

CABI TOURISM TEXTS

Rural Tourism and Enterprise

Management, Marketing and Sustainability

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COMPLIMENTARY TEACHING MATERIALS



CHAPTER 7

**Marketing, Communications and Rural
Business in Developing Countries**



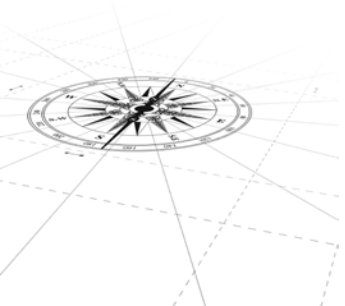
LEARNING OBJECTIVES

After studying this chapter you should be able to:

- recognize the crucial role of marketing and communications in rural business
- review the marketing philosophy, concepts and theories in the context of rural business
- examine selected marketing models and strategies commonly used for rural business in developing countries
- identify the prominent marketing and communication activities that may be used for rural business management in developing countries
- acknowledge the characteristics and related challenges of rural marketing in developing countries
- acquire knowledge on the government communication policies and their associated implications for rural marketing in developing countries
- suggest necessary steps that can make rural businesses successful in developing countries

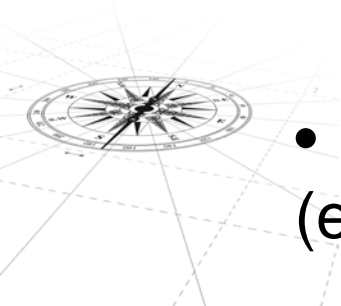
1 INTRODUCTION

- Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (AMA, 2015)
- Rural marketing is defined as the planning and implementation of marketing function for the rural areas; it is a two-way process concerned with the flow of goods and services related to all possible combinations between urban and rural environments (Dogra and Ghuman, 2008; Gopaldaswamy, 1997)

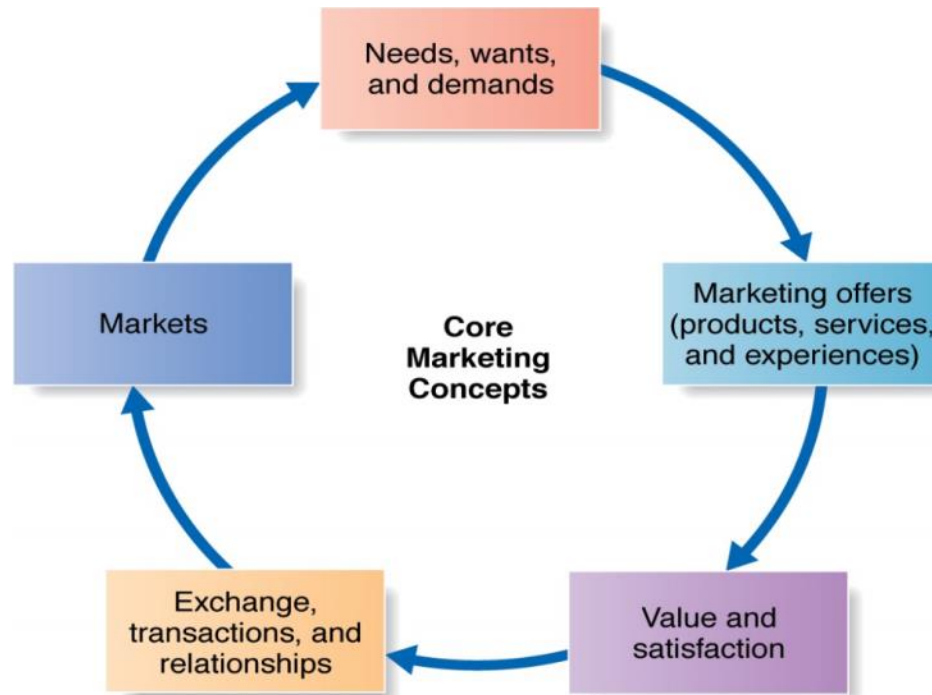


2 RURAL MARKETS

- *Characteristics*
 - Not well connected to the mainstream population
 - Cannot be easily reached via media
 - Rural consumers adopt new brands slowly
 - Demand for goods is highly seasonal
 - Entertainment options are limited
 - Rural consumers are open and responsive to all different kinds of marketing communications
 - Rural consumers are very sensitive and concerned with regards to natural environment
- *General trends*
(e.g. literacy, poverty, product availability)

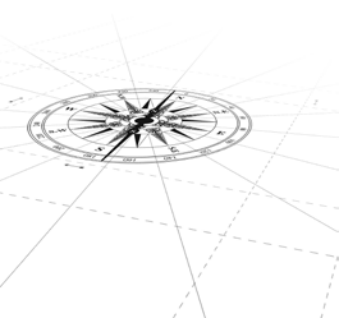


3 THE MARKETING CONCEPT & PHILOSOPHY



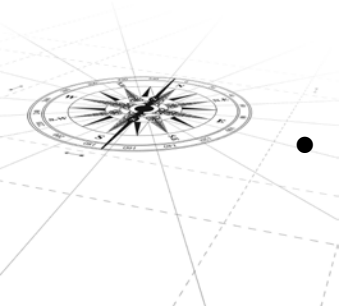
Core marketing concepts

(Kotler & Armstrong, 2010)



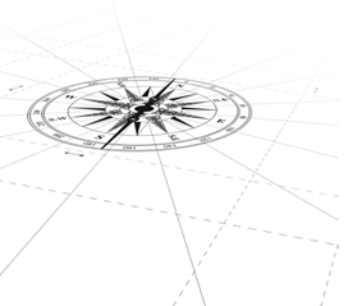
4 **COMPREHENSIVE RURAL MARKETING PROGRAMME**

- Analyse the trends in the rural business environment / specific market segments
- Conduct research on the characteristics of domestic tourism markets
- Conduct research on the size and potential of scattered rural markets
- Complete market segmentation analysis and select proper rural markets
- Prepare positioning-image-branding for the brands to be introduced
- Develop and implement integrated marketing communications campaign for serving rural markets' needs, integrating the 7 Ps of marketing
- Continuously monitor the implementation of rural marketing programme and promotional campaigns
- Demonstrate accountability by evaluating the results and outcomes from rural marketing and communication programmes



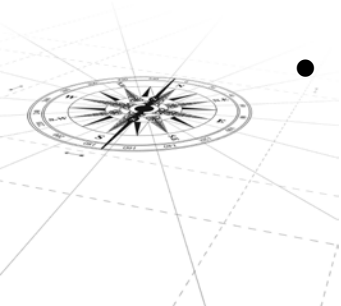
5 **MARKETING STRATEGIES AND MODELS**

- Distributor – wholesaler – retailer model
- Hub-and-spoke marketing model
- Relationship marketing model
- The village entrepreneur marketing model



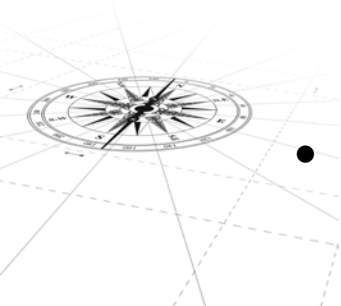
6 CHARACTERISTICS, RISKS AND CHALLENGES OF RURAL ENTREPRENEURSHIP

- Rural enterprises have limited resources, e.g. labour, skills, and capital, to build upon
- Obtaining resources is challenging in markets where poverty is very high
- The transaction costs of working with rural enterprises are also high due to markets' small size, scattered nature and inaccessibility
- risks often emanate from power imbalances when rural enterprises compete or cooperate with large firms
- lifestyle trends and wants on behalf of the buyers may influence terms and conditions, thus creating another source of imbalance



7 **MARKETING COMMUNICATION STRATEGIES FOR RURAL ENTERPRISES (1/3)**

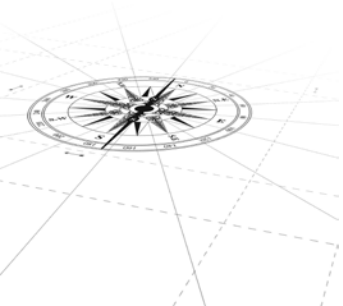
- The use of traditional mainstream methods of communication is common in rural areas
- Digital marketing media and social media networks are not yet prominent types of marketing communication
- Mobile phones have lately emerged as one of the most widespread modern communication types of digital media in the developing countries
- Smartphone technologies have revealed new amazing opportunities for communicating in a convenient and effective manner
- Digital media have the power to serve the communication needs of rural communities very well



8 **MARKETING COMMUNICATION STRATEGIES FOR RURAL ENTERPRISES (2/3)**

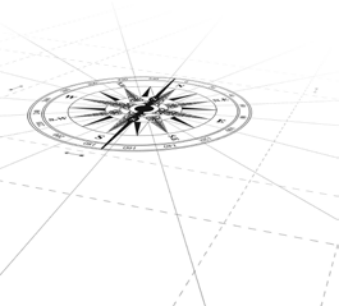
The following actions are specifically proposed for communicating effectively product offers in rural markets:

- Recognize the rural market particularities and search for local opinion leaders to assist brand adoption and diffusion within a rural community
- Front-load resources, and possibly expect their investment will yield returns after planning for long lead times
- Concentrate their spending on marketing activities during those periods that individuals in rural areas earn their incomes



9 **MARKETING COMMUNICATION STRATEGIES FOR RURAL ENTERPRISES (3/3)**

- It is easier for marketing to achieve high levels of consumer involvement by enhancing communications mix with entertainment elements
- The use of below-the-line marketing activities is really important for supporting the main mass media communication activities
- A social platform may prove invaluable in making rural businesses more acceptable and attractive to private investors, non-governmental organizations (NGOs), national and supranational governmental bodies (e.g. granting subsidies) and other stakeholders



DISCUSSION QUESTIONS

1. How relevant is the utilization of indigenous communication strategies in promotion of marketing practices in rural communities in developing countries?
2. What is marketing, and how do you define rural marketing?
3. What are the features of rural markets?
4. What are the drawbacks of doing rural business in developing countries, and how do you solve the challenges?
5. Why is communication and building awareness a challenge in rural business?
6. It has been recognized that it is particularly challenging to develop scalable marketing models and strategies of influencing rural consumers' decision making. Please explain.
7. Discuss the customer value strategies used in rural markets with suitable examples.
8. Starting a business in rural area, elaborate how you will use the 7Ps of rural marketing.
9. Please compare and contrast the marketing theories and discuss the most eccentric ones.
10. Using specific examples, explain how consumers' social network characteristics will have an impact on their buying behaviour.

