

## Marketing mix for rural development in Romania

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**Abstract:** *The sustainable development supposes a uniformly increasing of living level for the entire population of a nation. The reducing of disparities between the urban and rural regions is a purpose of the rural development policy, as a part of Community Agriculture Policy and also subject of European financing programs. A marketing approach of rural development could ensure an integrated implementation of LEADER program in Romania. This paper defines the components of marketing mix for rural development and their content for Romanian rural development marketing.*

**Key-words:** *rural development, marketing mix, local development strategies*

### 1. Introduction

Romania, being EU member-state has the right to all the opportunities of urban and rural development offered by European Union. With a total surface of the territory of 238,000 km<sup>2</sup> and with a population over 22 millions inhabitants Romania represents 6% of entire EU territory and 4% from its entire population. The investments and the competitiveness of Romanian economy should be improved in order to accelerate the economic growth to ensure the income convergence with those in European Union.

The rural area is representative for Romania having substantial development resources. In 2012, the rural area has had a surface of 207,520 km<sup>2</sup>, being 87.2% of country's territory with 43.6% of Romanian population ([www.insse.ro](http://www.insse.ro)). The rural population is not uniformly distributed within the country territory. The rural population has a higher proportion in certain regions: South Muntenia with 58.6%, North-East with 56.8% and South-West Oltenia with 51.9%. The highest density, excepting the region Bucarest-Ilfov, is recorded in North-East of 63.24% inhabitants/km<sup>2</sup>, while in the Western part of the country, the rural space is less populated – 26.51% inhabitants/km<sup>2</sup> in West region ([www.insse.ro](http://www.insse.ro)).

These disparities leave their mark on the socio-economic development of those regions and on the life quality of rural population.

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The rural area is organized of communes, as territorial administrative units together with the component villages, according to the national legislation.

Considering the dimension of rural area in Romania, the definition the social character of rural development marketing is very important. An adequate analysis about the theme, supposes to analyze the sphere of social marketing for rural development.

## **2. Objectives and methodology**

The paper has the main purpose to present the components of marketing mix of rural development and to define them for the Romanian rural area.

The methodology consists in analysing the social character of rural development marketing, beside other approaches of rural development. The classical and the new components of marketing mix are explained in the context of rural development. The coordinates of marketing mix of rural development in Romania are presented, also based on a scheme.

The paper considers the LEADER program as a platform of the marketing mix of rural development in Romania. The Local Action Groups – the LEADER infrastructure - are seen as strategic marketing units.

## **3. Results and Discussions**

### **3.1. Social character of rural development marketing**

The social marketing supposes the using of some identification, evaluation and forecasting strategies of the consumers' requirements in order to project and implement those products and services which offer an optimal satisfaction for the target group.

In Romania, the strategic considerations which envisage the rural development are described by the National Program of Rural Development. This program also contains the measures as guidelines for elaborating some projects for rural development.

The projects implemented in rural area, regardless of the type of project, have a social character through the objective to be attained: the rural development since help the people living in the region - the rural zone, to develop on economic, cultural and social plan.

The social character is emphasized and sustained by the principles of rural development sustainability, through its dimensions: economic, social-cultural and environmental.

The social character of rural development marketing consists in improvement

the living conditions for rural population through increasing of their income, ensuring new jobs, a corresponding educational level to understand the sustainable character of rural activities, an equilibrium between the elders and the young population, keeping and transmitting the customs and traditions, of some handicrafts and specific occupations in rural medium, biodiversity conservation and of environment, effective using of soil and subsoil resources, also of the forest fund, assuring the life sustainability of future generations.

Comparing the GDP in the fourth quarter of 2015 with GDP in the third quarter of 2015, it was in real terms, greater with 1.1%. Compared with the same quarter of 2014 GDP recorded an increasing with 3.7% on the raw data and 3.8% on the data seasonally adjusted.

In the third quarter of year 2015 the active population of Romania was 9,370,765 persons, from which 8,757,389 persons were occupied: 4,733,549 persons in urban medium and 4,023,840 in rural medium. In December 2015 the unemployment rate was 4.9% in decreasing with 0.5% compared with the same period of year 2014.

The financing from European funds has also contributed to these positive changes. For the future obtaining of this kind of results, it is important to adequately use the marketing resources.

In order to emphasize the social character of rural development marketing there must be analyzed the steps adopted, strategies, projects and national and European plans of rural development.

### 3.2. Other approaches of rural development

Beside the marketing approach, other four approaches can be delimited, like: educational approach, persuasive, of behavioral changes and social influence approach – presented in Figure 1.

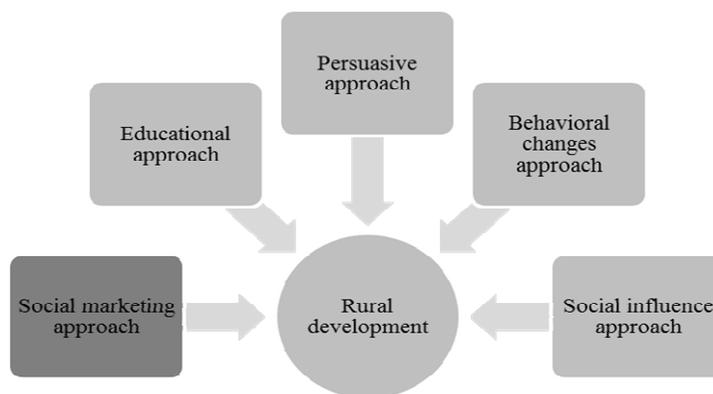


Fig 1. *Approaches of rural development*

*The educational approach* starts from the premise that people will do what they are said to do, if there are met two conditions: to understand why to do and to learn how to do. The educator's task is to present real and relevant facts to inform the target groups envisaged, in order to make their members to change their opinions.

*The persuasive approach* starts from the educational approach, trying to improve it, emphasizing the conviction and motivation of the target group.

*The behavioral changes approach* tends to minimize the influence of thoughts and feelings in the individual behavior, because it should be framed by the desired changes for the group behavior.

*The social influence approach* counts on the individuals' desire of belonging to a group and to be part in a collectivity by accepting its rules.

*The marketing approach* is the most complex one, enhancing all the other four approaches. By its own methods and tools, the marketing approach is based on the strategies of marketing mix, a very powerful core of defining the characteristics of products and services, their price, their placement and the logistics to attain them, offering information through appropriate promotion and communication ways, using strategies and plans, addressing to certain public audiences, realizing the purposes by partnerships and satisfying the requirements and improving the life quality of entire communities in rural areas.

These approaches have a strong social character because they are oriented to the target groups, to the people wanting to contribute by their actions and activities to the rural development.

### **3.3. The marketing mix of rural development**

The concept of marketing mix has appeared in 1950s and it has been introduced by its author Neil Borden, in a marketing scientific article, in which he sustained that the marketing specialist must be an “artist”, an “ingredients mix”, who sometimes uses already prepared recipes, other times he prepares by himself his own recipes, sometimes he adapts the recipes depending on the available ingredients, and other times he experiences or invents new ingredients (<http://www.marketing-schools.org/types-of-marketing/traditional-marketing.html>).

The marketing mix suggests the idea of entrainment of marketing resources in different combinations to obtain a maximum answer from the target market.

In Philip Kotler vision the marketing mix elements or “*the four P*” are: *product*, *placement*, *price*, and *promotion*.

In social marketing, *the product* cannot be physically defined. The viability of *social product* depends on the informing level of target group about their problems, respectively, the informing level of target group related of how to solve the problems with that social product.

*The price* envisages the “*pay*” which the target group must do for receiving the social product and including the services of the social marketing.

The promotion for rural development consists of the applicable measures of National Program of Rural Development defined by the Management Authority within the Ministry of Agriculture and Rural Development and which must be used by the Agency of Financing of Rural Investments (AFIR, rom.).

The placement represents those channels with which the information arrive to the target group. Using the electronic communication modalities, the information transmitted by the County Offices for Financing of Rural Investments (OJFIR, rom.) may quickly arrive to the target groups.

New four elements of marketing mix of rural development are: the audience (publics), partnerships, (public) policy, and purse strings.

Figure 2 shows the components of marketing mix for rural development.

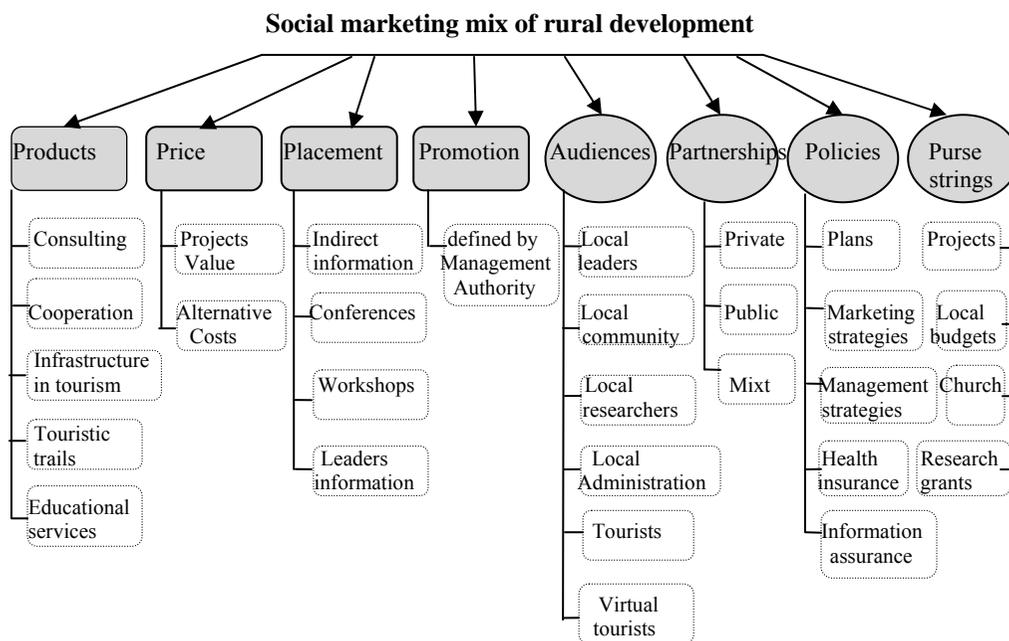


Fig. 2. Marketing mix of rural development

For the rural development in Romania, the marketing mix can be described as it follows:

- *Products/services* are the agricultural and non-agricultural projects, educational services, consulting, training, informing, cooperation services, infrastructure in tourism, roads, bridges, touristic areas, touristic trails;
- *The price* is the value of projects, respectively from the target group point of view is an alternative expenditure related to the time spent for consulting and informing;

- *The placement* represents the way how the information arrive to the target groups, informing the local leaders, indirect information through the websites of associations, conferences (Dankó and Ogár, p. 101-115);
- *The promotion* refers to the promoting modalities, defined by the Management Authority and these rules must be applied by the existing County Offices for Financing of Rural Investments (OJFIR, rom.);
- *The public audience* consist of the mayory members, local leaders, local community, local administration, tourists;
- *The partnerships* may be public-private or private;
- *The policy or public policies* are the plans, management strategies, marketing strategies, healthcare policy, the security assurance, the best information offer, meaning the actual and updated information, ensuring the cooperation and the correct unfolding of projects;
- *The purse strings* represent the financing sources through projects, local budgets, partnerships, the church, sponsorships, other associations, and research grants.

The marketing mix reflects the complex aspects of rural development projects which comprise all the spheres of social activity, starting from leaders, to the people in local communities and the success of projects implementation depends on the information level and communication between them.

### **3.4. Coordinates of marketing mix of rural development in Romania**

The European Fund for Agriculture and Rural Development (FEADR, rom.) is a financing tool, created by European Union to support the Member-States in implementation of Community Agricultural Policy (CAP).

The Community Agricultural Policy is a set of rules and mechanisms for coordinating the production, processing and selling the agricultural products in European Union and which emphasizes the rural development.

The directions, called axes, of rural development are its basic principles:

- The competitiveness of sectors: agriculture, forestry (modernization, the information transmission, the food quality);
- Environmental and regional management;
- Creating and increasing the jobs number, increasing the living level in the rural regions;
- Development of local coordination through LEADER financings.

The European Fund for Agriculture and Rural Development – EFARD, represents a financing opportunity for rural Romanian space, of about 7.5 billion euro, starting with 2007. EFARD is based on the principle of co-financing the projects of private investments.

The European funds for agriculture may be accessed based on the key document: The National Program of Rural Development for 2014-2020 (PNDR, rom.), [www.madr.ro](http://www.madr.ro).

The purpose of each Comunitary initiative is to implement new development modalities for the rural policy within European Union. The LEADER program (Liaison Entre Actions pour le Développement de l'Economie Rurale) was initiated by European Union in 1989 in the framework of structural funds. LEADER is one of the most important European financing programs in Romania.

The coordinates of social marketing of rural development at Romania level are already established through the purposes, the axes of EFARD, the principles governing the CAP, the National Program of Rural Development in Romania, the LEADER program implementation.

The LEADER program ensures the support of rural development programs elaborated by the Local Action Groups (LAGs) - the acting infrastructure within each county of Romania. The responsibility of LAGs is to elaborate and to prepare the local plans of rural development and to maintain a good fluency concerning the projects system, starting from promotion, implementation until their finalization.

Beside the classical components of marketing mix, the new ones: *Policies*, *Partnerships* and *Purse strings* – all are covered by the LAGs activities within LEADER program.

A general characterization of Romanian projects is their small dimension, and the innovative aspect, with positive impact over the local rural region.

### **3.5. LEADER program – platform for marketing mix of rural development in Romania**

The Romanian rural area has a lot of shortcomings, and a cause is the discrepancy between the town and the village. The optimum solution for reducing this discrepancy is the elaboration of a common development strategy, whose starting point being the identifying of local needs by implication of local population. This process could generate a dynamic development, very important on long term.

The LEADER program supports the Romanian counties just in this sense, by offering possibilities of the rural population to achieve their ideas for a better life in their living place. Creating jobs, ensuring with local food, environment protection, but also keeping the geographical image of rural territory and the preservation the customs, traditions, and all the cultural values of a certain rural region – are the main purposes which confer the social character of LEADER actions in Romania.

The Ministry of Agriculture and Rural Development has selected in 2006 a number of 120 representatives of some sub-regional areas with a population comprised between 10,000 and 100,000 inhabitants, covering 37 counties from all 42 at country level, in order to create structures and activities of LEADER type.

The representatives have been appointed by informal partnerships of public and private sectors, and civil society, in order to be trained in accordance with the following subjects: building the partnerships, diagnostic analysis, local development strategy, territorial action plan, animation actions, monitoring and evaluating of action plan – all these activities being important for preparing of LEADER axis implementation in Romania.

During the training sessions, the representatives of the rural territories have acquired sufficient knowledge to elaborate local development strategies. The majority of the representatives have started the elaboration of local development strategies, but some of them could not finalize due the lack of financial resources or if they have finished, they cannot still implement them. The same is the situation for other public-private partnerships, not only those selected for training by the Ministry, and the European funds represent an opportunity in this sense, to can continue the begun activity.

The managerial approach of LEADER infrastructure in the rural territory of Romanian counties, once established, it can continue to be seen in the context of the marketing mix of rural development. The LEADER can be understood, as a platform comprising all the marketing mix components of rural development in Romania.

The LAGs in each county have the mission to implement the projects financed through the LEADER program measures. Each LAG has established its own development strategy with the specific social and economic particularities, useful for an efficient unfolding of the projects financed by LEADER program. Indirectly these strategies have meant the implementation modalities of LEADER program in Romania. So, the LEADER program implementation is different from one area to another.

Analyzing the implementation strategies of European projects there can be noticed the following general features of each LAG in a county: a powerful team, efficient local leaders, a knowledgeable leader in each locality (area), and the multiplicative role of the leader's performance.

These characteristics are important for identifying the needs and the problems of the rural medium, which successfully attract the allocated EU funds and indirectly helping the LEADER program implementation for rural development of area.

In defining the marketing strategies of marketing mix components for rural development, the principles of LEADER program should be respected:

- approach based on the surface size;
- building bottom-up approach;
- specific modalities of financing and management;
- LEADER public-private partnership (40% public sector – 60% private sector);
- renewing the action;
- actions based on integrated relations;
- cooperation between regions, building the network.

The main strategy is that the rural development projects to value the most of these principles.

LEADER program offers an innovative approach within the policy of rural development, encouraging the rural territories to exploit new ways to become and to remain competitive by valuing their resources at maximum.

#### **4. Conclusions**

The rural development policy is a more and more important component of Community Agricultural Policy. It promotes the sustainable development of rural areas in Europe. The target domain of LEADER program is the micro-region, as an administrative unit, whose existence can be the incentive of development even for the poorest areas of the country. Successful implementation of LEADER program makes the population to realize that:

- The functioning of the local public administration in the small communities is too costly and the needed services cannot be offered at an appropriate satisfaction level;
- The micro-regional cooperation carries out its role more efficient and economical, being the reason for the projects envisaging more localities to be designed at this level;
- Realizing the micro-regional competences does not kill the small localities on the contrary it ensures the increasing of life level of those living there.

The financing modalities of rural development through the implementation of LEADER program will continue for the benefit of rural population.

Improvement of life quality in the rural areas, both for the farmer families and also for the rural population, in a larger sense, would exclude the difficulties encountered until now, as: the aging tendency of population, low levels of services offers and the lack of hiring possibilities.

For attaining a mature level in the direction of EU financing programs, in the Romanian society, the LAGs play an important role by their promoting actions for the opportunities offered by LEADER program, in correlation with the needs and requirements of population from the rural territory target. The LAGs became strategic marketing units.

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