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# SWOT Analysis on Agricultural Enterprises Implementing B2C E-commerce——A Case Study of Wuding Strong Chicken Farming Enterprises

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**Abstract** This paper first introduced current situations of agricultural enterprises using B2C e-commerce to sell agricultural products. Then, using SWOT method, it analyzed strengths, weaknesses, opportunities, and threats of Wuding strong chicken farming enterprises implementing B2C e-commerce. Finally, it came up with recommendations for Wuding strong chicken farming enterprises implementing B2C e-commerce.

**Key words** Wuding strong chicken, B2C, E-commerce, SWOT

## 1 Introduction

In recent years, the development of e-commerce in China is smooth all the time. According to the survey reports issued by iResearch, the revenue of China's e-commerce was 894.62 billion yuan in 2016, 28.5% higher than 2015, accounting for 2/3 of total revenue of China's network economy; the number of netizens in China reached 730 million, 95.1% of them were mobile Internet netizens; transaction of B2C e-commerce accounted for 55%, 32.4% higher than the previous year; the market scale of online travel, Internet ads, search engines, online videos, Internet finance, and online games accounted for more than 90% of the entire e-commerce transactions<sup>[1]</sup>. The report also stated that e-commerce is still the main force supporting the network economy. However, compared with other industries, the development of e-commerce in agricultural enterprises is not very satisfactory. According to the statistics of China Internet Network Information Center (CNNIC), more and more agricultural enterprises start using the B2C e-commerce model to sell their agricultural products. In essence, these agricultural enterprises take this operation model as a network tool for disclosing enterprise information, displaying product quality, propagating products, maintaining enterprise image, and communicating with consumers on line. This greatly underestimates actual value of e-commerce and does not make full use of e-commerce to realize the purpose of selling agricultural products. Due to poor understanding or e-commerce mode, and limitation of management level, some agricultural e-commerce enterprises are confronted with problems of rotting of agricultural products and out of supply of agricultural products during the sale of agricultural products. Therefore, it is required to increase online sales of agricultural products through various efforts. In this era where e-commerce is everywhere, using e-commerce to serve the circulation of agricultural products has become an inevitable choice for the distribution enterprises of agricultural products<sup>[2]</sup>.

Through searching related literature, field survey and consulta-

tion, we analyzed current situations and future trend of Wuding strong chicken farming enterprises using B2C e-commerce. Using SWOT methodology we analyzed strengths, weaknesses, opportunities, and threats of Wuding strong chicken farming enterprises implementing B2C e-commerce, and came up with pertinent recommendations for the development of Wuding chicken farming enterprises.

## 2 Current situations of agricultural enterprises implementing B2C e-commerce

E-commerce is a business model of transferring products or services directly to consumers without any intermediary with the aid of electronic and information means and Internet technology. Due to low cost, short time, accurate information, convenience and efficiency, this model has been rapidly developed<sup>[3]</sup>. Yet, compared with e-commerce of other non-agricultural products, the e-commerce of agricultural products in China still falls much behind. Many agricultural enterprises have their own websites or set up shops in large e-commerce platforms such as Jingdong, the sales volume is still very small. The e-commerce model of most agricultural enterprises just remains in name, and they mainly implement traditional operation and management under the banner of e-commerce. Take Taobao, for example, there are numerous types of agricultural product enterprises, 223 kinds of organic foods, 188 kinds of grain and oil and local and special products, 68 kinds of fruits, vegetables and aquatic products and meat products. Taobao is an online shop with the largest number of agricultural enterprises. Even so, it is still easy to find that the proportion of agricultural products is the smallest, and the sales volume is the smallest. This is true for other e-commerce platforms. Generally, the e-commerce market for agricultural products in China is still very weak, the current situation of e-commerce of agricultural enterprises is very severe, and it still takes a long time to develop and improve.

## 3 Introduction of Wuding strong chicken farming enterprises

"Strong Chicken" is a special agricultural product of Wuding and

an important support for agricultural economic development of Wuding. Wuding has long enjoyed the reputation of "hometown of strong chicken". Wuding strong chicken is special poultry evolved through long time of natural and artificial selection in the common action of unique geographical environment, topography, geography, climate, light, temperature, humidity, minerals, biomass, water conditions. With excellent production performance, stable genetic performance, and high nutritional value, Wuding strong chicken is greatly favored by the market and is the famous chicken variety in local areas. Wuding strong chicken takes corn, soybean meal and rice bran as the stable feed, free range, and the feeding time is generally more than one year. In order to promote the development of Wuding strong chicken, the people's government of Wuding severely takes charge of construction of demonstration farming base, construction of demonstration village, standardized and industrialized production of strong chicken. At the same time, through inviting outside investment and developing leading enterprises, Wuding County has introduced many influential enterprises and launched extensive cooperation with them. Wuding County government also provides great supports for development of individual farming households, demonstration bases, leading enterprises and processing enterprises in funds, technology, personnel and so on. Now, some processing factories of Wuding strong chicken have reached certain scale and have formed a series of strong chicken products.

Also, Wuding County has set up a leading team for construction of "hometown of strong chicken", formulated scientific development plan and implementation scheme, made clear the development idea, to strengthen the leadership in the construction of hometown of strong chicken". Through ensuring the funds and taking effective measures, it is required to actively prevent and control Highly Pathogenic Avian Influenza (HPAI), take large scale farming households, areas along the main traffic, and towns and markets as major points, allocate special funds, take a good control of monitoring, immunization, disinfection, and closure of markets, to ensure implementation of various prevention and control works. Wuding county and township animal husbandry departments went deep into rural areas, organized extensive and high-density compulsory immunization work, to safeguard farming of strong chickens. Wuding County actively encouraged and supported farmers, collectives, and companies to participate in the industrial chain of Wuding strong chicken, and widen the sales channels, to form different levels of purchase and sale network. At present, there are seven Wuding strong chicken production associations, with more than 400 members, more than 30 large farmers, the annual sales of strong chicken more than 200 000. In the first three quarters of this year, Wuding County slaughtered more than 2.5 million strong chickens with the output value greater than 70 million yuan.

## 4 SWOT analysis on Wuding strong chicken enterprises implementing B2C e-commerce

**4.1 Strengths** (i) High influence power. Benefited from the

long history of feeding and unique natural and geographical conditions, Wuding strong chickens are big in size, tender in chicken, crispy in chicken bone, and delicious in taste. Wuding strong chicken products were used as articles of tribute as early as Qing Dynasty. After decades of development, the excellent image of Wuding strong chicken has been set up. In recent years, Wuding strong chicken has enjoyed high reputation both at home and abroad.

(ii) Unique geographical and climate advantages. The particularity of Wuding "strong chickens" feeding not merely lies in the growth after castration, more important, it is the fact that Wuding has special geographical, climate, biological, and spring water conditions. Wuding is complex in terrain, and the climate takes on three-dimensional distribution pattern. The geographical status of Wuding can be divided into mountain and dam areas, and their ecological environment is quite different. Mountain areas have high altitude, low temperature, high humidity, long sunshine time, while the dam areas have low altitude, slightly high temperature, moderate humidity, shorter sunshine time, Wuding strong chickens are raised in mountain areas<sup>[4]</sup>. Besides, Wuding strong chicken farm is big and no boundary, chickens are free, thus they can obtain sufficient minerals, animal protein and green feed, which ensures high nutritional value, green, natural, pollution-free, and harmless features of strong chickens. These are also main reasons for short supply of Wuding strong chickens for many years.

(iii) Government support and sufficient funds. To support the development of strong chicken industry, local government not only provides assistance in technology and personnel, but also strengthens effort in attracting outside investment, strengthens leading enterprises, now it has introduced cooperation between Guangxi Honghua Group and Wuding Zhuangyuanhong Company to ensure sufficient funds for its development.

(iv) Scientific development road. More than ten years ago, Wuding County set up a leading team for construction of "hometown of strong chicken", formulated scientific development plan and implementation scheme. In the period of the 11th Five-Year Plan, 12th Five-Year Plan, and 13th Five-Year Plan, it put forward the development idea of promoting the construction of "hometown of strong chicken" to strengthen the leadership of construction of "hometown of strong chicken". Local government allocated funds and adopted various protective measures to ensure the development of Wuding strong chicken.

**4.2 Weaknesses** (i) Lack of human resources. Most Wuding strong chicken farming enterprises are non-governmental enterprises, and they lack high-tech talents, especially those who are proficient in e-commerce. However, the development of e-commerce, especially for agricultural enterprises, needs to rely more on those talents who know both e-commerce and the agricultural products they are operating. Besides, e-commerce enterprises of Wuding strong chickens are new enterprises. Compared with traditional enterprises, their workers have low salary, but have to work hard.

As a result, the bottleneck is a great problem confronted by Wuding strong chicken enterprises.

(ii) Long production cycle. The production cycle of Wuding strong chicken is generally about 12 months, leading to the circulation of its products slower and the occupation of funds longer than other similar products.

(iii) Management structure to be optimized. With government support, Wuding strong chicken has been developing rapidly. There are many private strong chicken enterprises, but the internal management structure of these enterprises is very chaotic, and family feature is deeply rooted in such enterprises, which greatly influences the overall development of Wuding strong chicken.

**4.3 Opportunities** (i) Policy environment. In recent years, China always supports the development of urban and rural enterprises. For Wuding County, it has set up a leading team for construction of "hometown of strong chicken" to support the development of strong chicken farming industry. In the period of the 11th Five-Year Plan, 12th Five-Year Plan, and 13th Five-Year Plan, it put forward the development idea of promoting the construction of "hometown of strong chicken". The People's Government of Wuding County creates favorable policy environment in funds, technology and talents for the development of Wuding strong chicken enterprises.

(ii) Internet environment. According to relevant statistics, China's online shopping consumers account for 2/5 of the netizens, showing high penetration of online shopping. The large number of netizens provides huge market space for Wuding strong chicken enterprises implementing B2C e-commerce and network selling.

(iii) Market environment of agricultural products. Since the reform and opening up, the economic conditions of China have been improving year by year and people's living conditions are improving, making the demands of consumers for high quality, safe, green, and healthy agricultural products becoming more and more intense. Due to excellent natural, green, pollution-free, nutritional and healthy features, Wuding strong chicken has significant advantages.

(iv) Network technology environment. Since the 21st century, with the continuous development of the Internet and continuous innovation of online payment, consumers can make online transactions over the Internet anytime and anywhere. Besides, with the continuous improvement of industrial technology and network hardware and software environment, especially the development of 4G technology, e-commerce develops vigorously and mobile phone has become a convenient transaction terminal. At present, people having mobile phones and computers have covered all consumers, mobile phones and computers connected with the Internet are also increasing year by year. This greatly reduces costs of online shopping, optimizes network environment of online shopping, and lays a favorable foundation for development of Wuding strong chicken.

**4.4 Threats** (i) Threats of similar agricultural products. Due to the short supply, output, and regional distribution, the market share of Wuding strong chicken is small. Besides, squeezed by similar agricultural products, Wuding strong chicken has got many strong competitors such as the famous Jinmen free range chicken, New Yangzhou chicken, Yuanbao chicken, and Huadong free range chicken.

(ii) Logistics defects. At present, China's logistics industry is still not standardized and non-systematic, lacks unified planning and adequate macro management, the functions of distribution center are not complete, and distribution sites are unreasonable. All these restrict the development of B2C enterprises. In addition, Wuding strong chicken enterprises face more and more difficult transportation problems, because the problem of e-commerce of Wuding strong chicken enterprises lies not only in transporting fresh products, but also in transporting live chickens.

(iii) Imperfect laws and regulations about online transactions. As a new business model, B2C e-commerce still remains at the early development stage in China, and various supporting management facilities are to be improved, it is still difficult for regulation of B2C e-commerce to compare with traditional retailing industry. Once there is transaction failure in B2C e-commerce industry, it is difficult to guarantee rights and interests of consumers, which will influence normal and rapid development of B2C e-commerce of Wuding strong chicken.

## 5 Recommendations

**5.1 Increasing the propaganda efforts to further raise the influence** In the past, good wine needs no bush. However, at present, quality goods still need advertising. It is also true for Wuding strong chicken. Wuding strong chicken was taken as articles of tributes in Qing Dynasty. But in recent years, it is reduced to regional product and its reputation also declines. Therefore, Wuding strong chicken operating enterprises should conform to market laws and rules, increase the propaganda, further raise the brand influence, promote sales of products, and increase the market share.

**5.2 Strengthening organizational management and increasing the management efficiency** In internal management, Wuding strong chicken farming enterprises have problems of unclear development goals, unclear management responsibilities, not transparent performance assessment, and low overall management efficiency. Therefore, it is recommended to make clear development goals of B2C e-commerce of Wuding strong chicken enterprises, clearly define responsibilities and rights of members of enterprises, consolidate resources, and increase the sales, to obtain high profit.

**5.3 Strengthening training of workers and cultivating talents** Talent is the most important factor for development of enterprises. Wuding strong chicken enterprises should strengthen the training of human resources, especially personnel who are proficient in e-commerce, to promote the development of e-commerce

