

# A Study into the Problems in the Development of Chinese Fresh Agricultural Products E-commerce and Countermeasures

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**ABSTRACT.** *In recent years, the consumer demand for fresh agricultural products in China has continued to rise, and fresh E-commerce has become an important part of China's E-commerce. In order to solve the problems existing between the supply and demand of fresh agricultural product E-commerce, this paper analyzes the development status of fresh agricultural product E-commerce in China, and puts forward the current product standards are not uniform, E-commerce brand building is difficult, and marketing methods need to be integrated. And this paper also proposes corresponding countermeasures.*

**KEYWORDS:** *Fresh agricultural product; E-commerce; Problems; Countermeasures*

## 1. Introduction

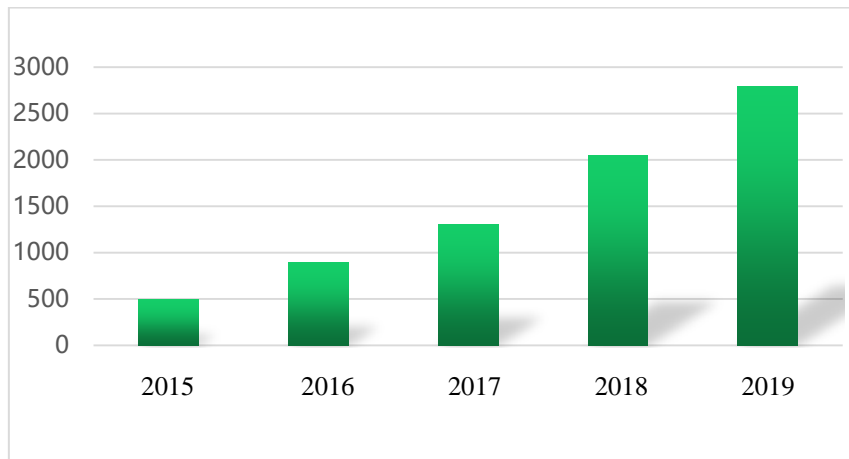
Fresh agricultural products occupy a very important position in the Chinese consumer market and belong to rigid demand products. In the traditional sales of fresh agricultural products, fresh agricultural products are mainly delivered from producers to consumers through multi-level middlemen. In this mode, due to the large number of intermediate links, the industrial chain is longer and the circulation time is longer, which in turn keeps its cost high. This business model of fresh agricultural product makes producers not get the profits they deserve, while consumers pay a higher cost. With the rapid development of E-commerce, especially the maturity of mobile E-commerce technology, more and more consumers have become accustomed to purchasing fresh agricultural products through the E-commerce platform. Since 2005, fresh agricultural product E-commerce began to develop in China. However, after 15 years of development, fresh agricultural product E-commerce is still in the growth stage and has not really entered the mature stage. From the perspective of China's investment market, a large amount of

investment is still invested in the fresh agricultural product E-commerce platform every year. This shows that a large number of fresh agricultural product E-commerce companies did not succeed in the early stage. Therefore, it is of great significance to analyze the problems in the development of fresh agricultural product E-commerce and to explore suitable development paths.

Fresh agricultural products refer to primary agricultural products that are unprocessed or have only undergone a little initial processing such as cleaning and sorting, and are not easy to store for a long time at room temperature. They generally include fruits, vegetables, meat, eggs, and milk products.<sup>[1]</sup> At present, the research on fresh agricultural product E-commerce mainly focuses on three aspects. The first aspect is the study of the fresh agricultural product E-commerce model. Li Yuan et al. studied the innovative development of the fresh agricultural product O2O E-commerce model, and proposed that business model innovation should be further strengthened to build a development idea of “personalized customization + online consumption + offline experience + extended services”.<sup>[2]</sup> Ji Lianggang and others analyzed the advantages and disadvantages of different types of fresh E-commerce models, and believed that fresh E-commerce under the O2O model has higher profits and lower total costs.<sup>[3]</sup> The second aspect is research on logistics of fresh agricultural products. An Yufa conducted an in-depth study on the optimization of China's fresh agricultural product distribution channels.<sup>[4]</sup> Gao Min conducted a research on the development defects of the national fresh agricultural product E-commerce supply chain, and put forward countermeasures such as adopting differentiated market positioning, channel model innovation, and advantageous E-commerce companies to accelerate the integration of the supply chain.<sup>[5]</sup> The third aspect is the research on the cost, safety, and purchasing factors of fresh E-commerce. Yao Tao discussed and gave countermeasures on the ecological and service quality improvement of China's fresh E-commerce industry.<sup>[6]</sup> Zhang Xumei and others explored the operating mechanism of fresh food E-commerce cross-border cooperative business model innovation.<sup>[7]</sup> Yang Haoxiang and others identified the key factors in the online purchasing decision of fresh food.<sup>[8]</sup>

## **2. Analysis of the Current Development of Fresh Agricultural Product E-commerce in China**

With the rapid development of China's economy, the people's consumption level is constantly improving, and its demand for fresh agricultural products is constantly increasing. In 2019, the market transaction size of China's fresh food E-commerce industry reached 279.62 billion yuan, an increase of 36.7% over the previous year. From the five-year data from 2015 to 2019, it can be seen that the market scale of China's fresh food industry is constantly expanding.



*Figure. 1 China's fresh food E-commerce industry market transaction scale in 2015-2019 (100 million yuan)*

Data source: Research report of China's Fresh e-Commerce Industry in 2020

Judging from the current development trend of fresh agricultural product E-commerce in China, the user data of fresh agricultural product continues to rise, and consumers' recognition of fresh agricultural product E-commerce is increasing. In December 2019, the number of monthly active users of Fresh E-commerce reached 31,228,200, a year-on-year increase of 82.5%. Since the establishment of China's first fresh food E-commerce "Yiguo Fresh Products" in 2005, the development of fresh food E-commerce in my country has roughly gone through three development stages: exploration start-up period, rapid development period and transformation and upgrading period. <sup>[1]</sup> Judging from the current development status, the scale and intensive production of fresh agricultural products have been increasing, but they are still scattered compared with developed countries. With the continuous improvement of national consumption levels, consumers have continuously improved the quality and quality requirements of fresh agricultural products, which further promotes the development of cold chain logistics. Judging from the current development status of China's cold chain logistics, it is still at a low level, and it is urgent to increase the cold chain logistics circulation rate. It can be seen from Figure 2 that the scale of China's cold chain logistics has grown rapidly.

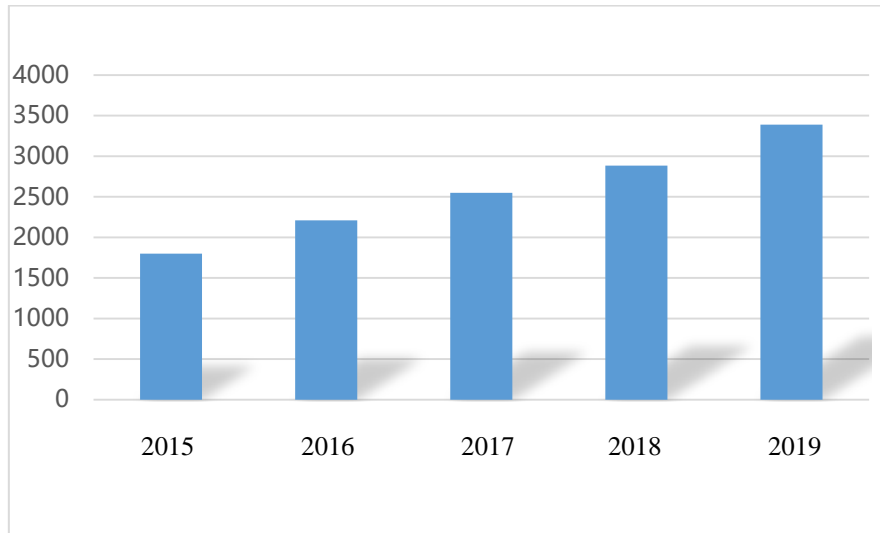


Figure 2. Scale of China's Cold Chain Logistics in 2015-2020

Data source: Research report of China's Fresh e-Commerce Industry in 2020

### 3. Analysis of Problems in the Development of Fresh Agricultural Product E-commerce in China

#### 3.1 The Standardization of Fresh Agricultural Products Needs to be Improved

At present, there is no relatively uniform standard for agricultural products in China's fresh agricultural product E-commerce platforms for fresh agricultural products. There are relatively high requirements in transportation, storage, and preservation. These issues will greatly affect the creation of a unified standard for fresh agricultural products. This makes consumers feel different purchase experiences when buying the same type of fresh agricultural product on different platforms, which also makes consumers more likely to feel unsatisfied.

#### 3.2 Fresh Agricultural Product Brand Needs to be Built in Depth

At present, for fresh products, the production of fresh agricultural products has a certain seasonality, which makes it difficult to create the brand of fresh agricultural products. At present, the brand characteristics of fresh agricultural products on the E-commerce platform are not obvious, and even some products are not registered or use brands or geographical indications. Fresh agricultural products sold on the platform need to further condense their characteristics so that the audience can

intuitively receive the “features” of the product. For most agricultural products, their characteristics mainly focus on fresh, green, healthy, organic and other aspects. In many cases, this characteristic needs to be further packaged and shaped, and local culture, customs and stories are brought into it. From the current development status of fresh agricultural product E-commerce, it can be seen that most local businesses have not really shown their characteristics in their development.

### ***3.3 The Marketing Methods of Fresh Agricultural Products Need to be Further Integrated***

As the online shopping population continues to expand, more and more customers are beginning to interact with merchants and make purchases on WeChat, Torso, and live broadcast platforms. At the same time, with the widespread application of live E-commerce on platforms such as Douyin and Kuaishou, more and more merchants have begun to pay attention to live E-commerce. The operation of the live broadcast platform is simple, and the barrier to entry is further reduced. At the same time, with a large audience, businesses only need to use smart phones to conduct live marketing. This allows farmers in various places to directly interact with consumers through the live E-commerce platform, and many farmers promote their fresh agricultural products on major live broadcast platforms.

## **4. Analysis of Paths to Improve Fresh Agricultural Product E-commerce**

### ***4.1 The Government Takes the Lead in Formulating A Unified Development Strategy for Localized Fresh Agricultural Product Standardization***

Government departments are an important driving force for the standardization development strategy of fresh agricultural products. Relevant government departments need to take the approach of going out and bringing in. The government can classify the fresh agricultural products owned locally and formulate development plans that meet its needs. In addition, the government can formulate relevant funding, talent and other favorable policies to encourage local characteristic fresh agricultural product companies to join various E-commerce platforms, and provide corresponding support funds and services to achieve their rapid development strategic goals.

### ***4.2 Enhance Brand Management of Fresh Agricultural Products***

In order to turn fresh agricultural product into an explosive product on the E-commerce platform, it is necessary to pay attention to its brand management. Fresh agricultural product companies can take many ways to improve their brand management. First, we can apply for geographical indication products with the help of the unique local environment, climate, and culture. Second, it is necessary to further refine the brand connotation, add culture and other content, and strengthen

brand building. Finally, we can introduce professional brand companies to optimize the logo, packaging, trademarks and other content of the brand, shape the unique brand connotation of its characteristic agricultural products, and enhance its competitiveness.

#### ***4.3 Strengthen the Display Technology of E-commerce Online Store for Fresh Agricultural Products***

When consumers buy fresh agricultural products, they are very susceptible to the influence of fresh agricultural product pictures and videos. Therefore, distributors of fresh agricultural products need the help of professional companies, with the characteristics of local characteristic fresh agricultural products as the core, and improve the display technology of online stores, equipment use, and marketing techniques. Through exchanges with outstanding direct E-commerce talents, strengthen cooperation with professional direct E-commerce teams, and improve their technical display methods, so as to fundamentally solve the problems of fresh agricultural product live E-commerce.

#### ***4.4 Promote the Reputation of Fresh Agricultural Products with the Help of Government***

At present, many E-commerce platforms have been endorsed by the “first secretary” or by corresponding government officials to promote their fresh agricultural products. In these cases, fresh agricultural products are endorsed and promoted by officials with administrative positions. To a certain extent, this is due to the government’s reputation as a guarantee for their characteristic agricultural products. However, from the perspective of the proportion and number of endorsements of special agricultural products on the live broadcast platform, there is still much room for improvement. At the same time, in the endorsement process of live broadcast, there is a big gap between the more professional live E-commerce personnel in terms of endorsement products, enterprises and marketing language organization.

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