

COMMUNITY MARKET PLACE DEVELOPMENT: A PARADIGM OF RURAL ENTERPRISE GROWTH STRATEGY

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Abstract

In conventional marketing practice, it is believed that production only ends when the products get to the consumers. Therefore, marketing includes all activities involved in the flow of goods and services from producers to consumers, Omede et al. (2014). Marketing in community market place equally follows similar pattern, but in practice, it is characterised by some peculiar features. The paper therefore focuses on how community market place can enhance and sustain the growth of rural entrepreneurship. This paper discusses the features and functions of community market place as well as examines the potentials that the market place holds for rural economic development. The paper also highlights the behaviours of entrepreneurs in community market place and recommends steps to be taken to strengthen community markets for the best performance as a tool for developing and sustaining rural entrepreneurship development.

Keywords: Community market place, Development, Rural enterprise

Introduction

The concept of community market place implies where face-to-face interaction between producers and consumers of goods and services to determine the equilibrium price takes place in the community. Marketing in community market place is also known as entrepreneurial marketing. At the community market place, the producers/suppliers and consumers of goods and services engage in physical interaction through price bargaining. This is the typical feature of buying and selling at the community level. Rather than the traditional marketing system where the invisible hands of demand and supply determine the equilibrium price, different factors such as relationship, emotions, empathy etc., influence the sellers/suppliers of goods and services in the final determination of the price to be paid.

Different market places at different communities are known for the supply/marketing of particular goods and services. Hence, buyers and sellers of goods and services are well informed at the community level as to where and what to buy/sell.

The historical origin of the market is to be found in the market places which lie at the heart of small communities, towns and cities. Despite being the central institution that underlies neoclassical economics, there is surprisingly little discussion of the market in the literature on economics (North, 1977; Rosenbaum, 2000)

Originally, the market serves as a central meeting place and it has come to denote the abstract mechanisms whereby supply and demand confront each other 'in search' of a compromise (Callon, 1998). 'Allocation of resources in a market society as maintained by the orthodox

economic theory is the product of millions of independent decisions made by consumers and producers all acting through the mechanism of the market' (Lipsey, 1968). The understanding here is that the invisible hands of the market or what could be described as the forces of demand and supply in the determination of market price exercises great influence on the decisions of the producers and consumers in fixing the market price and purchasing price respectively. This eventually becomes the yard stick with which the producers allocate resources for production and consumers using the prevailing market price to prioritise what to purchase. By allowing the invisible hands of the market to determine the equilibrium price, there is a danger that the perspective implies that those involved (buyers and sellers) are denied the freedom as individuals to take strategic decisions (which constitutes part of the feature of community market place) concerning the exchange of economic activities, which is very critical to the development of community market place and by extension, the growth of entrepreneurship and national economic development.

Community Market Place and Entrepreneurship Development

Entrepreneurship is a key component of economic development of a nation. In most developing economies, a large proportion of the population live under extreme poor condition and most of the poor live in the rural areas. In Nigeria in particular, most young people after graduating from schools remain unemployed. In order to improve the living condition of such individuals, and to increase their income, it becomes imperative to develop the capabilities of such people for self-employment.

Most of the youths in our rural areas were trained by the individuals or through combined community efforts in some

cases. The rural areas are endowed with natural resources that can be converted to viable means of economic survival. There are open field, mountains, rivers etc. Functional skill development programmes can help create the much needed employment opportunities for the youth through entrepreneurship development in many vocations.

However, a viable community market is an essential factor in bringing to the fore the entrepreneurial skill inherent in our youths. The motivating factor will be for the youths to have successful exchange of their products or services, so they can have financial rewards in return. The community market place in the rural areas in particular is where such opportunities lie. In most cases, the means of accessing urban markets by the rural producers could be an additional cost to them, considering the small scale nature of their activities. This particular point underscores the importance of community market place in entrepreneurship development in rural communities.

Rural markets hold very high opportunities for the growth of entrepreneurship. Success in this area will boost employment opportunities for the youths and the migration of the rural dwellers to the urban areas will be put in check. It is obvious that any organization, whether a manufacturer of goods or service provider such as bank, has to effectively exploit this market segment for future growth. However, to be able to tap this huge rural consumer segment, it is necessary to understand the distinctive features of this economic class. A low per capita income, highly dispersed nature of the market, low literacy levels, widely variable incomes, inadequate infrastructure for storage, transportation and communication and strong cultural bias are the unique features of this market.

Thus, the nature of the products /services aimed for these markets have to be customized in size, packaging, appearance and price. The delivery/distribution channels too have to be suitably modified to cater for the needs of the dispersed and highly price sensitive rural markets. Promotion of products will equally have to be innovative as obtained in the traditional marketing, but tailored to the need of this target group. Development of a brand in the rural markets will have to rely more on symbols and colour-coding. Within this framework, marketers will have to ensure that consumer is assured of value for money. The widely varying income levels in the rural areas are both a challenge and opportunity. Marketers at the community market place have to address each income segment differently with customized products. The challenge in accessing these markets is to provide goods/services of the same quality as is available at urban outlets but at a lower cost; which means, the production costs may have to be reworked and the efficiency of the entire system has to be improved to bring down costs.

Also, another way of developing entrepreneurship at the community market place is through the supply of credit, and the strategy to be adopted should be that which is supply-led. Unlike in the urban market, where the growth in the economy creates demand for credit, availability of credit at the community markets will spur economic growth, leading to increase in income and purchasing power.

Generally, rural marketing involves designing innovative and context-related business models, which are low in costs, dynamic and responsive to local needs and provide value for the rural consumer. The role of technology in providing low cost solutions cannot be ignored. If the efficiencies of the urban market have to be provided in the highly dispersed rural markets, technology will therefore have to

be used innovatively to bring down costs. The emerging role of Self-Help groups in providing a sustainable delivery/distribution network is another initiative which needs to be fully explored.

Self-help organisations (SHOs) are membership organisations since they are administered and controlled by their members, whose interests they are supposed to serve. Membership organisations are meant to counterbalance the overwhelming influence on the economy of the profit-oriented private sector and the state-controlled public sector (Verhagen, K, 1987). Of course, it is obvious that part of the interests of the rural entrepreneurs that SHOs are meant to protect is the exploitation of their members. Verhagen further noted that, if SHOs function according to their principles, they offer the poor an opportunity for a partial re-shaping of the economic system which governs their daily lives in a direction congruent with their interest.

Entrepreneurs and the Community Market Place

Cassion (2003), argued that by highlighting how entrepreneurs must make decisions about market entry and resource re-combination before committing their capital, we are drawing attention to the market making role of entrepreneur. At the community market place, decisions as to what to produce and service to deliver are often product of locally available resources. Hence, community market place development is very strategic to the utilization of locally available resources for the rural economic development. The market provides an avenue for product development and service delivery at the community level. It equally supports the growth of entrepreneurship.

Market exchange can take a varieties of forms and takes place in some very

contrasting context. At the community market place, the buyers and sellers are mostly individuals. And the motivation for exchange is mostly for the entrepreneurs to meet immediate needs such as paying of school fees, hospital bill, purchase of food items, or farm inputs etc., The market exchange at the community market place mostly involves money, there are however the possibility of other forms of transaction (e.g those based on bartering).

The community market place serves as a sales outlet for various agricultural products. And therefore stimulates the development of agro entrepreneurs. The growth of agro entrepreneurship has provided direct job opportunities for quite a number of unemployed youths in the rural communities. Many of these entrepreneurs are gainfully engaged in food production and processing.

The community market place therefore is a powerful tool for the sustenance of millions of poor people in Nigeria through the development of food production and processing enterprises. This economic sector has immense potential for entrepreneurship development which will ultimately address the issue of widespread unemployment. The community market place has the potential for the development of rural economy through the creation of employment opportunities for the rural poor in particular. This will help in checking rural-urban migration. There are abundant of entrepreneurship development opportunities through the creation of SMEs in rural communities. The entrepreneurs can only maximise such opportunities if there is the possibility of having a successful exchange of their products and services.

Entrepreneurs can respond to demand generated through the market place only if they have the ability/capability or the resources required to combine available resources to produce goods and services

that the consumers need/want. In the communities with existing markets, production of food crops and animal husbandry has created new income generating avenue in the villages. Therefore, through the existence of community market, agro-entrepreneurial development activities can witness tremendous growth through demand driven food production and processing. Also, the movement of entrepreneurs from one market place to the other to buy and sell is equally a source of sustainable employment opportunity for transport entrepreneurs in particular.

At the community market place, business transactions are relationship-based. The familiarity between buyers and sellers has gone a long way in enhancing and reinforcing trust which in most cases is the hall mark of the business relationship. Sellers willingly offer to sell to buyers on credit base on trust. At the same time, buyers can enjoy price discount on goods bought and in rare cases do they betray the trust of the sellers by ensuring they meet their commitment for payment as agreed.

High mobility among entrepreneurs is an important feature of community market. Movement by entrepreneurs from one market to the other to buy and sell helps in the transmission of market information long before the advent of GSM. The buyers and sellers are always in contact with one another on prices and other market situation.

Entrepreneurship development in the community market place is further enhanced through unhindered access to enterprise financing opportunities by the rural entrepreneurs. Such opportunities exist through different organised associations such as market women association, cooperative societies and other product/service specific trade associations. Such associations advance loans and as

well serve as sources of market information to their members.

In conventional marketing, the key assumption of marketing theory is that the customer should be central to the entire enterprise and the focus of all its endeavours. However, at the market place, entrepreneurial behaviour has characteristics which can be in conflict with this concept. Entrepreneurs at the community market place tend to use heuristic decision-making, which relies on intuition. This may coincide with the notion of market orientation if the entrepreneur can always truly put themselves in the position of the customer and feel empathy with their needs. A characteristics of entrepreneurs at the community market place is that they do have an intuitive feel for what their customers want, which has been described as 'an antenna into the market place' that never fails them. However, in situation where the entrepreneurs' intuition proved to be unreliable indicator of customers' demand, the entrepreneurs' ability to make changes to what they do is also a key

characteristic of entrepreneurs at community market place

In this sense, entrepreneurial marketing at the community market place does differ from the conventional marketing concept in that entrepreneurs tend to understand customer needs by intuition. Even occasionally when this proves to be unreliable, entrepreneurs do not regard this as a potential weakness. Rather, they emphasise the need to be flexible and adapt quickly to changes to market demand that may be slowed by the use of formalised research.

In summary, entrepreneurs tend to use different marketing processes from those proposed by traditional marketing theory. As argued by Hills et al. (2005), recent research into the field of entrepreneurial marketing indicates differences of emphasis and sometimes of principle that does provide a contrast with much of the theory and practice of traditional marketing. Some of these differences are illustrated in Table 1.

TABLE 1 **Traditional vs. entrepreneurial marketing**

Traditional Marketing	Entrepreneurial Marketing
Slow response to changes in customer preference	Speedy reaction to shifts in customer preference
Focus on large markets	Exploit smaller market niches
Customer knowledge based on market research and expert knowledge	Customer knowledge based on market immersion/interaction
Marketing tactics are typically unidirectional	Marketing tactics are often two- way with customers
Planning is used to set goals and budgets	Planning, or lack thereof, is done in short incremental steps
Vision and strategy guide marketing plans	Vision and strategy are driven by tactical successes
Marketing is separated from personalities	Founder and other personalities are central to marketing
Major marketing decisions made without frequent customer contact	Marketing decisions based on daily customer contact and network
Formal market research is common	Formal market research is rare
Reliance on strategic analysis and planning	Reliance on intuition and experience
Product development processes are	Product/venture development are interactive,

systematic stage gates	incremental, informal with little research/analysis
An objective dispassionate science	A role for passion, zeal and commitment
Marketing follows customers	Marketing strives to lead customers
Maintain status quo with modest change in products and strategy	Innovation in products/services and strategies
Management of a balanced marketing mix	Heavy focus on selling and promotion

Source: Hills G.E, Hultman C, Morris M, and Carson. (2005)

Community Market Place as a Model of Entrepreneurial Marketing

At the community market place, the entrepreneurs develop ideas into innovation through intuitive understanding of the needs/wants of consumers and they can easily adapt if they get it wrong or if the market changes.

Entrepreneurs at the community market place attract and retain customers through interactive methods, especially word-of-mouth recommendations of goods and services, rather than the conventional mass marketing promotions. This process is carried out not by any formalised market research but by informal information gathering. This illustrates the marketing processes that many successful entrepreneurs have followed. It represents a further stage in the evolution of marketing, away from its root in large corporations and into a form that is more suited to today's rural entrepreneurial business environment. Recent research into the field of entrepreneurial marketing indicates the differences of emphasis and sometimes of principles that does provide a contrast with much of the theory and practice of traditional marketing.

At the community market place, entrepreneurial marketing style is the dominant perspective of the entrepreneurs. It centres on how the entrepreneurs interact with the market place, which implies how they find customers and develop relationship with them. Entrepreneurial

marketing is different to the traditional marketing as developed originally by large corporations.

The basic philosophy of marketing is that all the strategies and activities of an organisation should focus on meeting customer's needs. At the community market place, entrepreneurs use time, energy and creativity instead of money to achieve the fundamental concept of marketing.

Apart from the use of heuristic decision-making, which relies on intuition, another key focus of entrepreneurs at the community market place is that they maintain an external focus through a network of personal contact that keeps them alert to events and trends in the business environment. This is used instead of formal market research. Entrepreneurs have a rich network of contacts active in the marketplace that keeps them informed of developments.

Community marketplace has become an increasingly significant part of rural economic development. Whilst understanding the need for customer focus, many entrepreneurs and owners of small businesses have neither the inclination nor the resources for formalised mass campaign typical of traditional marketing. Instead they have developed an entrepreneurial style of marketing in which personal contact and work-of-mouth recommendations play an important part.

Word-Of-Mouth Marketing Process of the Community Market Place

Studies have shown that the number one source of new customers for small businesses and entrepreneurial ventures is word-of-mouth recommendations from customers, suppliers or other referral groups (Barclays Review, 1997; Blankson and Stokes, 2003). One study of over 300 owner managers (Stokes, Fitchew and Blackburn, 1997) found that over 90 per cent of owner-managers of small businesses used word-of-mouth communications as their primary way of transmitting messages. Recommendations from existing customers were the most frequently claimed type of promotional activity.

Study has equally shown that even among established firms, nearly two-thirds of the companies identified as high growth claimed recommendations to be the most effective way of attracting customers (Blackburn and Stokes, 2003). At the community market place, entrepreneurs prefer direct interaction with their client base as face-to-face selling is often the next preferred method of customer acquisition to word-of-mouth.

The term *recommendation* is an unsolicited opinion about product or service given independently of the product or service. Recommendation often takes place when a buyer gets value for the money paid for product/service bought. Buyers at community market place often express their feelings about products bought or service received. Recommendations often lead to an upsurge in demand for the product or service in question.

The Power of Word-Of-Word Mouth Communication

At the community market place the power of word-of-mouth communications is derived from the assumed impartiality of

such recommendations. Independent but amateur advice from friends, colleagues and even customers is more trusted than expert recommendations that one believes to be part of a selling process that are traditionally part of the conventional marketing.

There is evidence that in the community market place, buyers and sellers are more likely to believe what they overhear rather than what they are told directly by the 'experts' in the business as there is less chance of an ulterior motive in the communication. However, the basic condition of impartiality must be fulfilled, otherwise the effectiveness of such recommendation could be reduced. This therefore poses a dilemma for those entrepreneurs who may wish to give incentives to customers for recommending their products or services to others.

The Role of Opinion Leaders in the Community Market Place

As argued by Weimann (1994), consumers listen particularly to the recommendations of opinion leaders, whose views they respect. There is evidence that the opinions of a small percentage (let say about 10 per cent) of potential customers will strongly influence the behaviour of the rest of the market (i.e. the other 90 per cent).

Opinion leaders in the community owe their influence to:

-Who they are: Product or service endorsement could be done by the leader of market women association, youth leadership or admired local celebrities.

-What they know: Advice could come from a respected 'expert' source in the community. Such advice could come from the local elites or leadership of Community Development Association.

-Who they know: Most of the opinion leaders in local communities are hub of

extensive personal networks in which they both obtain and communicate information about products and services. The local elites, particularly have their network extended to the urban centres, as some of them are retired civil servants, military personnel, politicians, teachers etc.

Conclusion and Recommendation

The success of rural economy as a major contributor to the national economic development can only be enhanced and sustained if the rural entrepreneurs are entrepreneurial enough. Community market place development is very strategic to job creation in rural communities and the overall growth of the rural economy. If the rural dwellers are to be kept away from our cities and towns, they need to be engaged in viable economic activities in the rural communities. A very important way of promoting rural economic development is through practical demonstration of support for the development of community market place by the government, non-governmental organisations and community base organisations. Such support could equally come from the village Community Development Associations. Support could come in form of market orientation of rural entrepreneurs as well as the development of physical structures.

There is a need for good road networks in rural areas to enable entrepreneurs move their products and services to and from community market places. Although market orientation is essentially a matter for the private sector, it is the government's responsibility to provide broad policies in such areas as market reform. Putting in place policies that relate to rural infrastructural development and policy planning in such areas as legal and contractual environment in which entrepreneurs and other players can interact will strongly determine the nature and level of market orientation which will

be achieved. Essentially, the role of the government will be that of facilitator.

Production or service delivery does not end until the products/services reach the consumers. Marketing is a process of getting products/services to consumers who need or want them. In conventional marketing, economic activities of marketing include research, advertisement and sale. These activities equally constitute the feature of the community market place and are mostly carried out by the rural based entrepreneurs. The activities of these individuals are the driving force behind the growth of rural economy and job creation. They move from one market place to the other on different days to buy and sell.

It is essential to enhance and sustain the growth of community market because of its strategic position in our job creation efforts. In the changing terrain of the global economy, market orientation is now the way forward. For our rural communities, most of them being primary producers of agricultural products and owner managers of rural based small businesses, the strategies for getting market orientation for the development of community market must focus on adequate information, communication, education and advocacy. The government and its agencies, the entrepreneurs and community development associations have complementary roles to play. The government's role is indirect and that of a facilitator, while those of the entrepreneurs and community development associations are direct and active. At the same time, the implementation of these strategies must be apolitical.

The nature and strategic position of community market in our rural economic development as argued in this paper are meant to influence attitudes, motivations and behavioural patterns. These changes will in the long run be the determinant factor of the level of community market

development that will be achieved and how our rural economic development will be further enhanced and sustained. The primary objective of community market development is to improve national economic performance and create jobs for the rural dwellers.

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