

## On development strategy of rural logistics market

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**Keywords:** rural; logistics market; development

**Abstract.** Due to the particularity of agriculture and villages, rural logistics market is completely different from urban logistics market in terms of logistics demand and supply. This paper discusses main features of rural logistics market, analyzes the problems in China's rural logistics market and proposes development strategy of China's rural logistics market on the basis of summarizing rural logistics market.

### Introduction

"The issues of agriculture, farmer and rural area" are the largest and the most serious problems in China. Meanwhile, these are fundamental issues in social development course. In recent years, the party and the state have paid high attention to new rural construction and issued many policies to support and benefit agriculture. In particular, the logistics system centered by wholesale market generates in agricultural product circulation. However, since agricultural product logistics pattern based on uniting commerce and objects is not changed. Agricultural product circulation fails to gain ideal effects. Low efficiency of agricultural product logistics has greatly influenced industrialization development course of Chinese agriculture and the improvement of income level of the mass peasants. Thus, vigorous development of rural logistics market and formation of efficient new rural logistics system have become a great choice for development of Chinese agricultural market.

### Overview of rural logistics market

Rural logistics is a regional logistics concept relative to urban logistics market. Rural logistics mainly refer to logistics activities in rural areas and covers transportation, loading, unloading, packaging and storage activities provided for production, life and other economic activities of peasant household. According to the flow direction, rural logistics can be divided into two parts: input logistics and output logistics, including the logistics which inputs from peasant households or agricultural product operators and flows to consumers. Rural logistics market is composed of two parts: rural logistics supply market and demand market. The components include logistics include logistics service provider and service demander. The former includes the third-party, first-party and second-party logistics. Logistics service personnel from leading enterprises or professional logistics companies often provide corresponding logistics services. The latter generally covers peasant households, township enterprises, large and medium-sized circulation processing enterprises, production enterprises, wholesalers and trading market etc.

### Main features of rural logistics market

Compared with urban logistics market, urban logistics market has the following outstanding features: 1) urban logistics market demand has regional feature. Rural residents live dispersedly. The distance between the operation and consumption units and peasant households is remote, while villages are disperse. This is a distinct difference between rural market and urban market. Thus, rural logistics market has dispersity, wide coverage and small scale. 2) Rural logistics market has the feature of demand subjectivity. Rural producers and consumers have basically fused together. Some agricultural products are directly provided to vast producers. The production behavior and consumption behavior will to some extent coincide. Peasant households are not just the producers of agricultural products, but also the consumers. Large quantities of logistics are completed in rural

logistics market. 3) Rural logistics market demand has seasonal feature. Quite strong seasonality of agricultural production decides strong seasonality of Chinese rural logistics market. In the seeding season, large batches of seeds and chemical fertilizers are often needed. In the harvest season, large batches of carrying, processing and storage are needed. Meanwhile, harvest season of different agricultural products are also different, while there is the demand for agricultural products every day. Due to the contradiction between disperse production and intensive consumption of agricultural means of production and subsidiary agricultural products, imbalance feature of rural logistics market is caused.

### **Problems in Chinese rural logistics market**

1) Some local governments have insufficient cognition of importance of rural logistics market. Some local governments fail to put rural logistics construction and planning on the agenda and lack sufficient experience and countermeasures to encourage local logistics enterprises to enter the rural areas or construct modern logistics enterprises, perfect rural logistics infrastructure, enhance planning and coordination of rural regional logistics and promote construction of rural logistics market construction in an organized and planned way. 2) In view of diversity and difference of rural logistics mode, rural logistics management and development lack strong and powerful leadership. Although some enterprises carry out delivery and distribution businesses in Chinese rural area, large-scale enterprises are rare. Besides, the service objects and scope of logistics enterprises are very limited. Thus, some logistics created by peasants adopt simple storage facilities and farm-oriented transport vehicles, and the services are very scattered. The cost is also relatively high and the benefit is low. In China, some developed rural areas or rural areas with outstanding regional advantages, rapid development of logistics strongly promotes sustainable development of rural economy. However, due to production regional nature and particularity of each place, there are quite large differences in logistics. There is no existing mode for reference. 3) Rural logistics supply chain is not formed. Nowadays, the speed of Chinese agricultural products flowing into cities and international market is blocked. This is not just because agricultural products lack sufficient advantages in the international market with fierce competitions, but also because superior resources are not completely developed and utilized. The root cause is that most superior resources are blocked at the source. Thus, competitiveness of agricultural products reduces. To realize internationalization and standardization, agricultural production should be implemented according to international market standard to meet demands of various markets. This has become an important topic for China to open up agricultural product market.

### **Selection of development strategies for Chinese rural logistics market**

#### **(I) Government sector should pay high attention to rural logistics market and establish logistics network group**

Establishment and perfection of enterprise logistics network group is a complex systematical project. Systematical researches and planning are needed on the basis of existing logistics system, production market and agricultural product trading market.

Firstly, implement all-round investigation of local economy so as to better know local agricultural product market and discover advantages and disadvantages of local agricultural products. On this basis, the opportunities for development of agricultural products should be found out to reduce various external threats so as to better give play to advantages of local agricultural enterprises and especially agricultural leading enterprises and practically protect the legal interest. Meanwhile, it is also required to actively encourage local small and medium agricultural enterprises to become big and strong. It is required to survey and know local market dimidiated by cities and towns and especially sales market and production market involving agricultural products and comprehensively evaluate the scale and benefit.

Secondly, carry out overall statistics and analysis of local logistics infrastructure to clearly know the real situations. Currently, the development pace of logistics infrastructure is not consistent in

each region. There is significant imbalance feature. At present, agricultural product logistics infrastructure needed mainly includes: storage warehouse, logistics transportation road, communication and information system and relevant auxiliary infrastructure. It is required to distinguish the type, capacity and economic benefit of various facilities so as to conduct more comprehensive and thorough analysis.

Thirdly, continuously intensify technical guidance for agriculture, forestry and fishery industry and set up virtual enterprises or organizations. Only when regional economic advantages and production situations are comprehensively known, material demand, output and market can be grasped accurately. Then, gross demand of agricultural product logistics and logistics distribution can be practically estimated. Then, overall planning and layout can be implemented for agricultural product logistics to reduce repeated construction. Different agricultural industries have different logistics needs. So, there are great differences in storage, distribution processing, transport and handling equipment. Meanwhile, there are different requirements in agricultural product production time and space. The scale of agricultural industry is not uniform, and there are different features in terms of logistics needs. So, virtual enterprises and organizations can be set up jointly by peasant households in different regions and industries to form large scale and realize scale operation. The market prospect is great.

## **(II) Promote agricultural product market construction force to form logistics network node**

Logistics industry mainly provides services for production market and consumer market, belonging to service industry. Logistics industry mainly depends on agricultural product production market and consumer market. However, it also has very large counter-acting force for sustainable development of the above two markets. Superior logistics can promote agricultural products market to gain better development. On the contrary, benign development of agricultural product market will be hindered. Currently, market awareness of most rural masses lags behind, and the development of rural market is insufficient. This is because information and circulation are not convenient. In view of this, apart from active development of logistics infrastructure, various kinds of large-scale agricultural product markets should be set up, including production means market, livelihood means market and agricultural product trading market. It is required to practically intensify construction of agricultural product informatization platform, make vast mass peasants keep pace with internationalization trend of agricultural production as far as possible, practically alleviate and reduce production and sales risks. After the market forms, the scale should be considered to form rational logistics network node and prosper China's agricultural product market through logistics.

## **(III) Energetically intensify rural logistics personnel training**

To construct a high-quality logistics market, powerful personnel team is needed. Currently, although there are many workers engaged in rural market logistics business, they are mainly engaged in agricultural product transportation, delivery, storage, loading and unloading as well as harvest and acquisition in agricultural production process. Most workers lack sufficient professional logistics knowledge and there is generally lack of scientific and comprehensive training. Thus, there is a large gap between the quality of rural logistics workers and requirements if new rural construction. On that account, rural logistics personnel training should be valued. It is necessary to depend on existing rural logistics personnel to give play to their experience and intelligence advantages to cultivate high-quality logistics personnel through various ways in practice. Besides, it is also required to give play to active effects of vocational colleges, secondary vocational schools and training schools for peasants and apply government-led training pattern which social organizations and rural logistics personnel take active part in to improve professional quality of rural logistics personnel and then promote their ability to adapt current agricultural product market.

## **(IV) Implement rural circulation infrastructure construction**

During construction of rural circulation facility system, the construction of communication and transportation is the key. Communication and transportation must meet the needs of current agricultural product circulation. It is required to practically enhance traffic mileage of the traffic roads, and improve road grade, service level and transportation capability. Based in existing road, waterway and transportation network, it is required to improve communication and transportation

environment in rural areas and promote transportation quality and working efficiency of agricultural products. Thus, it is required to specify the layout of transportation station, enhance standardization management of transportation equipment and overall coordination of safety guarantee equipment. Virtuous circle of problem solving in agricultural science and technology should be realized through the support of long-term stable and sustainably increased fees, multi-channel and multi-level science and technology input. In addition, it is required to actively encourage domestic, overseas and industrial technical cooperation and exchange, and actively introduce advanced rural circulation infrastructure and technology so as to achieve better complementary advantages. The advantages owned by experts should be fully exerted to improve technical ability. Meanwhile, rural transportation infrastructure input should be combined with development status of local rural economy to avoid unnecessary resource waste.

#### **(V) Pay attention to agricultural product market cultivation**

To give play to the scale effect of agricultural products distribution processing, dynamic role of the market subject should be ensured for agricultural product circulation. At present, market regulation function of agricultural products is not sound. The development degree of agricultural product market is low. Overall market scale of agricultural products is small and scattered. It is hard to promote infrastructure construction only by depending on single peasant households, let alone form first-class storage facilities and conditions. How to store agricultural products and especially fresh agricultural products? The most ideal way is to drive scale operation and management of agricultural products, i.e. unite peasant households within certain scope to jointly undertake corresponding storage fee to resist market risk and reduce the cost. Meanwhile, it is required to actively encourage agricultural product processing companies, storage companies and transportation enterprises to unite and strive to develop high-quality third-party logistics. Agricultural product storage enterprises, processing enterprises, transportation enterprises and distribution centers are actually virtual organizations with modern information technology as the bond. They can unite scattered peasant households to give play to market influence and scale effect so as to practically reduce mean cost of agricultural product logistics, form one-stop production, supply and sales services and promote new development of agricultural product logistics.

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