



Research Article

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## Development model of agricultural E-commerce in the context of social commerce

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### ABSTRACT

*The M-commerce will become the mainstream form of online marketing in the future. For this reason, agricultural e-commerce shall actively explore the efficiently integrated marketing model with mobile terminals: interacting with target user groups in the platform of social commerce--WeChat for the voluntary dissemination and promotion of marketing message by users; analyzing data in order to provide better targeted customer services and develop appropriate business strategy.*

**Key words:** Social Commerce; B2C; Agricultural e-commerce; M -commerce

### INTRODUCTION

A large number of users are shifting from traditional Internet to mobile Internet, which produces increasingly frequent online business activities with aid of the mobile terminal APP (application software) in the future. The prioritized development of China – agricultural e-commerce should try to use APP client and fight for the “fragmented” spare time of people to market its products and to keep up with the trend of e-commerce. As one of IM tool with frequent use of APP, WeChat, is now the most popular emerging social networking services (SNS) with massive base of more than 400 million users and rapidly growing user numbers. This paper focuses on the advantage of WeChat marketing and combines it with the agricultural e-commerce to explore the new paths to promote the B2C development of agricultural e-commerce.

### INTRODUCTION TO AGRICULTURAL E-COMMERCE

Agricultural e-commerce is the application activity of e-commerce in the field of agriculture to provide information services and match supply with demand of products by use of network in the production and operation of agriculture. Agricultural e-commerce covers agricultural information flow, business flow of agricultural products, cash flow of business transactions and physical flow of agricultural products. It broke the limit of region and time, speeded up information transmission, and helped to lower transaction cost, reduce inventory, increase business opportunities and also was conducive to developing the order awareness and brand awareness of farmers, improving the quality of agricultural products and promoting the upgrading of the industrialization level of agriculture.

In recent years, China's agricultural e-commerce is presenting with a trend of rapid development. As of 2012, the agricultural e-commerce enterprises have amounted to 260.6 thousand and are expected to exceed 1 million at the beginning of 2014. At present, our agricultural e-commerce mainly falls into the following categories: 1. corporate self-built website platform to enhance the brand image and products sale by the use of network marketing; 2. post on integrated platform to promote products sale; 3. online order to directly deliver fresh vegetables to home; 4. e-commerce platform of a third-party to participate in online trading and sale of local agricultural special products. The business model of agricultural e-commerce is increasingly diversified with initial formation of a national or regional market in the information environment and serves as the active zone of agricultural products supply and demand, agricultural technology and agricultural trade[1]. However, due to the complexity and length of industry

chain of agricultural products, agricultural e-commerce encounters bottlenecks in the process of development such as costly logistic distribution of agricultural products, imperfect cold chain, low degree of standardization of agricultural products and customer confidence. Moreover, the difficulty in operating different agricultural products in the context of e-commerce is not always the same, as shown in Figure 1:

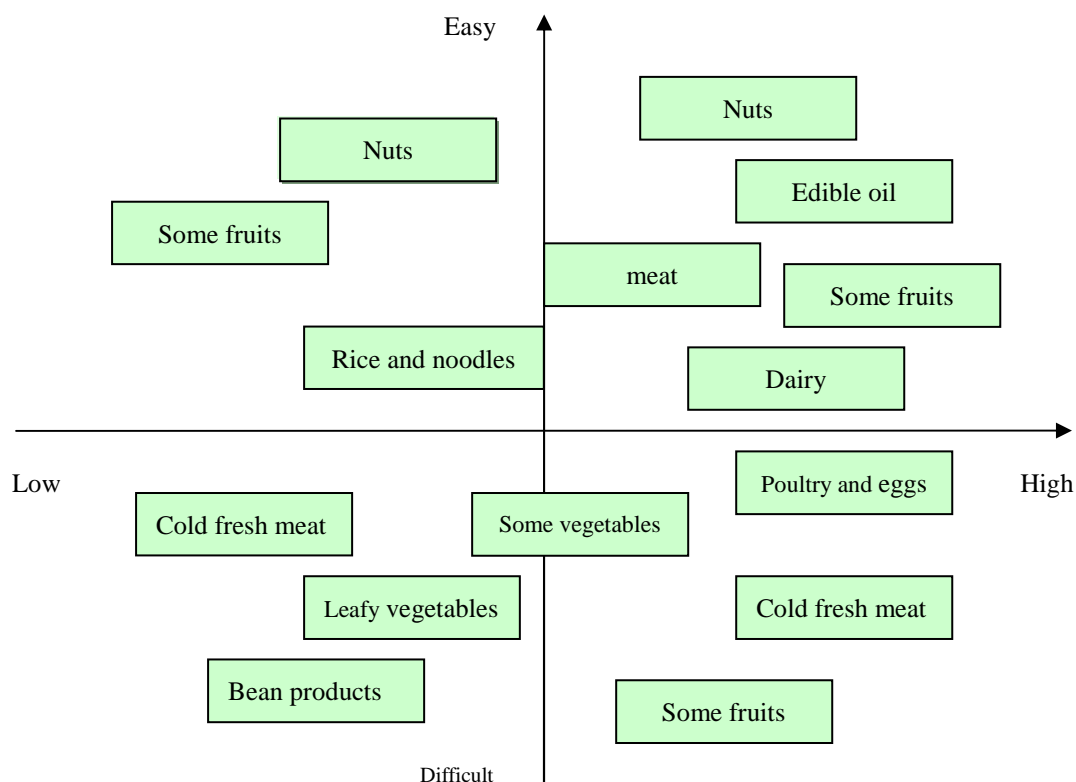


Fig. 1: Difficulty in operating agricultural products on e-commerce platform

## 2. MARKETING ADVANTAGES OF WECHAT

WeChat is a mobile terminal APP that features voice messaging, video, pictures and texts and also supports group chat involving many persons. With an account, people can interactively contact with these “friends” around that also registered. Then they can post their mood, texts or pictures to this platform and share this content with “circle of friends” under the same group. Meanwhile, they can also subscribe “public account” on this platform and access to information they need. In terms of developing e-commerce with mobile terminal, WeChat is more prominent compared with the self-developed mobile terminal APP of e-business, which is the marketing value of WeChat that be vigorously pursued by e-business as shown in Figure 2:

	Self-built APP	WeChat
1	Development cost of more than RMB 100,000	Low development cost
2	Development cycle of 2-3 months	Short cycle of 1-2 months
3	Uninstallation residual	Simply “unfollow”
4	Occupying phone memory	No occupation
5	High maintenance cost	Lower maintenance cost
6	Prying user privacy	No user privacy involved, safe and convenient
7	Download required	Easy scanning of QR code for automatic adding
8	Powerful	Provided with all features of traditional APP
9	High promotion cost and complex process	400 million user base with low promotion cost
10	Passive marketing	Active marketing for point-to-point precise communication

Fig. 2: Comparative analysis of self-built APP and WeChat

### 2.1 Information transfer with “instant transmission and circle spread”

WeChat as an instant messaging tool, is primarily characterized by efficiency and high speed to achieve the full

range of communication between enterprises and customers without delay. The characteristic of WeChat mechanism is to spread the transmitted information within a "circle of friends" quickly and spread to other "circle of friends" rapidly. This means that information can be widely spread in the circle of friends with common interest or common follower.

### *2.2 High conversion rate, user loyalty and attention*

Compared with the traditional forms of WEB, the advantage of WeChat lies in "one-to-one" interaction and marketing. Many users more frequently use WeChat than phone QQ. According to statistics, the conversion rate of WeChat can reach up to 8% and above, while that of traditional WEB is generally between 1% and 2%. In addition to celebrities and news media, the public account of business enterprises is the attention hotspot of users for mostly about getting the latest offer dynamic of businesses.

### *2.3 Inoffensive "point-to-point" and "permission-based marketing"*

The receipt of marketing information from e-commerce is subject to whether users follow the public account of e-business. Such independent following behavior is called as "permission-based marketing". This marketing approach makes it easier for e-business to identify potential consumer groups and form the motivated and targeted "point-to-point" promotion model at a low cost to further strengthen user loyalty to enterprises. Providing services and being served by public platform of WeChat become very simple and straightforward.

### *2.4 Provided with value of depth analysis of data*

The convenient and instant WeChat brings timeliness and authenticity to the collection and development of big data, forming its unique data value. The agricultural e-business can understand the behavior of certain customer, such as favorite dishes, taste, frequency for purchase of agricultural products and the price level of consumption in a specific way through processing the data on "user identity" and "information generated by users", providing effective support for the accurate advertising and promoting of e-business and development of business strategy.

### *2.5 Operation advantage with low-flow and low-cost transmission*

Users can enjoy the transmission of audio and colorful advertisement by use of WeChat only at a low cost. Users can follow the dynamic of e-business only by scanning a QR code or finding the public account of e-business, saving a lot of marketing and promoting costs of e-business.

### *2.6 Breakthrough on the limit of network infrastructure in rural areas*

The backward construction of network infrastructure is the main factor restricting access to Internet in rural areas and the solution is not available in a short term. Statistics shows that rural Internet users rely more on mobile terminal and these new rural users that surf the Internet with cell phone accounts for as high as 60.4%. The development of mobile Internet is estimated to play an important role in the breakthrough on the bottlenecks of rural network infrastructure.

## **3. IMPACT OF THE COMBINATION OF WECHAT WITH AGRICULTURAL E-COMMERCE**

WeChat users often do not follow a public account out of low demand. In other words, WeChat is more suitable for posting products closely related to the lives of users, so as to attract a wider attention from users. In this regard, it is very suitable for the promotion of agricultural e-commerce.

Agricultural e-commerce reveals a long industry cycle, low standardization, insufficient trust, and difficulty in circulation and quality maintenance because of the characteristics of products to be traded. That is the reason why China's agricultural e-commerce has been hobbled so far. The application of WeChat to agricultural e-commerce can bring the bridge advantage of WeChat for the emotional interaction between e-business and consumers into full play and increase trust and brand dependency.

### *3.1 The flow value of WeChat contributes to the promotion of agricultural e-commerce*

The "expensiveness" of agricultural e-commerce is mainly reflected in the investment of platform R&D, promotion and ongoing maintenance. The purpose is to enable more people to browse the site, i.e., "flow means the popularity". With the stable user resources of Tencent, WeChat also launches the public platform for enterprise to promote image and interact with consumers with continuously rising trend of popularity. Therefore, it is an effective approach for agricultural e-business to increase flow by expanding market on the WeChat platform.

### *3.2 WeChat centralizes targeted customer groups for e-commerce in a customized way*

The increasingly decentralized, diversified and differentiated lifestyle of current consumers is more unpredictable, but the marketing of businesses tends to focus on certain user groups with a single force. This requires digging, analyzing, and integrating the lifestyle, communication pattern and mental changes of consumers and re-integrating

the fragmented data generated by users on WeChat platform: sending the interested brand information to a specific population specially and inducing people to actively participate in the daily transmission of information during daily communication, so as to achieve the best marketing effect.

### *3.3 WeChat can foster the trustful communication between e-business and users*

Cultivation of the acceptance and trust of users is the focus of attention of the agricultural e-commerce platform. WeChat achieves 24-hour non-stop services for users from various regions. The instant "point-to-point" exchange can enhance direct communication between users and agricultural e-business and strengthen the relationship between brand and users. Share video of agricultural products in the process of production and transportation through the technical support of WeChat, allowing consumers to follow the dynamic of purchased agricultural products along the whole course and enhance the sense of trust.

### *3.4 WeChat is easier to build reputation with the more intimate function of circle of friends*

A user is more likely to share his great experience of products to his own circle of friends. Every user with great experience is one potential salesperson of agricultural e-commerce. The trust relationship of friends and group gathering help e-business to perform diffusion marketing. This rapid spread of transmission model in the form of "circle of friends" and carrying accurate information is more trustful and needed with unmatched influence of public praise far beyond traditional media, compared with the "money-paid booster" advertisement of microblog.

### *3.5 The way for WeChat technology to promote the development of agricultural e-commerce*

WeChat mode is applicable to the B2C transaction of the trust-based agricultural e-commerce. E-business can work on marketing, sales and services on WeChat platform. With the concept of "service first, and followed by marketing", maintain the positive interaction with targeted user groups specifically, which is the prerequisite to expand the market and increase sales.

#### *3.5.1 First build the "standardization" of agricultural e-commerce platform*

The consumer confidence is essential to the survival of agricultural e-commerce. In view of this, agricultural e-commerce platform itself shall build the concept of "standardization", i.e., the quality and safety of agricultural products up to market access and the standardized quality specification of agricultural products. All agricultural products sold from e-business platform as well as the logistics and distribution can be traceable. Consumer may know the testing information of agricultural products released by e-business and check the production and transportation of agricultural products with terminal at any time to be reassured.

#### *3.5.2 Full application of WeChat technology*

(1) Role of public platform. User has access to texts, pictures, voice and other forms of product information released by businesses through following businesses. Most of users that choose this form of purchase have stronger objective due to the small screen of mobile terminal, inconvenient price comparison and selection. Therefore, the information released on the WeChat public platform shall be "small but refined" with more targeted concern of users.

(2) Strong correlation of "circle of friends" The WeChat platform narrows targeted audience, such as the "circle of friends" of correlated users. The specific community is released to relevant population, making marketing communication with strong accuracy. Promote the marketing of public praise in virtue of sharing feature of the circle of friends in WeChat. Encourage users to share their great experience to their circle of friends and offer users with appropriate amount of cash returning or other preferential services based on the comment, interaction and sharing.

(3) Emphasis on "point-to-point" instant services Establish groups corresponding to different types of user groups, arrange customer service as the group administrator to manage and maintain the group, including interactive communication such as help, advice, grumbles, complaints and other mental activities of users and other interactions showing care for users' lives, such as sending some health recipe and cooking methods to users based on the agricultural goods they bought.

(4) Direct ordering mode. Combined with the currently formed "closed-loop payment" of WeChat, the order entry is designed on the public platform, allowing the direct ordering and payment of users in the WeChat model rather than the link to the platform of e-business for placing an order.

### *3.6 Regional logistics and distribution*

With regarding to the highly costly cold chain logistics of fresh agricultural products, the logical selection of logistics and distribution can be implemented. Combined with the geographic location function of WeChat, users can control the purchased object within a specified radius when ordering from WeChat platform. Set a radius

distribution such as the logistic network service stations in coordination with street, community and other government departments, for distribution to consumers from more than 10 residential communities around. Meanwhile, the fine packaging and distribution of “cleaning and semi-processing” agricultural products such as vegetables is available to increase sales profit and allow customers to enjoy the home delivery of “low cost” modern logistics services.

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