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The Network Marketing of Fresh Agricultural Products in China

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Abstract The paper introduced the connotation of network marketing of fresh agricultural products and analyzed the fundaments of launching the C2C marketing of fresh agricultural products in China. The fundaments mainly cover the development of e-commerce, the transformation of consumption concept, the change of life style and the features of Chinese agricultural production. The developmental status of the C2C marketing of Chinese fresh vegetables and fresh fruits is introduced and the plights, including imperfect rural network infrastructure, inadequate talents specialized in network marketing of fresh agricultural products, uneven quality of agricultural products, immature logistics system, uncertainty existed in faced by the C2C marketing of fresh agricultural products and imperfect governmental protection system, are pointed out. In the end, the developmental trend of Chinese network marketing of fresh agricultural products on the basis of C2C mode is described.

Key words C2C, Fresh agricultural products, Network marketing, China

With the rapid development of internet technology, on-line marketing has become an important part in people's daily life. The application of e-commerce model of C2C has opened up a brand-new channel in china's market of fresh agricultural products. This paper at first introduces the connotation of the network marketing of fresh agricultural products. Then, on the basis of introducing the background of developing the network marketing of fresh agricultural products in China, the current development status of Taobao. com about selling agricultural products is discussed. The challenges confronted by the mode are pointed out and the developmental trend of the mode in China is analyzed.

1 The connotation of the C2C network marketing of fresh agricultural products

Fresh agricultural products refer to the products produced by agricultural sectors without being processed or being slightly processed. Fresh agricultural products can not be stored at the normal temperature and they include vegetables, fruits, and meat and aquatic products[1]. The fresh agricultural products are mainly animal and vegetative products, so they are easy to go bad, hard to store and have the seasonal, periodical and geographic features. The transportation of fresh agricultural products in most Chinese areas follows the traditional way of logistics, which take the wholesaler as a core and relies on wholesale market and farmer' market[2].

The C2C e-commerce is the e-commercial trade mode from consumer to consumer. It provides an on-line transaction platform to let the buyers to choose products on line and the sellers to supply goods to sell[3]. The monitoring data from DCCI Netmonitor shows that the C2C e-commerce is widely accepted by the masses. The population who accepts e-commerce, has increased from 0.162 billion in 2008 to 0.196 billion in 2009, with the increase rate of 20.6%.

The specific steps of applying C2C e-commerce to fresh agricultural products are as follows. Firstly, rural households register a virtual shop on the third party transaction platform(for example Taobao. com). Secondly, rural households release the crops, the breeding situation of poultry, quality survey report to the platform to let the consumers to consult the information of agricultural products. Thirdly, the consumers can order or purchase the agro-products by paying them through the third-party platform (such as Alipay), and then the rural households will send the fresh agricultural products to consumers through logistics companies or delivering by themselves.

2 Background of applying C2C e-commerce on fresh agricultural products

Traditional marketing of fresh agricultural products is restricted by time and space and the principal way is the direct transaction in agricultural market. With the advent of network times, the transaction model of fresh agricultural products on the basis of B2B and B2C e-commercial modes has obtained rapid growth. The network marketing of fresh agricultural products, supported by network technology, relies on the websites of fresh agricultural products industry, websites of enterprises, websites of agricultural information of governments at various levels to realize the on-line trade negotiation and out-line deal and payment. In recent years, the C2C e-commerce mode on the basis of on-line retailer, has entered people' daily life. The following aspects can explain the application and launch of the network marketing.

2.1 The development of e-commerce With the development of modern information technology and the improvement of network environment, the e-commerce dominated by on-line marketing develops rapidly. China is a traditional granary country and agriculture is the basis of its national economy, the rap-

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id growth of e-commerce has greatly promoted the development of agricultural products. In the past, the lagged information was always the bottleneck for the marketing of agricultural products. But nowadays, by using the e-commerce, the supply and demand information of agricultural products can be obtained timely, which is conducive to cutting transaction costs and improving efficiency. The internet allows the supply party and the demand party to convey their information timely. In the past, the seasonal, geographic nature and easy to go bad feature of agricultural products caused numerous difficulties in the marketing of agricultural products. But at present, the rapid and convenient channel of e-commerce can address these problems promptly[4].

2.2 The change of consumption idea In the past, people holds the traditional transaction habit of "observing, touching, listening and tasting", so they thought the network marketing was virtual and without credibility and they preferred to face to face trade even it took more time and energy. With the rapid development of internet times, people began to know the internet. *The 27th Statistical Report on the Developmental Status of Chinese Network* issued by Chinese Internet Network Information Center shows that by the end of January , 2010, the number of netizens in China has achieved 0.457 billion, 7.330 million more than that in the end of 2009. Notably, the on-line consumers have the annualized growth of 48.6%, which is rapidest growth of application of internet. It indicates that more economic activities will enter the internet times.

2.3 The changes of life style For one thing, the rapid pace of life mode shrinks urban residents' time and energy to buy agro-products in agricultural markets; for another thing, the social aging trend is very serious and the feeble old-aged people can not go out to buy agro-products alone. Therefore, the launch of on-line marketing of agro-products can not only explore new marketing channel of agro-products for farmers, but also save urban residents' time, provide convenient way for old-aged people to buying goods and let the old-aged people to avoid the trouble of taking crowed transportation and queuing.

2.4 The characteristics of Chinese agricultural production Chinese agricultural products is characterized by dense population and limited land and is dominated by scattered and small scale production mode. The application of C2C network marketing mode to fresh agricultural products creates a new channel for rural households with small agricultural production scale. The mode can not only expend the transaction space of rural households, but also abate the overstock of agricultural products, decrease market risks, saves the transaction costs of the intermediate circles and prevent other people' speculation actions, to realize the joint of producer and consumer to protect the interests of rural households and consumers to a large extent.

3 Developmental status of the C2C network marketing of fresh agricultural products

According to the nature of the sellers, the network C2C marketing mode of fresh agricultural products can be divided into two categories. The first one is the registered company. The company contracts a farmland, plants crops by professional way and sell the products directly after harvesting. The major consumers of this kind of company are supermarkets. In the company, few products are sold through internet. The other category is the rural household or urban residents with land. Parts of their agricultural products are left to support their own needs and the surplus parts will be sold. According to the types of fresh agricultural products, the C2C network marketing fresh agricultural products can be classified into fresh vegetables, fresh fruits, fresh meats and aquatic and sea food. In the following part, the sales of fresh fruits and fresh vegetables on www. Tabao. com are expounded.

3.1 The network marketing of fresh vegetables Taking www. taobao. com as an example, there are 224 sellers sell fresh vegetables, most of them distribute in developed cities. 75 sellers come from Jiangsu Province, Zhejiang Province and Shanghai and 29 sellers come from Beijing. There are aggregate 1 271 fresh vegetables sold on taobao. com. Most of the vegetables are leaf-class vegetables and root vegetables and the vegetables are sold by the way of selling shortly after picking. The sellers provide the growth situation of the vegetable and introduce the nutritive value and food value of various kinds of vegetables. Meanwhile, the sellers will process the vegetables according to the transportation distance and special demands of buyers.

From the perspective of price, the prices of the vegetables are higher than that in agricultural market and supermarket. There are three reasons for the relatively higher price. In the first place, the vegetables are called green vegetable with high planting costs; in the second place, the sellers often sell the agricultural products, which are rare in the local places, so the rarity leads to the high price; in the third place, the physical features of vegetables increased the costs of transportation. From the perspective of logistics, the buyers pick the agro-products through the search engine of the website and the types, prices and location of the agricultural products, and the buyer supplies the agricultural products according to the demands of buyers. After packing the products, the sellers will send the products to buyers by entrusting the logistics company, sending them by themselves or asking the buyers to take the products. From the perspective of the capital flow, after ordering the agricultural products, the buyers transfer the relevant fee to the third party Alipay from their bank account. After the buyer confirming that they have received the products, the Alipay will give the money to the account of the seller. Some website allows paying after receiving the products, so the buyer can give the money directly to the seller without Alipay. From the comments of the buyers, the problems of on-line marketing of fresh agricultural products focus on the following aspects. The products bought have disparity with the products described; the losses of agricultural products in the process of transportation; the slow speed of transportation affects the freshness of agricultural products.

3.2 The network marketing of fresh vegetables Taking www. Taobao. com as an example, there are 1 177 sellers and 7 309 fresh fruits. Among the virtual stores, a Jiamailong store

is the biggest and professional fruit website. Form the registration of Jialimai on 31 August, 2010 on taobao. com to the 28 February, 2010, there are all together 2 171 buyers buy fresh fruits from it. All of its fresh fruits are picked by the buyers of the company and the intermediate sections are eliminated. At the same time, Jialimai only supply the products within the area of Beijing and the products are delivered by the staff, which ensures the freshness and safety of fruits. Jialimai provides the no-questions-asked return service, which solved consumers' worries about the quality of the products. From the perspective of prices, the prices of fruits on the on-line shop Jialimai are lower than that in the supermarket and agricultural market, for example, the fresh Chile strawberry sold in supermarket is 28 yuan/125 g, but in Jialimai, it is only 18 yuan/125 g, so in three months, the virtual shop sold 714 pieces of the products. At the same time, the transportation fee of products can be reduced to different degrees.

Comparing with taobao. com, the other C2C e-commercial mode websites, such as eBay, there is only one seller and five kinds of fresh fruits sold in the websites. But in Alibaba. com and Paipai. com and some other websites, there is no such product in the e-shops. It can be seen that the C2C network marketing of fresh agricultural products has not been fully launched.

4 Problems exist in the development of C2C network marketing of fresh agricultural products

4.1 Imperfect rural network infrastructure construction In recent years, the construction of Chinese rural network has experienced great growth, but the infrastructure is still weak and gap among various areas is still large. Rural households with the access to internet mainly concentrated on Beijing, Shanghai, Zhejiang Province, Jiangsu Province, Guangdong and some other developed areas, rare rural households in central and western area are accessible to internet. Therefore, the government should strengthen the investment in rural internet infrastructure construction and provide updated agricultural production technology and prompt and accurate market information for farmers to better lead farmers to participate in market.

4.2 Inadequate talents on network marketing of agricultural products The network marketing of agricultural products depends on people's master on computer technology and internet communication technology, what's more , rural households should fully tap and master market information and make reasonable production and pricing according to the information. However, agricultural producers lack the necessary knowledge on e-commerce and systematic application of modern information technology, so it is hard for them to undertake the job. Hence, the government should intensify the investment on rural vocational education; improve farmers' ability to use internet; cultivate a large number of talents with network marketing technology to lay solid social foundation for the network marketing of Chinese agricultural products.

4.3 The quality of agricultural products can not be guaranteed Comparing with the traditional face to face trade in agricultural market, people can not tell the quality of agricultural products from the virtual on-line transaction, which makes the quality of agricultural products the prior concern of consumers. Besides, most of the agricultural products traded through C2C e-commercial mode are produced and sold by the rural households themselves, so it is hard to appraise its quality. Therefore, how to solve the imbalanced information of buyers and sellers and avoid the cheating is more and more important. In the first place, the standardized quality standard and quality appraisal process should be stipulated and the quality supervision departments should be responsible for the quality appraisal and provide product certificate. In the second place, in the process of network marketing of agricultural products, rural households should reinforce brand construction and improve the quality, yield and added value of agricultural products through credit operation, so as to improve consumers' credit on agricultural products and reputation of agricultural products, and then control the privilege of making a price. In the end, the C2C website should establish strict credit appraisal system and insurance system to prevent the cheating behaviors between the buyers and sellers.

4.4 Immature logistics system For one thing, fresh agricultural products characterized by short warranty, easy to go bad, uneasy to store and transport increase the difficulties and costs of transportation, limit the circulation scope of fresh agricultural products. What's worse, with the expansion of time and space, the losses in the process of transportation will increase rapidly. For another thing, Chinese logistic distribution system is imperfect with long distribution time range, narrow coverage of logistics and unsecured quality. Therefore, selecting suitable logistics and perfect logistics system can not only improve the logistics level but also decrease logistics losses, satisfy consumes' demand and enhance the market competition of agricultural products to lay sound foundation for the network marketing of fresh agricultural products.

4.5 Uncertainty of market The network marketing mode on the basis of C2C e-commerce, rural households have to confront with great risks for the consumers are flexible, arbitrary and uncertain when buying agro-products and the consumers' demands on agro-products fluctuate greatly, which is difficult for the production and marketing of agro-products. Therefore, rural households should have astute market observation and they should reduce the market risks of agro-products through network reservation. At the same time, rural households should launch the production of supporting products, such as canned vegetables, dehydrated vegetables so as to tap new channels for the network marketing of vegetables to sole the inventory of fresh vegetables.

4.6 Unsound policy security from the government The B2B and B2C modes of e-commerce have been launched for a long time and in the process of practice, the government has provided relevant policies and regulations to secure them. But as for the newly emerged C2C e-commerce mode, we can not plan or support it through relevant laws and regulations. The

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and internal motive force of constructing new village, that is, the new farmers correlate with new village construction highly. But on the other hand, in the light of the reality, the well known fact is that currently the overall quality of the peasants in China is significantly low, and there is a large number of traditional farmers, but the new farmers are rare. Scarce number of new farmers means that the qualified main body of new village construction is missing, the basic factors are scanty and the internal motivation is insufficient. From one side, this reflects that currently the new village construction in China is still in its infancy. It also reflects that the new village construction is arduous and long-term construction and underlines the necessity and urgency of nurturing new farmers. That is to say, fostering new farmers is not only the intrinsic demand and urgent need for the new village construction, but also an important content and fundamental project for new village construction. It is gratifying at present that the party and the government have fully recognized the significance of nurturing new farmers and they are taking various measures to greatly improve the overall quality of farmers, and actively nurture new farmers. What can be expected is that with the transformation of more and more traditional farmers to new farmers, we will successfully achieve the goal of new village construction.

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rights of rural households and consumers can not be guaranteed. Hence, it is imperative to institute and perfect the quality standardization system of agricultural products; strengthen the policy support in financial; fiscal and tax aspects, protect the privacy and information safety of consumers; intensify the supervision on governmental administration, which are crucial to realize the development of C2C mode.

5 Developmental trend

The emergence of the C2C network marketing of fresh agricultural products provides new developmental mode for the production and marketing. The mode is the beneficial supplement of the marketing of traditional agro-products. In addition, amid providing a flexible shopping choice for people, the network marketing of fresh agro-products has solved the farmers' shortage of capital; saved the transaction costs; broken through the marketing bottleneck of fresh agro-products and open a wide market prospect. At present, C2C e-commercial marketing of fresh agro-products is still in the primary stage and the traditional marketing mode dominated by wholesale is still irreplaceable. China still can not find balance between development and profit-making, but with the continuous development of C2C network platform, the government should fully display the C2C network marketing mode of fresh agricultural products and weaken its restriction factors, and then the new type transaction mode of fresh agro-products will be accepted widely and its giant commercial value can be released and accepted. Network marketing will become an important stage for the marketing of fresh agro-products, so as to make great contribution to the construction of Chinese agricultural modernization.

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