

# Research on E-Commerce Strategy of Yichang Agricultural Produce under the Background of “Popular Entrepreneurship and Innovation”

Yun-Duan CHEN

Hubei Three Gorges Polytechnic, Yichang, Hubei, China

250386554@qq.com

**Keywords:** Yichang agricultural produce, E-Business, Popular Entrepreneurship and Innovation.

**Abstract.** Along with the warm wave blowing of "Popular Entrepreneurship and Innovation", more and more agricultural producers and operators are attempting to start their own businesses relying on e-Commerce, while factors such as talents, logistics and scale are still restricting the sustainable development of e-Commerce for agricultural produce. Based on the current situation of e-Commerce for agricultural produce, this Paper analyzes the plights and difficulties in the development of e-Commerce for agricultural produce in Yichang, and makes suggestions such as establishing brand, improving quality and cultivating qualified personnel, hoping to promote the healthy and rapid development of e-Commerce for agricultural produce in Yichang.

## Introduction

On August 3, 2016, CNNIC released the 38<sup>th</sup> Statistics Report on China's Internet Development, which has shown that as of June the population of China's Internet users had reached 710 million, the Internet penetration rate has reached 51.7%, 3.1 percentage points over the global average, and the rural internet penetration rate has remained stably at 31.7%. In addition, according to 2015 China's Online Shopping Market Research Report issued in the first half of this year, by the end of 2015, the population of China's online shoppers had reached 413 million, with an year-on-year growth of 51.83 million, increased by 14.3%, that is to say, China's online shopping market continues to maintain rapid development. In April, according to the Ali White Paper on e-Commerce for Agricultural Produce (2015) released by Ali Research Institute, the number of sellers dealing in agricultural produce has been over 900,000 and completed sale of agricultural produce nearly RMB 70 billion.

Under the overall background of rapid development of on e-Commerce for Agricultural Produce, agricultural produce produced in Yichang also joined the rank of e-Commerce as rapidly as expected. Yichang is located in the transitional zone from the mountainous area of HUBEI to JIANGHAN Plain, dominated by the sub-tropical continental monsoon climate, has over 2,000 species of plant and nearly 300 varieties of medicinal material; the potential of the whole city's water resources is considerable and the breeding surface available has reached over 100 million mu. YICHANG has prominent characteristics of agricultural resources and has formed six characteristic agricultural industries of fruit, vegetables, animal husbandry, aquatic products, tea and Chinese herbal medicine. In addition, YICHANG's agricultural development also focuses on establishing characteristic brand and developing brand effect. By 2015, the whole city had developed 25 agricultural famous trademarks of China, 58 famous brands in HUBEI, 86 well-known brands in YICHANG; there are 498 nuisance-free agricultural produces, 165 green food produces, 27 organic food produces and 17 geographical indication produces, totaling 707 and ranking first in the whole province. 25 well-known trademarks including RICE FLOWER, SIMPLE AND HONEST Gaffer, CaihuaMaojian Tea, Xiaoshi, YizhiKonjac, Angel and Senyuan, and 17 agricultural produce of geographical indication including Yichang Tangerine, Zigui Navel Orange and Dengcun Green TEA have become a benchmark leading the Development of modern agriculture in Yichang. With the rapid development of e-Commerce, transition from the traditional mode of face-to-face deal of agricultural produce to e-commerce through integration of all resources is an inevitable trend for agricultural development in YICHANG and will not only greatly improve YICHANG's agricultural

value chain and enhance the competitiveness of agricultural produce but have a far-reaching impact upon Yichang's economy and farmers' income increase as well.

### **Development Status of E-Commerce for Agricultural Produce in Yichang**

With the continued booming of e-Commerce for Agricultural Produce in Yichang in recent years, the development of e-Commerce for Agricultural Produce in Yichang has shown a pattern of diversification.

#### **Self-Built E-Commerce Service Platform**

Now, Yichang only has a small number of self-built e-Commerce service platforms, the larger one is the Yichang Agricultural Industrialization Platform built by Yichang Municipal Bureau of Agriculture, with the basic functions of providing supply and demand information on agricultural produce and enterprises' product profile, which has played a better role of promoting the development e-Commerce for Agricultural Produce in Yichang.

#### **Self-Built E-Commerce Platform**

Yichang TaosanxiaE-commerce Co., Ltd., focusing on "boosting brands" to develop, for the purpose of one-stop shopping platform, has built a "Taosanxia" e-Commerce platform, converging native, characteristic and wonderful commodities with brand, advantage and service within the region of Three Gorges online so that consumers can buy convenient, affordable and reassuring commodities without going out and their demand for more agricultural produce can be satisfied. In addition, the Company also has an offline exhibition center and logistics distribution center, actively cooperated with the well-known domestic enterprises and real stores for joint developing and building a large-scaled platform for network sales on which businesses shall be independently operating and logistics shall distribute commodities uniformly, and realized annual income of RMB 3.00 million.

#### **Settling in Third-Party Platforms to Create Their Own Brand of E-Commerce for Agricultural Produces**

Settling in third-party platforms, which, seen from the main network marketing channel for current agricultural produce in Yichang, are Taobao(Tmall) and JD, the main platform for e-Commerce network marketing, on which the main produces sold are ZIGUI Navel Orange, native eggs, green tea, ready-to-eat fish snack, bacon, Konjac Flour, some traditional cakes and so on. These third-party platforms have greater market influence and a professional network maintenance team, the cost for settling in them is lower than that for building its own website, where, local e-Commerce businesses represented by Ufarm, by virtue of precise brand positioning, improved e-Commerce operating system, Company + Base + Farmers' joint operation model, has taken a deep root locally for development of order-based agriculture, established cooperatives in Yidu, Dangyang, Yiling District and Zigui, achieved freshness from fruit tree branch to tongue and from field edge to dining table, as a result, local eggs, free-ranging chicken, ZIGUI Navel Orange and so on are highly praised by the vast number of consumers, and also successfully ranked Top 10 free foods on Tmall.

#### **Operation Service Providers Give Hands to E-Commerce for Agricultural Produces.**

As settling in Taobao and other third-party platforms to set up a shop needs technical support, led by the government, operation service providers have begun to give hands to e-Commerce for agricultural produces in Yichang.

On February 15, 2015, under the leadership of the Municipal Agriculture Bureau, Taobao "Characteristic China · Yichang Hall" was launched into trial operation. In Taobao "Characteristic China Yichang Hall", there are over 50 agricultural produce enterprises signed settlements agreements, 157 online shops settled in Yichang Hall and approximately 10,000 commodities are promoted and displayed. Yichang Juemiao E-Commerce Co., Ltd., as the operator of Taobao "Characteristic China · Yichang Hall" project, relies on its proprietary talented staff engaged in

e-Commerce for agricultural produce to provide Yichang agricultural businesses with e-business training, online platform operation, online traffic expansion and the like specialized services and help farmers turning Yichang characteristic agricultural produce such as Zigui Orange, Yidu Mandarin Orange, Cherry, Kiwi, Changyang Tujia Bacon, wild kudzu powder and GEGEN Tablet into good sellers. In addition, this Company's subsidiary, Zhijiang Yachene-Commerce Co., Ltd. as the operator of Taobao "Characteristic China ·Zhijiang Hall" project, has cultivated more outstanding agricultural produces' e-Commerce professionals for Zhichang, Yichang, under the Alibaba Village Tao Program.

### **Win-Win Cooperation with Logistics Service Providers**

In Yichang, many farmers also sell special agricultural produce through cooperation with SF EXPRESS, China Postal and the like courier companies, with the help of third party platforms like SFBest.com and Ulenp.com established by logistics enterprises, taking advantage of their characteristic competitive edge.

### **Continued Prosperity of WeChat e-Commerce for Agricultural Produce**

With the unceasing popularization and application of mobile Internet technology, WeChat e-Commerce, characteristic with simple operation, being easy to learn and low cost in promotion, will turn the traditional agricultural operation mode into a sharing mode, and more and more consumers will be attracted the field edge in front of mobile phones. The Author has surveyed that, taking ZIGUI Navel Orange as an example, villagers advertise its selling points such as green, pure natural, no wax, no pollution, high sweetness and good taste through sharing navel orange's pruning shears, field picking and other processes in the WeChat Circle of Friends, and let many consumers attempt to buy it through the WeChat e-shop, and with this help villagers' oranges are also sold at a good price.

### **Factors Constraining the Development of E-Commerce for Agricultural Produce of Yichang under the Background of "Popular Entrepreneurship and Innovation"**

#### **E-Commerce for Agricultural Produces is Lack of Brand Awareness of Agricultural E-Commerce.**

For consumers, compared with the traditional procurement in a real store, consumers shopping online could not perceive the quality of agricultural produces, so they worry about whether the agricultural produce sold online are safe in quality as well as all losses in the process of transportation. Only establishment of a good brand of e-commerce for agricultural produces can help any enterprise or individual engaged in e-Commerce for agricultural produces reduce their product marketing cost, "integrating and packaging" product information with brand to present the produces to consumers and to achieve the goal of increasing sales. Agricultural produce are greatly different from industrial products, the production of agricultural produces is vulnerable to impact of soil, sunlight, rainwater, temperature and other natural laws, coupled with that operation of many agricultural produces in Yichang is still in a decentralized mode, it is difficult to expand the scale and become stabilized, consumers' network demand would be affected accordingly.

#### **Online and Offline Combination should be Strengthened.**

At the same time of online marketing of e-Commerce for agricultural produces, its offline experience should also be strengthened to let some consumers really feel the practice of agricultural production and experience rural funs through the publication of farm activities and other information on the website, and let more potential user groups have more confidence in commodities under these brands through these consumers' word-of-mouth marketing and thus choose to buy them.

### **The Development of Agricultural Produces' Logistics Via e-Commerce Lagged Behind.**

Yichang is located in hilly areas, agricultural produces and a wide variety of categories are distributed in each region, which has put forward higher requirement for logistics transport, especially transport of fresh agricultural produces have put forward higher requirement in time and equipment, as a result, the cost for logistics transport is very high. Data show that average loss rate of China's agricultural produces in the process of logistics is up to 30%, while the average loss rate in the United States, Japan and other developed countries is only 3%, the difference between them is as much as ten folds, obviously there is a large climbing space for development of logistics of agricultural produce via e-Commerce. The relative lagging of agricultural produces' logistics development has virtually increased the logistics cost of agricultural produce via e-Commerce, hindered the development of e-commerce for agricultural produce to a certain extent.

#### **Shortage of Talented Persons for e-Commerce of Agricultural Produces**

Yichang is a third-tier city, so although more and more agricultural producers and operators begin to have entrepreneurial awareness via Internet, since a large number of them attempt e-commerce for agricultural produces, but do not know how to use computers and are unable to market the agricultural produces online, as the effect of their using e-Commerce for sale of agricultural produces is not satisfactory. Therefore, in order to promote the development of e-Commerce for agricultural produces, it is of urgent need to train a large number of professionals in e-Commerce for agricultural produces.

### **The Development Strategy of e-Commerce for Agricultural Produce of Yichang under the Background of "Popular Entrepreneurship and Innovation"**

#### **Capture User Groups, Select Best Product Categories and Highlight Geographic Characteristics**

Nowadays, a considerable number of consumer groups are willing to choose agricultural produces on e-Commerce platform and they are young, with higher income and pursuing quality life. These consumers are willing to choose green, safe, distinctive and quality agricultural produces with higher prices. Relative to the traditional agricultural produces' sales channel, for this part of online consumer groups, only those agricultural produces with the regional characteristic, which are more green and environment-friendly can win more favor and can be sold at higher prices and thus maintain the product's profit margin. Taking Zigui Navel orange in Yichang, Hubei as an example, its growth place, Zigui County, is located in the west of Yichang and on the bank of Xiling Gorge of the Yangtze River, where the favorable climate makes it taste sweet, coupled with *Ode to Orange* composed by the great patriotic poet, Qu Yuan, which has turned on popularity of Zigui Navel Orange. Once Zigui Navel Orange is sold online via e-Commerce platform, not only the price is much higher than local purchase price, but due to its fragrant sweet and unique quality, it has won rave review; coupled with its transportation and storage convenience, it has become an outstanding performer of Yichang agricultural produces in e-Commerce.

#### **Attach Greater Importance to Establishment of Agricultural Produces' e-Commerce Brand**

Brand awareness is a basic concept guiding the brand building and has become a strategic awareness in modern competitive economy to lead enterprises to win. Brand is equally important for agricultural produces' e-Commerce, a good brand, in consumers' first contact with the commodity, can give them a positive appropriate impression and is suitable for different target groups.

#### **Strengthen Offline Experience and Enhance Consumers' Satisfaction**

Taking Yichang Tea's e-Commerce for example, in order to strengthen consumers' purchase experience, a number of local tea enterprises in Yichang actively explore the tourism + e-Commerce integrated development mode. For example, the local leading tea company, HUBEI

Caihua Tea Co., Ltd., through organization and launching of the Campaign of “100 citizens’ visit Caihua Tea in early spring” each year, lets consumers enjoy Wufeng’s picturesque scenery, while participating in outing to pick tea leaves, and have an in-depth understanding of local tea culture by visiting the park’s Tea Museum. In addition, a number of tea enterprises in YICHANG, also through holding tea e-Commerce symposiums, Chechi People YuyuanZen Tea Culture Festival, Yidu Tea Competition, Yuan’ An famous tea tasting and the like other campaigns, lets consumers from all sectors of society be very well involved to have a good understanding of tea industry in Yichang. Through this series of initiatives, in 2016, on the first tea Expo of "Internet + Tea Industry", 34 tea enterprises in Yichang signed tea purchase and sale agreements of RMB 800 million and up to over 9,000 tons, which has driven the development of Yichang’s local economy.

### **Combination with Modern Logistic Has Reduced the Cost for e-Commerce Logistics of Agricultural Produces.**

At present, the development of agricultural produces’ logistics is slower than the increase of agricultural produces’ sale online, so logistics is very important to e-Commerce of agricultural produces. Building an expedited and unimpeded logistics channel of e-Commerce for agricultural produces is extremely urgent. Agricultural produces’ e-Commerce enterprises or individuals can work with professional logistics enterprises for integration of effective resources and improvement of agricultural produces’ e-Commerce logistics channel. First of all, local agricultural enterprises or individuals can customize standardized logistics and distribution systems to different seasons the characteristics of different agricultural produces, so as to effectively short the supply chain, save the logistics cost and improve transport efficiency. Secondly, local agricultural enterprises or individuals should introduce efficient and energy-saving fresh-keeping packaging technology and product to reduce agricultural produces’ e-commerce cost by reducing the loss of agricultural produces in the transport process, but enhance customers’ satisfaction s well.

5. Give full play to the role of local colleges and universities, and actively develop e-commerce professionals for agricultural produces

The e-Commerce talented personnel for agricultural produces’ cannot be developed without the support of local colleges and universities, so it is necessary to actively give play to the role of local colleges and universities and actively develop e-commerce professionals for agricultural produces from teachers, curriculum, personnel training and so on.

### **References**

- [1] Lin Xiaolan: Research on precise targeted e-Commerce marketing of China’s agricultural produces [J]. *Agricultural Economics*, 2014 (12): 137-138.
- [2] Chen Yunduan: Brief Analysis on Creation of e-Commerce Brand of Agricultural Produces. *HUBEI TODAY* [J] .2015 (9): 29.
- [3] Cao Xiang and DU RONGLIANG: Exploration on Training Mode of Talented Rural e-Commerce Personnel in Higher Vocation Education, *China Journal of Commerce* [J] .2015 (25): 190-192.