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Study on the Development of Yunnan Floral E-commerce

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Abstract Cut flower production in Yunnan accounts for 80% nationwide. In order to expand the Yunnan Flower sales channels, the promotion of the development of e-commerce is necessary. In 2012 China's online shopping users reached 247 million people, but e-commerce of fresh flowers lagged behind due to the constraints of preservation facilities and logistics cost. The analysis of the factors restricting the development of floral e-commerce and the proposition of solutions to this problem can promote faster development of Yunnan floral e-commerce.

Key words Yunnan flower, E-commerce, Recommendations

1 Introduction

Flowers used to be a luxury to ordinary people in the past. With the improvement of the living standard, flowers has become a necessity to beautify the living environment and now through the network, you will be able to send bouquet of flowers to friends or relatives thousands of miles away, expressing wishes and thoughts. Yunnan is the largest production base of fresh-cut flowers in China. According to the statistics of Yunnan Flower Industry Office, in 2011 flower planting area reached 46 686.7 hm², total output value of was 26.681 billion yuan, the total area of cut flowers was 10 266.7 hm², cut flower production reached 6.5 billion, cut flower production accounts for 80% nationwide. In 2012 the total area of cut flowers reached 11 266.7 hm², production was 7.25 billion^[1]. To expand sales channels of Yunnan flowers market and meet the needs of the network user, the creation high-quality and efficient e-commerce sales platform and professional floral logistics system is very imperative.

2 Current situation of floral e-commerce

2.1 Current situation of e-commerce in China According to the China Electronic Commerce Research Center monitoring data, up to December 2012, China's online shopping user scale reached 247 million people, B2C, C2C and other electronic business entity reached 24 875, the actual number of individually-operated shop reached 13.65million, Chinese e-commerce market transaction reached 7.85 trillion. B2B e-commerce transactions amounted to 6.25 trillion, B2C retail market transactions reached 1.3205 trillion yuan^[2].

2.2 Status of overseas floral e-commerce 1800Flowers is a well-known chain of flower retail website in New York metropolitan area in the United States. At the beginning, flower delivery prob-

lem became their biggest problem. In order to solve the problem of flower delivery, 1800Flowers purchased the franchise system of U. S. West's largest chain vendors Conroy's Flowers, which has 32 outlets in the United States and 92 franchises. The wide coverage of stores solved problems of flower delivery of online order. This also ensures the timely delivery of Internet sales of flowers. The efficient flower delivery service guaranteed the quality of flowers, which is widely welcome by the customers. The combination of online sales system and the entity store delivery help 1800Flowers become the largest online flower sales platform, developing into a market company with capitalization of over \$ 700 million^[3]. Netherland has the most advanced electronic flower auction system, through electronic logistics parks and distribution centers to provide services to customers and consumers worldwide. Wherever the consumers are, as long as the order issued on the internet contains information about flower varieties, the number and needs of dates, the flowers will be delivered to consumers within the specified time.

2.3 Status of domestic floral e-commerce The domestic floral e-commerce Flowers are mainly concentrated in the Taobao. If you search on Taobao for "flowers" outlets, 21 602 flower stores will be found which are distributed throughout the country. Based on the monthly sales, the total sum of transaction is low and the price of flowers is relatively high than that of the local store, mainly due to the higher logistics cost of floral product.

China First Flowers (<http://www.xianhua001.com/>), is one of the B2C floral e-commerce platform. Dependent on the national chain business model, this system is committed to finish flower delivery within 3 hours in more than 900 cities nationwide. The delivery of online floral order is mainly processed by local franchisees to complete the packaging and delivery.

Wenjiang flowers Network (<http://www.wjflower.com>), is one of the successful examples of floral e-commerce. It is the largest B2B model of floral e-commerce platform in Wenjiang and the national distribution center for online floral transactions. It provides a range of modern information services, online transaction settlement and other comprehensive support services to flowers or

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plants industry and markets for all over the country. In 2010 the cumulative registered member reached 9600, the first half of the network transaction volume reached nearly 300 million yuan.

Flower Set Network (<http://a.huaji.com/>) is a professional floral portal, is an international e-commerce platform for floral transaction.

3 Status of Yunnan floral e-commerce

3.1 Status of Yunnan online store for flowers When you search Taobao for "flowers" outlets, Yunnan has 230 online stores; If you search for "cut flowers" outlets, there are totally 30 cut-flower shop, of which there are 15 in Yunnan Province. Based on the online transaction record, the quantity sold is usually from a few to a few dozens of pieces in 30 days, indicating only few people choose to purchase flowers through online platform.

The relative rapid development of floral electronic commerce in Yunnan is seen the Kunming orchid platform (<http://www.kmslhw.com/>), in 2011 Dali region sold Cymbidium for more than 10 million yuan through the network, accounting for about 1% of total sales within Dali orchid transaction. The major target customers who purchase orchid through e-commerce platform are mostly young people born after 1980 in Shenzhen, Beijing, Guangzhou and other big cities. Compared with actual sales, the proportion of online transaction is very low, indicating that the development of Yunnan floral e-commerce still faces many difficulties.

3.2 Status of e-commerce of Yunnan floral enterprises The vast majority of Yunnan flower enterprises rely on electronic sales platform Taobao to establish their own online shops. For example: Jinyuan Flower Company, England Mao Flower Industry Co., Ltd., Yunnan Lidu Flower Industry Development Co., Ltd have opened flower shops on Taobao website. The flower shops mainly sell freshly cut flowers. These flower companies also founded their own company website, such as Yunnan Flower Net (<http://www.ynhhw.roboo.com/>), as the main provider of floral display, floral Quotes and other information, without e-commerce business established.

3.3 Status of Kunming Dounan flower wholesale market e-commerce Cut flowers transaction in Kunming Dounan Flower Wholesale trade accounted for more than 70% of the country. Dounan flower market and the Kunming International Flower Auction Center are entity stores; there is no e-commerce platform. Kunming International Flower Dounan industrial park project aims for the construction of information management system and integrated e-commerce platform, which will realize electronic transactions of Dounan flower market.

4 Restricting factors in e-commerce development in Yunnan flower market

4.1 The particularity of freshly cut-flower Cut flowers are living beings, which continue to carry respiration after harvesting. The more intensely the fresh cut flowers respire, the shorter the maintenance longevity will be. Temperature is the most sensitive factor affecting respiration rate. When the temperature increases

by 10 degrees, cut flowers respiration intensity will increase 2–3 times. Therefore, after harvest, the freshly cut flower should be stored in the cold room immediately, so that the flowers can keep respiratory metabolism at a low level to maintain postharvest quality of cut flowers. To keep the ornamental value of cut flowers, the flowers should be moisturized. The wilting and collapse of flowers after dehydration affect the appearance, and reservation solution should be used to improve their water absorption capacity.

4.2 The existing problems of floral e-commerce

4.2.1 The preservation of flower from online order. In Yunnan, the postharvest loss rate of freshly cut flowers during circulation is usually above 30%, the loss rate during long-haul transport is usually above 40%. In the process of collection, short-distance transport and mid-way transportation, cold chain protection of freshly cut flowers is fundamentally missing, make flowers' quality decline seriously before the arrival to target market^[4]. This leads to the big discrepancy between the delivered flowers and online pictures seen by the customers, or the flowers are not fresh enough and the flowering period is short and so on. Additionally, there is no refund of goods due to dissatisfaction. Thus, only a relatively small portion of customers choose to shop flowers online.

4.2.2 The problems of flower grade standards. China has developed certain grade standards for flowers. As they do not conform to the actual situations of flower companies, the implementation of these standards are not practical. The enterprises develop their own floral standards according to their actual situation. Due to the lack of uniform grading standards for flower grade and flower cutting and packaging, online flower buyers often see some implications like: since there is no uniform standards for flower production and other reasons, flowers delivered could be smaller, shorter, or with distorted branches and so on. When there are some differences between the delivered flowers and the online pictures, the buyer can only choose to accept without complaint.

4.2.3 The price problem of online flower stores. Flowers online are usually 20% more expensive than those of the entity shops. That is because the delivery of flowers requires high standards of preservation and packaging. Cold chain transport is an indispensable part of the process of flower transportation. The higher transportation cost, coupled with loss of in the transport process, heightens the online flower price. The entity store has the flowers transported in bulk with relatively low cost. As each order from online store requires separate delivery in small amount with relatively higher cost, B2C floral e-commerce lacks price advantage.

5 Recommendations for the development of flower e-commerce

5.1 Flower logistics specialization The online flowers may be required to be sent to customers in any place timely and freshly, without damage. Attention should not only paid to post-harvest processing, such as the standardization of packaging and storage but also to establish a professional flower Logistics Company equipped with advanced cold-chain transport system, which can

reduce flower logistics costs, reduce the loss of flowers, and maintain the overall flower quality.

5.2 The standardization of flower production Every step in flower production, harvesting, packing, loading, transport, storage and other aspects should be standardized. In China Floral Index Network (<http://www.hmindex.cn/>), there are standards for Wenjiang floral, wood and seedling industry. This standardization is expected to promote the development and improvement of national standard.

5.3 The establishment of franchised floral stores Yunnan Jinyuan Flower Industry Co., Ltd has become the largest floral enterprise of cut flower production, post-harvest processing and sales, with more than half of total sales of cut flowers in Yunnan's trade. The collaboration with other big floral enterprise such as Yin-mao flowers, Yunnan Li-DUO flowers, friendship flowers and other well-known enterprises in Yunnan can play full strength to create a chain of floral stores across the country. This will not only help to build Yunnan Flower brand, but also benefit the nearest delivery of floral orders placed in online shops^[5]. This could ensure the quality of online shopping flowers, enhance the credibility of floral e-commerce and render flowers similar to other commodities which could be easily and conveniently purchased by online customers.

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The cut roses industry also makes great contributions to the society, bringing the farmers an annual income of RMB ¥7 200/667 m² per capita, far above the average net income of farmers in Sanya and even whole Hainan Province in 2010.

However, the planting of cut roses in Sanya calls for high investment, which is about RMB ¥32 000/667 m² in the first year and RMB ¥17 000/667 m² every following year. Thus, it needs both the financial and political support. Meanwhile, it is also suggested that the farmers' cooperatives should be established to promote the sales of cut flowers and enhance their competitive advantages.

6 Conclusions

Flower e-commerce is currently centered on Taobao e-commerce platform. The online order is usually delivered by the local entity floral stores, while the flower store find their resources from wholesalers. There are too many intermediate links from the production to the customers, which has a great impact on the quality of flowers and flowering period of the product. When a consumer receives flowers dramatically different from the online samples, it is difficult to return the goods and get the refund as there are no "three guarantees" for floral products and no uniform flower standards. Thus in order to make floral product into a common goods which could be purchased by online customers with confidence, national standards for flower should be enacted, the circulation process should be simplified, specialized floral logistics system should be established to reduce the transport cost.

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