

Research on E-commerce Application of Upscale Agricultural Products ----A Case from Qihe Organic

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ABSTRACT: E-commerce of agricultural products is one of the hot research fields in recent years. This paper, taking Qihe Organic Agricultural Development Co., Ltd. as a case, first described its present e-commerce application and then analyzed its deficiencies in depth from information grasping of market demand, provision of individualized service, construction of logistics and distribution system and network marketing. Finally, the paper puts forward the corresponding countermeasures to provide the references of theoretical guidance and practical experiences to Qihe Organic and similar e-commerce enterprises.

KEYWORD: E-commerce of agricultural products; Upscale agricultural products; Qihe Organic; E-commerce application

1 INTRODUCTION

The e-commerce of agricultural products fully employs e-commerce system during agricultural products' producing, processing of sales and distribution. With advanced information technology logistics distribution system, e-commerce enterprises can collect and release information via the internet, and complete the online publicity, sales and e-payment services. In essence, developing e-commerce of agricultural products is using modern information technology to serve agricultural industry and thus to promote agricultural production, increase farmers' income and boom the rural areas.

Compared with the traditional agricultural products' producing, processing and marketing, e-commerce of agricultural products makes the producers supply the agricultural products information directly through the network, and the consumers order what they need directly from the producers so as to avoid production waste, save transaction time, streamline the sales staff, reduce marketing costs and improve transaction efficiency. In addition, the e-commerce of agricultural products also can effectively avoid the agricultural products repeated transportation, sorting and distribution, so to reduce the probability of decay. In evidence, e-commerce has become an inevitable road for traditional agriculture.

With the increasing awareness of food safety and requirement of life quality, purely natural and pollution-free products has becoming popular, and

gradually become an indispensable element of modern citizen life. In order to adapt to market demand, a large number of e-commerce enterprises have emerged, positioning upscale agricultural products. With the usage of e-commerce system, they established a newly production and monitoring system to realize the organic vegetables' whole service processes into one from the production, processing, sales, packaging, logistics, delivery to after sale service.

However, how to effectively carry out e-commerce of upscale agricultural products is the main problem for the e-commerce enterprises to face with. This paper, taking "Qihe Organic" as an example, analyzes the difficulties of e-commerce application during the production, processing, sales, logistics, promotion, and puts forward the corresponding countermeasures to provide valuable theoretical guidance and practical experience for those enterprises who are engaging in e-commerce of upscale agricultural products.

2 PRESENT E-COMMERCE APPLICATION ANALYSIS OF QIHE ORGANIC

Qihe Organic Agricultural Development Co., Ltd. (hereinafter referred to as the "Qihe organic"), with scale cultivation, scientific research & production, online sales and distribution, is the first digital agricultural company in Zhejiang province. With the network technology and advanced information

equipment, Qihe Organic represents the e-commerce enterprise of upscale agricultural products, integrates application of e-commerce in each link from planting, processing, packaging, network marketing, logistics and distribution, and realizes the products converting from farm to table.

2.1 Production

Qihe Organic, from the creation day, adheres to independent research and development, independent production, and has established a serious monitoring system for organic vegetables' planting. Their farms and packing workshops are all mounted on the camera, monitoring vegetables planting process 24 hours a day and 7 days a week. The company members can log into the company's official website at any time and watch the video of agricultural products' whole process of planting from sowing to harvest in detail. In addition to live video broadcasting every day, the farm arranges its staff to record the planting process of each batch of vegetables and fruits with their iPad, and the company members can check the packages of the food they received with a retrospective barcode, which is the access link to the video recorded and published on the company's official website.

2.2 Online sales

Qihe Organic uses the membership of the pre-sale mode. Users should first register on its official website, prepay the whole year's fee online or offline, and then select their favorable products, click "buy now" to make the order, and check their names, phone numbers and distribution addresses to confirm the delivery. In addition to orders by computer, members can also pay attention to the company's official We Chat that is available in seeking for company's We Chat's public account or scanning the two-dimensional code on the front page of the official's website. With the We Chat, members can make orders conveniently.

2.3 Processing and packaging

After receiving the customers' orders, the staff of Qihe Organic will harvest vegetables and fruits from the field, and then process and package them before delivery. The company has its own packaging workshop. Each bag of the vegetables has an independent package. With the installation of the camera, the members can watch online the live video of "packaging workshop", which records the whole packaging process from sorting, picking, packaging and sticking tracking barcode for the products ordered by the members.

2.4 Logistics and delivery

After packaging of the goods, the delivery team of Qihe Organic will provide home delivery service, which is a kind of healthy and fashionable consumption culture. With this delivery mode, the company ensures the customers to receive the freshest products. The company has a set of its own logistics and distribution system. Instead of allocating the distribution to the third party, the company's all distribution personnel are all of its own staff. Due to the early distribution time from 6:00am, the company developed a SMS alert system. The distribution employee would not knock the door of the customer for reminding of the arrival of the order but place the goods directly in front of the house. Five minutes later, a warm reminding message would be sent out to the customer's mobile phone, saying "your food has been arrived at your home. Please check it. Thank you."

3 PROBLEMS ANALYSIS FOR QIHE ORGANIC ON ITS E-COMMERCE APPLICATION

Although the membership numbers and sales amount are speedy growing, there are still many problems in e-commerce application for Qihe Organic. This paper will analyze the company's deficiencies in e-commerce application from the information grasping of customers' demand, personalized customer service, logistics distribution system and the usage of network platform.

3.1 Deficiency in information grasping of market demand

Members who frequently ordered the food on Qihe organic website can easily find that quite a number of the goods listed online is sold out, especially like cabbages, Chinese cabbages, lettuces, eggs and other popular products. It is almost impossible to get them for most members. This is a serious problem for the company to balance the production and demand. The company now has no information system to collect the members demand before planting, therefore its production is like gambling to some extent. On Qihe forum, the customers often complain rare varieties of the products and hardness to get what they need. If the company would not be able to meet the customers' demand in long time, it would be hard to retain the old customers, not to mention attracting the new ones. The old members would probably give up purchasing from Qihe Organic when the pre-stored fee spent out. At that time, the company would lose these customers forever.

3.2 *Lack of individualized service*

The current operation and management mode of Qihe Organic is single and the service provided to every customer is the same without considering the characteristics of different customers, such as their consumption frequency, consumption amounts, family members, ages, dietary preferences, etc. it is time for Qihe to provide individualized service for each member. Currently, the company merely provides the combination of the seasonal products only according to the Chinese traditional festivals, like "dragon-boat festival gift box", "Mid-Autumn festival gift box", etc.

In addition, from the perspective of the products promotion, when their ordering amounts meet the promotion condition, the customers have no rights in selecting the exact varieties for gifts, only to passively accept the unpopular products or the products they needn't at all. Obviously, the promoting effect is barely satisfactory either to the company or to the customer.

3.3 *Inadequate logistics and distribution system*

Qihe Organic has its own logistics and distribution system followed by the KFC's "Zhai-ji-song" mode. Every delivery staff equips with a battery motor cycle. Due to the limited battery, the goods quantity and the delivery scope that one staff can do from 6:00am to 9:00am is also limited

At present, the company is also lack in establishing logistics tracking system. After taking effect of the orders, the member can only access to the internet to inquire the processing of the order, however, the real time delivery information of his or her foods are not available. And what's more, without message's sent out when the order is start to delivery, the company's SMS reminding message is only sent out when the foods are arrived at the customer's home.

3.4 *Lack in network marketing*

Qihe Organic has its own micro-blog and WeChat platform attached with the function of two-dimensional code scanning which is very convenient and practical for network marketing. However, neither of the above platforms is updated in time. Some contents on the micro-blog have nothing to do with its brand and products. No one is in charge of these platforms.

4 STRATEGIES TO ENHANCE THE E-COMMERCE CAPACITY FOR QIHE ORGANIC

4.1 *Improve information collecting capacity and utilization rate of market demand*

Before producing, Qihe Organic should make full use of its historical sales data in the database of e-commerce system and grasp the market dynamics to make the reasonable production decision, and thus to improve the current imbalance phenomenon between sales and production. The company can use data mining technology to dig the information from online orders and detailed page flows to objectively and accurately make the dynamic market demand forecasting. With this forecast data, the company's decision makers can scientifically increase the hot products in planting and breeding, and cut down the unpopular ones.

4.2 *Provide individualized service*

In order to meet their satisfaction, Qihe Organic should treat each kind of members as a separate segment of the market, and make the marketing combination to each member according to his specific needs. As an e-commerce enterprise, Qihe Organic can use its information service tools to analyze members' consumption frequency, amount, dietary preference, and the last buying time. With this customer relationship management system, the company can fully know the customers' need and then make the individualized products combination for them, saving customers search costs and improving customers' loyalty.

4.3 *Improve the logistics system*

Qihe Organic should establish a set of logistics tracking system, so that members can inquire the real-time delivery process on its official website. The staff of the delivery team can download a unified map APP in intelligent mobile phone, and enable the map APP's GPS navigation function. In addition, the company's back information system should bind the delivery staff's mobile phone with company's back information system. With this connection, the customer can inquire the logistics route and track the whole delivery process.

For most families, the products are ordered for dinner while delivered at morning. In order to let the member make adequate arrangement of the dinner, the company's SMS system should send another message "Your order is start to deliver and the products will arrive at XX time. Please check it. "

4.4 Enhance internet marketing

Qihe Organic should make good use of the platforms of micro-blog and WeChat, timely releasing the farm information, product information, member activities, sales promotions and healthy recipes to attract fans attention. With WeChat's relay sending, commercial activities with prize and purchase discount, the company will cultivate members to be accustomed in using the mobile phone for purchase online. Other internet marketing methods such as SNS, forum, targeted customers' email can also be adopted to spread the company's culture.

5 CONCLUSION

Selecting Qihe Organic as a typical representative of e-commerce enterprise on upscale agricultural products, this paper analyzed its production, packaging, sales, logistics and other aspects in depth for the application situation of e-commerce, and then found that the company's deficiencies in grasping the information of market dynamic demands, lacking of personalized service, imperfect logistics and distribution system and network marketing. Finally, the paper puts forward the corresponding countermeasures to provide the references of theoretical guidance and practical experiences to Qihe Organic and similar e-commerce enterprises.

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