



Customer Satisfaction and Preferences Towards the Rythu Bazaars in Andhra Pradesh

KEYWORDS

Andhra Pradesh, Customer Satisfaction, Direct Marketing, Preferences, Rythu Bazaars.

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ABSTRACT

Customer satisfaction and measurement issues have vital roles for businesses in providing and maintaining a competitive advantage. It is recognized that the businesses forming components of marketing mix by acknowledging the customers' expectations, receive customer loyalty and profit in return. Via measuring customer satisfaction, organizations do not only have customer knowledge also have competitors' knowledge in the market. This paper analyses the preferences, needs and wants of the vegetable buyers and make them available to farmers so that they can take correct decisions regarding the marketing strategies to be implemented in Rythu Bazaars of Andhra Pradesh State of India. Rythu Bazaars the farmers' markets that started in 1999 is a result of the initiative of the then Andhra Pradesh government to provide a platform to the farmers to sell their produce directly to the consumers. During the last more than a decade, Rythu Bazaars have gained prominence and both farmers and consumers have shown interest in selling and purchasing vegetables at these market yards. The paper highlights the challenges and implementation of rythu bazaars in Andhra Pradesh.

INTRODUCTION

One of the weakest links in the chain of activities concerned with production and disposal of agricultural products is marketing. Besides the farmers, other major sufferers due to lack of proper marketing facilities are the consumers who are deprived of the fresh farm products. Direct marketing is a long felt need of the farmers and consumers of the country as it goes a long way in ensuring higher remuneration to the farmers and meeting the satisfaction level of the consumers through direct sale of the agricultural commodity by the farmers to the consumer at affordable prices. Direct marketing of agricultural produce helps in complete elimination of middle men and commission agents who charge high level of commission fee from the agriculturists/farmers, coming to the market yards for selling their produce and then artificially inflate the retail prices.

In the Market is life, vitality, health, abundance, grit, prime produce, colour. In Markets lie the thick of things, sociability, the throb of human community. They provide links with the past and all indications suggest that Farmers' Market networks will create far-reaching and revolutionary changes in the ways we shop and eat – alterations that will affect agriculture's future.

AGRICULTURAL MARKETING IN INDIA

Agricultural marketing includes the movement of agricultural produce from farms where it is produced to the consumers or manufacturers. This covers physical handling and transport, initial processing and packing to simplify handling and reduce wastage, grading and quality control to simplify sales transactions and meet different consumers' requirements, and holding over time to match concentrated harvest seasons with the continuing demands of consumers throughout the year. For the farmer, the strategic function of the marketing system is to offer him a convenient outlet for his produce at a remunerative price. To the consumers and the manufacturers of agricultural raw materials, assurance of a steady supply at a reasonable price is

the vital service. Agriculture continues to be the mainstay of the Indian economy. Agriculture is the principal means of livelihood for over 58.4 per cent of India's population and accounts for approximately one-fifth of the total gross domestic product (GDP). While significant strides have been made in increasing agricultural production over the years, immense problems continue to cloud the system of agricultural marketing in the country. Ironically, the burden of inefficient marketing procedures affects the farmers of the country the most, when in fact as producers they are entitled to the benefits of a robust marketing system.

The agricultural marketing structure in India consists of three types of markets a) rural primary markets or haats (tribal markets in tribal areas) that are meant to meet local demands, Secondary markets that attract potential buyers and traders who take agricultural produce in bulk quantity for sales in the city wholesale markets, and c) wholesale markets that act as centres for gathering large amounts of agricultural produce from different sources. Retailers in the country procure produce from these wholesale markets and then sell it to the consumers.

RYTHU BAZAAR – AN INTRODUCTION

The concept of farmers' markets in India had its roots originating to Kal Khoj in Russia and street side shops in the U.K. Kal Khoj is a farmers' market in Russia, which was started by the farmers to sell spinach and vegetables. After observing these, the idea of setting the farmers markets exclusively for selling fruits and vegetables grown by the local farmers was conceived in the early 1990's by Union Agricultural Ministry.

The first farmers' market namely Apni Mandi or Kisan Mandi was started in Chandigarh, Punjab in 1987 and later on at Karnal, Haryana in 1988. Basic infrastructure facilities like market yard, lighting etc. are provided at the Farm level, extension services of the relevant departments are also pooled in, securing the benefit of on-going Government scheme to "Apni Mandi" farmers (www.hindu.com/). The

benefits include input subsidies, better quality seeds and loans at reasonable rates of interest from the Bank. Apni Mandi scheme provides self-employment to the producers and also remove the social inhibition among them for retail sale of the produce. Apni Mandis are being organized at about 23 cities and towns of the State including Chandigarh. Noticing their success The Union agricultural Ministry suggested to all the states to establish Farmers Markets. Tamil Nadu Government took steps to start Uzhavar Sandhai (Farmers' Market) in 1999 with first one setup in Madhurai. The stated objectives of Farmers' Markets in Tamil Nadu are to eliminate middlemen and traders from the marketing of vegetables in the Farmers' Markets, and to establish direct contact between farmers and consumers. As per latest data there are about 102 Uzhavar Sandhais operating in various urban and semi-urban centers of Tamil Nadu.

Rythu Bazaar, the farmers' market was a social initiative started by the government of Andhra Pradesh in 1999. The main aim of Rythu Bazaar is to help farmers bring and sell their produce directly to consumers without the involvement of middlemen. Andhra Pradesh is the second largest producer of fruits, vegetables and flowers in the country but the farmers do not really benefit as the marketing system for fruits and vegetables is mostly in the hands of middlemen. Middlemen exist at various levels between the farmer and the consumer and exploit through malpractices in weighing, handling and payments. The farmers' share in the consumers' rupee is estimated to be just 40 paise. In addition the estimated loss in handling of vegetables in the traditional channel of marketing is about 30 to 35 percent. Rythu Bazaars were established to address these issues. Against this backdrop, this research attempts to look at the various parameters where the farmers have got benefitted since operating from these market yards. Rythu Bazaars the farmers' markets of Andhra Pradesh were established in 1999 by the then government of Mr. Chandrababu Naidu to provide a platform to the farmers' to directly sell their produce without the help of any intermediaries. Since these markets have been operational for over a decade now, a need was felt to see whether the farmers have benefitted from these markets, and if so, in what parameters have they got benefitted.

RYTHU BAZAAR IN ANDHRA PRADESH

Rythu Bazar is one of the most successful models of direct agricultural marketing in the country. The first Rythu Bazaar was established in 1999 in Hyderabad. Rythu Bazaars provide facilities to farmers for selling their produce directly to consumers under a proper administrative system and government protection. Presently there are 106 Rythu Bazaars operating in all the 23 districts of Andhra Pradesh. It is a long felt need to have a ready-made platform for those aspiring to have a big shopping, modern yet simple and accessible to all people of all income groups.

Rythu means Farmer in Telugu (The local language of Andhra Pradesh in India) and Bazaar stands for the Persian word *bāzār*, the etymology of which goes back to the Pahlavi word *baha-char*, meaning "the place of prices". Rythu Bazaar, the farmers' market was a social initiative started by the government of Andhra Pradesh in 1999. The principal objective of Rythu Bazaar was to help farmers bring and sell their produce to the market effectively eliminating middle man or any other marketing intermediary. This idea of 'apna Bazaar' came about more than a decade before the government of Andhra Pradesh initiated

the "Rythu Bazaar and *gruha Mitra* schemes. Rythu Bazaar or farmers market is the market where the marketing between the farmers and consumers is done directly by eliminating them idle men and commission agents. These middle men or commission agents will charge high level of commission fee from the farmers who came to market yards to sell their agricultural produce. This leads to rise in prices of these products to benefit the middle men at the cost of the farmers and consumers. On the basis of Direct marketing helps in complete elimination of middle men and ensures higher remuneration to the farmers and greater satisfaction to the consumers in obtaining agricultural commodities at affordable prices. Therefore, Rythu Bazaar is one of the farmer's friendly direct marketing systems in operation in Andhra Pradesh.

A model bankable project for Rythu Bazaar has been developed to create awareness about the development of agricultural marketing among the bankers, financial institutions, potential entrepreneurs in private and cooperative sectors, farmers groups, Government functionaries etc. Rythu Bazaar has been established in the major cities of Andhra Pradesh to create direct linkage between farmers and consumers for the sale and purchase of agricultural produce. These Bazaars are transforming the environment in which farmers in Andhra Pradesh sell their produce.

Due to direct marketing, farmers are not only making profits but are also safe from the harassment of the middlemen. The government has fixed the prices in a Rythu Bazaar 25 percent above other wholesale market prices to motivate farmers to opt for Rythu Bazaars. However, at the same time, the prices are beneficial for consumers as it is still at least 25 percent lesser than the retail shops. In addition, farmers have an organized place to sell their produce and are provided with operational resources like transportation and storage options. An online market information system is developed to help keep consumers aware about the produce and respective prices. This approach followed in implementing Rythu Bazaar is encouraging and sustainable. It offers lessons on meeting consumer satisfaction and running the markets through a well formed management and administration structure.



Direct marketing is a long felt need of the farmers and consumers of the country as it goes a long way in ensuring higher remuneration to the farmers and meeting the satisfaction level of the consumers through direct sale of the agricultural commodity by the farmers to the consumer at affordable prices. Direct marketing of agricultural produce helps in complete elimination of middle men and commission agents who charge high level of commission fee from the agriculturists/farmers coming to the market yards for selling their produce and then artificially inflate the retail prices. The efficacy of direct agricultural marketing infrastructure facility can be increased by providing market user

common facilities for proper weighing, cleaning, grading and packaging of agricultural produce being brought to the market yard by the farmers for sale.

In order to give a big boost to the development of direct agricultural marketing infrastructure facilities in the country, the Government of India Ministry of Agriculture has announced the "Scheme for Development/ Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization." The scheme is reform linked, i.e. desires the states to amend their state specific APMC acts for enabling development of direct agricultural marketing infrastructure facilities, contract farming and participation of private and cooperative sector in creation of market yards. Under the scheme credit linked back ended subsidy to the tune of 25% of the total project cost (33.33% of the total project cost for projects in NE states, hilly and tribal areas, SC/ST entrepreneurs or their cooperatives) is available. The implementation period of the scheme is from 20.10.2004 to 31.3.2007. Development of direct marketing infrastructure forms one of the components of the scheme. The Rythu Bazaar (Farmers' Market) is one of the farmers' friendly direct marketing systems in operation in the country. In order to create awareness about development of agricultural marketing infrastructure among bankers, financial institutions, potential entrepreneurs in private and cooperative sectors, farmer groups, govt. functionaries etc. a model bankable project for a Rythu Bazaar has been developed.

Rythu Bazaars – the farmers' markets of Andhra Pradesh were established in 1999 by the then government of Mr. Chandrababu Naidu to provide a platform to the farmers' to directly sell their produce without the help of any intermediaries. Since these markets have been operational for over a decade now, a need was felt to see whether the farmers have benefitted from these markets, and if so, in what parameters have they got benefitted. Rythu Bazaar consumers can avail the benefits of good quality products at reasonable rates. An online market information system helps keep consumers aware about current prices and protects them from any harassment at the market. It also helps them know the kind of products available at a Rythu Bazaar.

CHALLENGES IN IMPLEMENTATION

Rythu Bazaars face a major problem in terms of lack of coordination among farmers. Conflicts develop among farmers while selling their produce and selecting stalls in the morning; these affect smooth functioning of the market. The SHGs feel threatened about being evicted as the market primarily caters to farmers. The mobile Rythu Bazaars are cutting into sales at the Bazaar. Farmers also have to move with their produce from one Rythu Bazaar to another, which proves extremely tedious for them. Further, consumers often complain about parking facilities and garbage management at the markets. All these concerns have been reported to the officers of respective Rythu Bazaars and the administration is taking steps to address these issues. Farmers are constantly provided guidance through Agriculture Officers and Horticulture Consultants and their grievances are addressed. Mobile Rythu Bazaars have been instructed to function beyond 10 km of a Rythu Bazaar. Parking facilities are being arranged through private contracting and infrastructure facilities being strengthened. Farmers are also sensitised on the need to maintain cleanliness and dispose garbage properly, the absence of which de motivates consumers from visiting the Bazaar.

CUSTOMER SATISFACTION CUSTOMER

According to Mahatma Gandhi, "A customer is the most important visitor on our premises. He is not depending on us. We are dependent on him. He is not an interruption on our work. He is purpose of it. He is not an outsider of our business he is a part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us an opportunity to do so". The buyer is satisfied after purchase depends on the offer's performance in relation to the buyer's expectations. Satisfaction is person's feelings of pleasures or disappointment resulting from comparing a product perceived performances to their expectation. The performances falls short of expectations, the customer is satisfied If the performance exceeds expectation the customer is satisfied.

The performance exceeds expectation the customer is highly satisfied or delighted. Customer assessment of the product performances depend on many factors, especially the types of the loyalty relationship the customer has the brand. Consumer often from more favourable perception of a product with a brand they already feel positive about the customer centered firm seeks to create high customer satisfaction that is the ultimate goal. The company might be able to increase the profitability by other than increase satisfaction. The company might be able to increase its profitability by means other than increased satisfaction. The company has may be sake holders including employees, dealer, suppliers and stockholders Spending more customer satisfaction might be deliver funds from increasing the satisfaction of the Partner's.

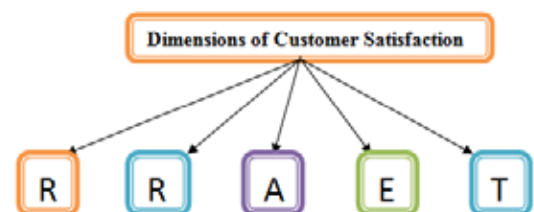
Why is Customer Satisfaction So Important

Effective marketing focuses on two activities: retaining existing customers and adding new customers. Customer satisfaction measures are critical to any product or service company because customer satisfaction is a strong predictor of customer retention, customer loyalty and product repurchase. Customer satisfaction is a post-purchase evaluation of a service offering (Oh, 2000, Bolton and Drew 1991). A traditional definition of customer satisfaction followed the disconfirmation paradigm of consumer satisfaction/dissatisfaction (CS/D), suggesting that CS/D is the result of interaction between the consumer's pre-purchase expectations and post purchase evaluation (Cadotte et.al., 1987). Customer satisfaction differs depending on the situation and the product or service. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute or any of these. Some researchers completely avoid "satisfaction" as a measurement objective because it is "too fuzzy an idea to serve as a meaningful benchmark."

DIMENSIONS OF CUSTOMER SATISFACTION

Regarding the customer satisfaction five dimensions are discussed below figure.

Figure 1



Reliability

The ability to perform service dependability, accurately and consistently, the customer expects the service to be accomplished on time, in the same manner and without error i.e., doing things right, every time, over a period of time.

Responsiveness

The willingness to help and provide prompt service to the customers, flexibility in dealing with situation and the ability to deal with service failure with professionalism.

Assurance

Technical competence, confidence, courtesy and people's ability to evoke trust, It is a combination of politeness, respect for the customers, effective communication and a positive attitude that reflect the customer's best interest at heart.

Empathy

Caring, individualized attention to customers, Approachability, sense of security and the effort to understand customers needs constitute empathy.

Tangibles

The appearance of physical facilities product and personnel

CONCLUSION

Rythu Bazars showcase one of the most successful models of direct marketing of agricultural produce in the country. Its uniqueness lies in the kind of support it has received from the government. While some other Indian states also have farmers markets, very often their smooth functioning is jeopardised because of political compulsions and resultant withdrawal of government support. Rythu Bazars have been operating for over two decades and have adapted to changing times in terms of upgradation of facilities. They have found acceptability amongst both farmers and consumers. The linking of farmers to markets is a dynamic and ongoing process with no one best solution. The presence of various state-specific examples of direct marketing of agricultural produce in the country presents the possibility of exchange of lessons and experiences learnt so far. Rythu Bazar has rich experience to share in terms of keeping farmers' needs in mind, helping them be aware of local needs and adapting to new demands. On the other hand, it can provide lessons in terms of meeting consumer satisfaction and running the markets through a well formed management and administration structure. The government should take adequate measures to educate both farmers and consumers about farmers' markets and explain them the benefits of participating in the mutual exchange process. Local administration should also enlighten the farmers to acquaint themselves with the latest marketing strategies and help them become efficient and self-suffi-

cient farmers. Rythu Bazaar, the farmers' market was a social initiative started by the government of Andhra Pradesh in 1999. The main aim of Rythu Bazaar is to help farmers bring and sell their produce directly to consumers without the involvement of middlemen. Andhra Pradesh is the second largest producer of fruits, vegetables and flowers in the country but the farmers do not really benefit as the marketing system for fruits and vegetables is mostly in the hands of middlemen. Middlemen exist at various levels between the farmer and the consumer and exploit through malpractices in weighing, handling and payments. The farmers' share in the consumers' rupee is estimated to be just 40 paise. In addition the estimated loss in handling of vegetables in the traditional channel of marketing is about 30 to 35 percent. Rythu Bazars were established to address these issues. Against this backdrop, this research attempts to look at the various parameters where the farmers have got benefitted since operating from these market yards.

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