

How to Enhance Profits on Chinese e-Commerce Platform: a Case Study of Fresh Agriculture Business

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ABSTRACT. *In recent years, online stores have set off a boom in China. However, because of the pandemic, the sales of many online e-commerce companies have been largely affected. In order to change the current situation of economic decline under the epidemic and help Taobao and other e-commerce platforms to increase profits, this paper adopts the quantitative research method to investigate the changes of customers' attitude towards e-commerce platforms this year compared with last year, and identify the factors that can potentially enhance profits. In addition, marketing strategies such as strengthening the interaction between sellers and buyers, satisfying customers' seasonal demand for goods and concentrating market prices are proposed to enhance profits. Finally, this research learned why customers are no longer willing to shop online and shop in stores instead. Whether the price affects the customer's initial decision to buy from an online store. It could solve most of the economic depression of Internet e-commerce.*

KEYWORDS: *Enhance, Profits, E-commerce, Fresh agriculture, China*

1. Introduction

At present, China's online e-commerce has entered a new “upsurge of the era”. Although it has been around for a little while, it has had a major impact on contemporary business forms. It has realized the leap from traditional brick-and-mortar stores to online e-commerce. Make people's lives more easier Nowadays, the marketing strategies of online e-commerce companies on the Internet are also diversified. However, due to novel Coronavirus this year, the company delayed commencement of work and the national economy declined. Most ordinary people have no source of income. This result has also indirectly led to a significant decline in the profitability of online e-commerce sites such as Taobao. In order to accelerate economic development, increase the profitability of online e-commerce, and provide new opportunities for e-commerce affected by the COVID-19Pandemic. Based on this, this paper discusses five ways to improve the profitability of network e-commerce.

2. Literature review

With the rapid development of online shopping, an increasing number of people start to shop on the traditional retail stores due to convenience and price advantages. Some businesses ignore the online marketing means, but their shops do not make much profit. The low profitability of online shopping this year can be attributed to farmers' low income that could be attributed to several factors. These may include lower prices of products (Reyes, 2010; Tabora, 2009), no regular buyers of commodities or seasonality of high demand (Monteiro, 2015; Baral, 2015), wastage and post-harvest losses (Minten et al., 2016) and price dispersals in the market (Aker, Ghosh, & Burrell, 2016) and Covid-19 Pandemic that spread out all over the world this year. So it is important to improve the Internet marketing management. This paper focuses on importance of e-commerce marketing management and investigate how to increase profits. Through the analysis of e-commerce marketing strategy, literature analysis and combining the two research methods, the research hypothesis were developed to enhance profits on Chinese e-commerce platform. Besides, this research aims at investigating how to increase profits on China's e-commerce platform. Reduce the middleman spread, appropriately raise the price and then through discount activities to attract buyers to buy. Later surplus goods are sold at a low price through promotional activities. Centralize prices to prevent price dispersion. Increase productivity and publicity. Farmers can improve farm income and performance by benefiting from the capabilities of the internet (Chang and Just, 2009) Rebstein (2002) showed that price influences a customer's intention to buy from an online store. (Wilm Fecke et al. 2018). If there is a much lower price, customers are more than willing to buy goods online. It follows that the price will influence their decision to buy online. Aside from price, trust is also an important factor (Wilm Fecke et al. 2018). Wilm argued that trust is another important factor that can potentially affect customers' purchasing behavior. Aside from price, trust is also an important factor in the online shopping context. Lack of trust is often discussed as an important reason for consumers' avoidance of online shopping (Kim and Benbasat, 2003; Perea y Monsuwé et al. 2004). Doney and Cannon (1997) described that the salesman is the most important source of trust in the buyer-supplier relationship (Wilm Fecke et al. 2018). Therefore, it is necessary to improve commodity quality and win the trust of customers to enhance profits on the Chinese e-Commerce platform. Good service quality experience is influenced by the relationship between buyer and supplier. Thus, the interactions between buyer and supplier is important in an e-commerce setting since there is uncertainty about whether ordered products will meet (Weathers et al. 2007). The results show that although Internet marketing has set off a boom in China, with the increase of online stores, the market price is dispersed, and some stores' profits decline. It can be attributed to the following factors, which may be the product price is too high. no regular buyers of commodities or seasonality of high demand (Monteiro, 2015, Baral, 2015). There is too little interaction between the buyer and the supplier, prices are too high and the buyer has too little promotion. The main reason for not using of the marketing management concept is the lack of knowledge and experience of this concept or its unimportance. Therefore,

educational activities in this area can be recommended and interactive collaboration with academics that can help with strategy in marketing management.(Veronika Svatošová1,2015).Therefore, vigorously promote products, with the help of web celebrity or star publicity can increase sales, so as to improve product profitability. Let people know the advantages of the goods.In addition, communicate more with buyers and make them more interested in the goods.In the long run, it helps to increase the efficiency of e-commerce marketing activities. By referring to literature in the field of marketing and agriculture management in particular, we derived research hypotheses related to e-commerce behavior. WTA (willingness to accept)estimates showed that farmers are willing to switch to an online merchant if they are offered a significantly lower price. However, word-of mouth-reputation and consultation offered via traditional media do not influence farmers' WTA for an online merchant. In contrast, delivery time significantly affects farmers' WTA for an online merchant. Additionally, risk aversion increases the WTA, whereas prior online shopping experiences and education reduce the WTA for online purchasing. Surprisingly, age and farmsizedonotimpactfarmers'WTA in the e-commerce setting. In summary, most of the hypotheses could be confirmed by the results and, hence, can be used as guidelines for choosing marketing strategies in agricultural e-commerce. This researchrecommnd that online merchants of agricultural inputs focus foremost on building trust, service quality and timely delivery. The author see further potential in offering e-commerce trainings and price discounts to motivate initial purchases, since farmers who have gained some e-commerce experience have lower WTA.(Fecke et. al.,2018). From this, the author come to the conclusion that it is imperative to improve the trust between the two e-commerce platforms, such as Taobao, in terms of service quality and timely delivery. Increase the price and discount to attract buyers for the first time, and then through mutual interaction and good service attitude, listen to the important opinions of customers, improve the strategy, promote customers to shop for many times, in order to improve the profit.

3. Research methodology

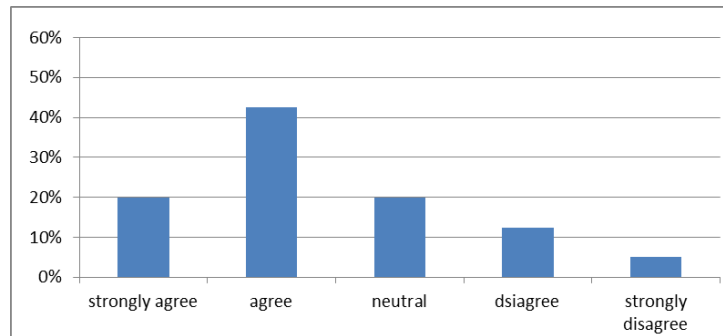
3.1 Introduce the case background here.

Sichuan Tiancheng Blood Orange Garden designed the questionnaire on June 27, 2020, and finally produced the questionnaire in the form of Likert scale through the questionnaire star.First, the owner of the shop checked with friends and neighbors whether there were any problems with the questionnaire, whether the language was fluent, and whether the customers could understand its meaning. After three times of continuous improvement, the questionnaire was made by using the Wenjuanxing which is a popular survey tool in China again. Because in the pandemic situation, we cannot choose the traditional way of issuing questionnaires, but can only use the Internet, which is not only safe but also convenient and easy.The store then issued 40 questionnaires to customers and took back 40 questionnaires on July 1, 2020 (1st

July 2020). There were 40 replies. No missing data was found. The extent to which respondents agreed or disagreed with the statement was obtained. In this questionnaire, seven subscales ranging from absolute (agree) to absolute disagree were used. It happened that the respondents were all between 20 and 40 years old. Because women shop more frequently than men, the sex ratio of respondents was 10 percent for men and 90 percent for women.

3.2 Analysis and Discussion

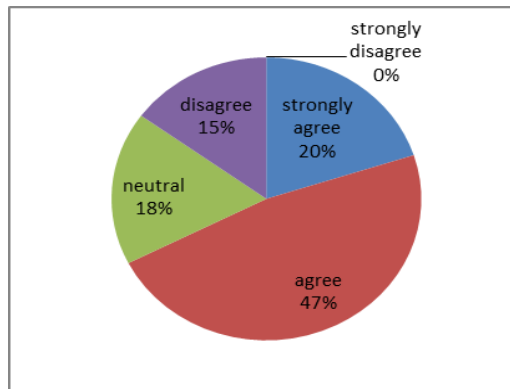
According to the survey data, 40% of respondents think that reducing the middle price difference can improve corporate profits (as shown in Figure 1), and they highly agree with this marketing strategy. They believe that without the middleman to earn the difference, not only the profit can be improved, and even on the event day to attract customers to buy goods through discounts, and they will have a more optimistic profit, and even can be much higher than when there were middlemen. As a result, sellers can buy from raw material companies, cutting out middlemen or cutting out middlemen and selling directly. Push this marketing concept into every online store, and interact with marketing management scholars. In the long run, the profits of some online stores can be greatly improved.



(1) Table 1: Reduce the middleman spread can enhance company's profits.

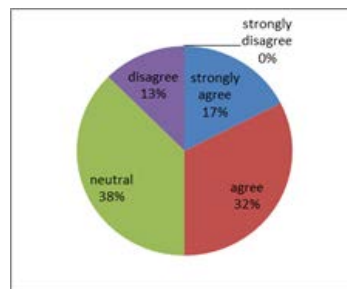
In addition, the survey data also showed that 47.5 percent of the respondents think it is appropriate to raise prices. Then use discounts to attract most buyers. (As shown in Figure 2) A large number of sellers say that when they are satisfied with the quality and appearance of the goods, they will make repeated purchases for many times and recommend them to people around them. Stock up on holiday discounts by buying in bulk. The seller then sells the surplus goods in the warehouse through some promotion means, thus reducing the probability of inflation. To some extent, it also avoids the problem of goods not being sold. The research data also shows that 32.5% of respondents believe that uniform pricing can prevent price diversification (See Figure 3), so it is necessary to set a good retail price. Therefore, it can be seen that the reason for the low profit of most online stores may be that the marketing strategy is seriously underestimated. For example, the price of goods is too high, which leads to a small number of people buying. The second reason is that

the poor quality of the product leads to bad reviews from buyers. The third reason is the promotion of the product is not strong enough. Among them, the most important one is that the intensity of promotional activities determines the profitability of goods. Research data shows that most people prefer to go to stores with more promotions. (See FIG. 4) With no promotion, customers are not even interested in trying. Therefore, it is necessary to improve the intensity of sales promotion. When sales reach a certain level, it is necessary to increase productivity. In order to prevent short supply. Therefore, it is an effective way to improve the marketing strategy and increase the profit by improving the productivity, centralizing the price and increasing the promotional activities (the purpose of this sentence, why introduced productivity here)



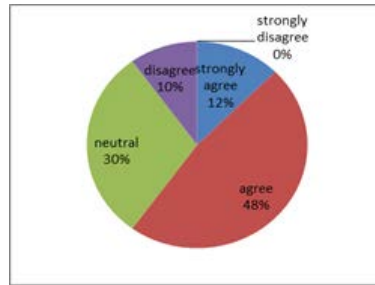
(2) Figure: Appropriately raise the price and then through discount activities to attract buyers to buy can enhance companies' profits.

Question 2 aims at investigation whether raise the price and then through discount activities to attract buyers to buy can enhance profits. The research findings suggest that 47% of the respondents believe raise the price and then through discount activities to attract buyers to buy can enhance profit, whereas 15% of the respondents believe raise the price and then through discount activities to attract buyers to buy does not exert a positive impact on profits.



(3) Figure: Later surplus goods are sold at a low price through promotional activities can enhance companies' profits.

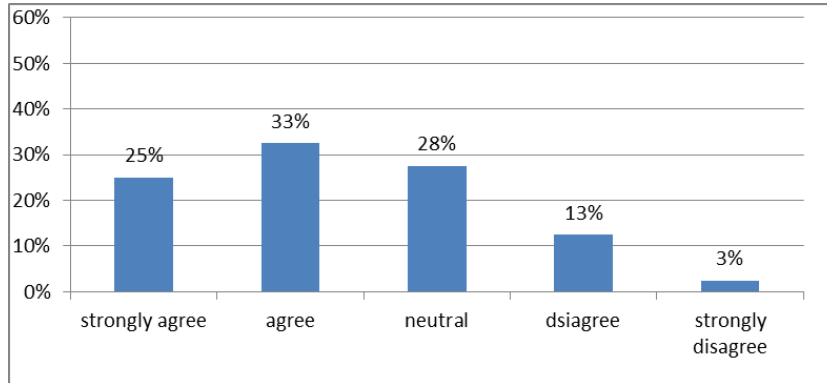
Question 3 aims at investigation whether surplus goods are sold at a low price through promotional activities can enhance profits. Majority of the respondents believe surplus goods are sold at a low price through promotional activities can enhance companies' profits. Few people believe surplus goods are sold at a low price through promotional activities can not enhance companies' profits.



(4) Figure 1: Centralize prices to prevent price dispersion can enhance companies' profits.

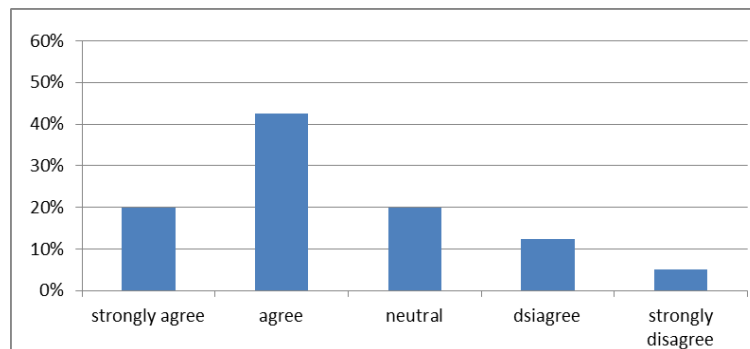
Question 4 aims at investigation whether Centralize prices to prevent price dispersion can enhance profits. The research findings suggest that 48% of the respondents believe Centralize prices to prevent price dispersion can enhance profit, whereas 10% of the respondents believe raise the price and then through discount activities to attract buyers to buy does not exert a positive impact on profits. Few people believe Centralize prices to prevent price dispersion can not enhance companies' profits.

According to the survey data, nearly 60% of people think it is improving. In addition to productivity, it is necessary to strengthen the propaganda of web celebrity according to the respondents, which is the largest. Through web celebrity, the propaganda can even be broadcast with goods. Give customers the most intuitive feedback on product features. (As shown in Figure 5) To improve profitability, most respondents believe that they should take the initiative to communicate with buyers to understand their own shortcomings and to transform the products. If they put forward good suggestions, they can give customers cash back, leave them a good impression, and attract customers to review the store. (See Figure 6)



(5)Figure 5: Increase productivity and publicity can enhance companies' profits.

Question 5 aims at investigation whether Increase productivity and publicity can enhance profits. The research findings suggest that 68% of the respondents believe increase productivity and publicity can enhance profit, whereas 3% of the respondents believe increase productivity and publicity does not exert a positive impact on profits.



(6)More than buyer communication can understand the shortcomings of their store's strategy, so as to improve.

Question 6 aims at investigation whether more than buyer communication can enhance profits. The research findings suggest that 62% of the respondents believe more than buyer communication can enhance profit, whereas 5% of the respondents believe more than buyer communication does not exert a positive impact on profits.

4. Conclusion

The research results show that marketing strategies affect the profitability of online e-commerce companies. Highly profitable online e-commerce companies must have a good marketing and operations strategy, which can include effective production, reasonable commodity pricing, promotion, publicity, communication and improvement. Communicating with customers and making improvements can help the e-commerce company understand customers' needs more quickly, improve

marketing strategies and attract more customers.

Research limitation: This research only adopts a single case study, by using more cases could improve the comprehensiveness and validity of the research.

Recommendation for further research: investigate factors that can potentially influence profits in other market by using more cases to support.

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