom-of-the-pyramid markets, considering the personality traits, image, technology and reputation of firms associated with the brands. New initiatives are to manage the global brands in BOP markets comprising suburban and rural markets that need to be implemented in the existing organizational culture.

**Bavant and Bullav (2011)** opined the urbanization and globalization has added new dimensions the issues of employment. The developing economies were for a long time characterized by inadequate employment, inability to provide employment being branded as surplus labour and poverty a major manifestation of it. Perfect manpower, micro-level planning and basic policy to market art product in urban market, without that decision employment generation cannot be possible. Strategies for rural industrialization on a decentralized pattern call for appropriate technology to be deployed for generation of productive rural employment.

**Sridhar and Mishra, (2011)** highlights the method of studying product adaptation from the rural markets. The study attempted to contextualise product adaptation construct from international marketing to rural marketing domain.

A result indicates that the contingency theory holds true in case of product adaptation in rural markets. With the increases in executives’ representation of rurality, product adaptation degree also increased.

**SYNTHESIS REVIEW**

The available literature in this field is sufficient but scattered. The above review of literature amply suggest that majority of the reviewed papers falls in the area of marketing of rural products followed by 11 research papers pertaining to distributing rural products through organised retail format. A comprehensive analysis and synthesis of the available literature has lead the researchers to prepare the following commentary (table 1) on 3 key principles of marketing of rural handicraft product.
<table>
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<th>Key principles</th>
<th>Strategy</th>
<th>Activities</th>
<th>Rationale</th>
<th>Comments</th>
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<tr>
<td>1. Prioritise activities of rural artisans to targeting attractive markets.</td>
<td>Identify remunerative markets</td>
<td>· Formal and informal market appraisals</td>
<td>Capitalise on primary activities with good growth prospects to achieve developed economy, and its impact on local demand of rural products development.</td>
<td>Most higher potential activities will cater for non-local markets</td>
</tr>
<tr>
<td>2. Support handicraft artisans to meet market requirements.</td>
<td>Improve production, marketing and managerial skills to Promote access to credit, Ensure access to intermediate inputs Technology to develop rural handicraft products.</td>
<td>Provide on-the-job and formal training/link producers to training providers to Promote their skills Develop middleman advisory services/ link producers to retail business advisory service providers Deliver credit/ link artisans to credit suppliers Develop saving and loan groups and credit co-operatives Support input production/ link producers to</td>
<td>Give advisory to the artisans to Produce what the market wants at competitive prices</td>
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This paper highlights the fact that though sufficient work has been done on the aspects of marketing of rural products through organised retail format but few studies have been conducted on seeking feedback from consumers regarding their propensity to buy...
rural handicraft products. Moreover the top management of retail store have also not been centred to access their willingness to sell rural handicraft products through their stores. Finally though many studies have been conducted in the global as well as national level but no specific study pertaining to Rajasthan has come to the notice of the researchers.

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Rural non-farm enterprises and products remained a relatively neglected area of inquiry until recently. But, given the present and potential importance of this sector for rural livelihoods, and the emerging opportunities in terms of new markets for rural non-farm products, it is important to understand the dynamics and issues of this sector. This paper examines the concept and domain of rural non-farm sector in general, and the nature and dynamics of production of and market for handicraft products in particular, with focus on Gujarat. It identifies problems and explor