



COVER STORY

THE WAY TO CONFIDENCE



Agro-based businesses embrace technology and innovation to build up their brands By Lu Yan



Villagers in Zhaoxian, Hebei Province, use a drone to check for crop pests on April 7, 2016

out plans for 2017 and beyond, the focus was on supply-side structural reform. It included accelerating agricultural modernization and enhancing the competitiveness of farm produce. The meeting also stressed the need for better quality and efficiency in agriculture, improved farmers' incomes and produce quality.

At an event ahead of the conference, President Xi Jinping also underlined the importance of fostering new growth engines in agriculture and rural areas to improve productivity and competitiveness.

"We hope people will see and taste the unique agricultural products and local specialties from Yunnan and appreciate our delicious food, beautiful scenery and nice people," said Lei Rui, Deputy Manager of the Yunnan State Farms Group, the organizer of the fair logistics.

Paying a price ✕

Serving as a platform for cooperation between exhibitors showcasing Yunnan products and other parts of the country, the fair helped 43 companies sign deals worth 46 million yuan (\$6.61 million). The sales volume during the five days was worth 2 million yuan (\$287,962), according to data provided by the Yunnan State Farms Group.

"This is a great opportunity for both retailers and customers," said Fu Yingchun, Manager of Yunnan Songqing, a company that sells flower cakes, edible roses and rose beverages. "Looking for customers is not the only purpose. I'm also trying to find business partners, with whom I can expand the range of our products."

Fu, for example, was very interested in a kind of cake with a moist filling exhibited at the fair. She was considering joining forces with the retailer and selling it together with her own flower cake in her store. As she saw it, that way, both parties would benefit. "By cooperating with one another, quality Yunnan products can 'go out' and be seen in more mid-sized and large cities," she said.

The thought was shared by many other participating companies from the province.

The fair is one way of promoting Yunnan specialties that face challenges while "going out." Though of high quality, many buyers regard the prices as too high. Also, while Yunnan's

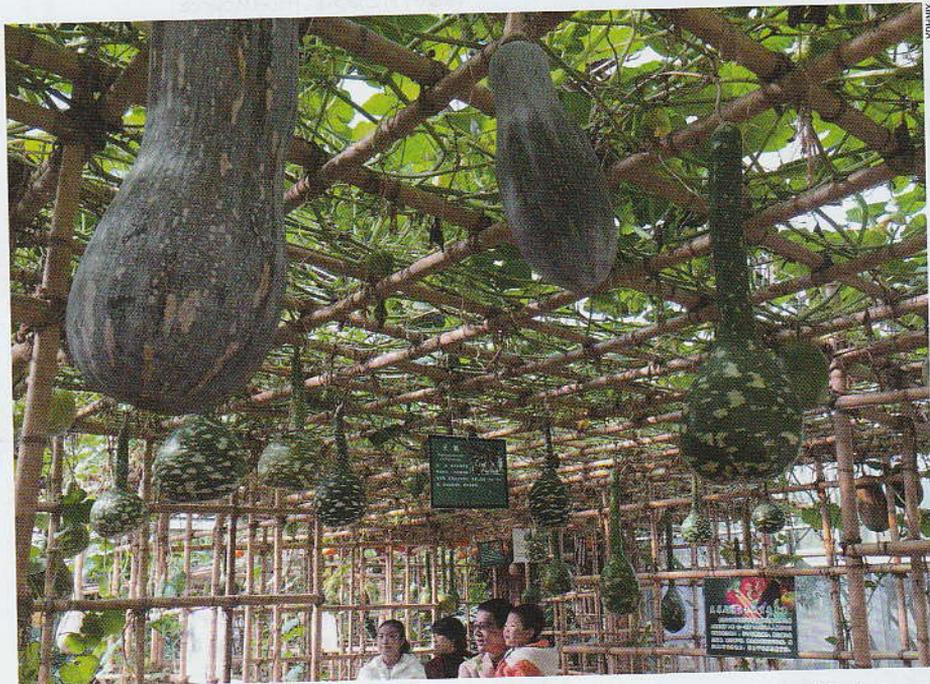
The fair was a feast for both the eyes and the tongue. The booths were manned by exhibitors who wore colorful ethnic costumes and the products were mouth-watering. There were over 1,000 items on sale, mostly food. Pu'er tea, flower cakes, spicy and peppery rice noodles and more, which were being made on the spot by the attendants and handed out to buyers.

"I never expected Yunnan food to be this delicious. My wife and kid are going to love it," said a visitor, biting into a mooncake-like pastry stuffed with pineapple and date paste. "It's nothing like the cakes I'd eaten before. This is

the authentic Yunnan flavor."

Held under the aegis of the Yunnan Provincial Government, "Yunnan Specialty, Winter Agriculture Charm," the Yunnan produce and specialty fair held in Beijing on December 16-20, 2016, was an initiative to present quality agricultural products from the Yunnan-Guizhou Plateau and promote business cooperation between the southwestern provinces and enterprises outside the region.

"Quality matters most" is a universal rule for businesses. At the Central Rural Work Conference, a meeting attended by Chinese leaders on December 19-20, 2016, to review agricultural work during the year and map



Visitors check out fruits at an ecological agricultural science and technology park in Kunming, Yunnan Province, on December 17, 2016

agricultural offerings are famous for being grown in a pollution-free environment, the output is limited. In addition, since they have to be shipped from the far southwest, the transportation fee is high, adding to overhead costs.

"People know we have quality stuff but are still reluctant to buy because it's a little expensive," Fu explained. "It could lead to cheap and shoddy counterfeits in the market."

For high-end customers who can afford quality Yunnan products, the problem is finding channels to buy them.

Sellers are pinning their hopes on the future. As the living standard goes up, people are paying more attention to green produces and healthy lifestyles. Wholesome agricultural specialties such as *Panax pseudoginseng*, which is thought to improve vitality, matsutake mushrooms and Pu'er tea grown in the province might attract more attention.

"Sellers should find more ways to make Yunnan produce more marketable and attractive," Fu added.

The government should help optimize the agricultural industry and product mix while ensuring national food security, Xi said in



An agrotechnician checks the growth of seedlings in a greenhouse in a new technology agricultural zone in Jimo, Shandong Province, on March 24, 2016

December 2016. He added that the roles of the government and the market should be coordinated in guiding agricultural production, and innovation by local governments should be encouraged.

The idea of a structural overhaul in the sector was first floated at the 2015 conference and will continue to be high on the agenda in 2017.

Policy-makers have pinned high hopes on the reform to solve structural problems in the sector. For instance, some agricultural products are over-supplied while others rely heavily on imports. Homegrown produce struggles to compete with foreign rivals.

As part of this reform, the government will ensure zero growth of fertilizer use and promote green agriculture through a subsidy mechanism. Efforts will also be made to develop technological solutions to agricultural productivity, reform rural property rights, and create new entities in production and services.

Breaking barriers

For farmers who live in remote mountain areas, the lack of sales channels is a big hurdle.

"Nuts, chickens and pigs raised by local farmers are top notch, but they don't have an ideal way to sell them to more people. Expanding the customer base is a big problem in the remote countryside," said Wen Yongfeng, office administrator of Yunnan Guozi Oil Trading.

The company is a follower of the Internet Plus modern agricultural marketing method. It helps farmers by collecting their products, improves the packaging to make them more alluring, and sells them on e-commerce platforms to customers from all over China.

Wen said there were a lot of companies like them in Yunnan trying to revolutionize sales through online marketing. Yunnan Guozi is going to cooperate with more online retailers in the coming years.

E-commerce giants such as Womai.com, JD.com and Suning.com are expanding their business circles to Yunnan. On December 15, 2016, JD.com signed a deal with the province's Department of Agriculture and Yunnan State Farms Group for Internet plus modern agriculture strategic cooperation.

"Yunnan enjoys rich agricultural resources, thanks to its unique geographic advantages. But



An attendant shows coffee berries to visitors at the Yunnan produce and specialty fair in Beijing on December 16, 2016

those are yet to be fully explored," said Xiong Qingyun, Senior Vice President of JD.com. With a huge online sales network, a solid customer base and an integrated logistics system, JD.com is providing a reliable outlet for more Yunnan agricultural products, with the sales map stretching across the country, from Shandong Province in the east to Guangdong Province in the south.

According to the Ministry of Commerce, the number of online shops selling agricultural products exceeded 1 million by September 2016, bringing total sales to 170 billion yuan (\$24.44 billion).

"The Internet Plus concept is changing rural China," Wen said. "Farmers are able to make the maximum profit by selling online."

Keeping quality in mind

He Yuan Agricultural Development Co. started out as a supermarket in 1998. It has now emerged as a leading agricultural enterprise from Yunnan.

The company combines cultivation, warehousing, processing and marketing into one chain. By the end of 2015, it had built a 520-hectare planting base for pomegranates as well as a farm that can raise 250,000 chickens and a vegetable-growing area.

"The secret is ensuring the quality of our produce. All our products are standardized and certified organic," He Yuan's Deputy General Manager Li Xueyan said. This "secret" helps the company secure regular customers and business partners at home and abroad.

"China has plenty of ordinary produce, but very few high-quality, branded agricultural products. So market-oriented reform must meet new consumer demands," Minister of Agriculture Han Changfu told Xinhua News Agency.

Brand building is an important part of He Yuan's development strategy. In 2003, the company designed its logo and registered it with the Trademark Office of the State Administration for Industry and Commerce as a step toward building up its brand. Today, the brand has gained popularity outside Yunnan too.

"As time goes by, regular and business partners bring new customers to us," Li said. "Gradually, we get media coverage. More people know about us, it's a virtuous circle. We just do what we do best and what matters most, maintaining the product quality."

If a company can't keep up with the times, it will be left behind. Innovation is crucial for sustainable development.

He Yuan understands that because it has profited from its innovative endeavors. Every box of pomegranate it sells, for instance, carries a QR code. By scanning that, customers can trace where it was produced. This small detail, Li said, has had a big impact on ensuring customer confidence.

New ideas are also applied to product packaging and marketing strategies. However, attracting skilled technical personnel and innovative professionals who can lead the way is the most important factor. It is also a challenge to find such people.

Li said although the government is offering incentives to draw fresh talent to Yunnan, the remote province is considered by many to lack the attraction of a major city. But she remains optimistic.

"Rome was not built in a day," she said. "If we make progress step by step, I'm sure Yunnan will be known to all!" ■

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