

A Research on Developing Strategies of Qixing Farm

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Abstract

The Qixing farm is a large-scaled farm in reclamation area of Heilongjiang with a solid agricultural foundation. In recent years, Qixing Farm takes good use of the agricultural developing opportunities to explore a unique and extensive model farming mode, but faces some certain difficulties as well as challenges. Based on the theoretical analysis and spot research and studies, this paper starts from the current resource capacity of Qixing Farm, analyzing its environment of competition, raising the core problems in development so as to work out the strategies and suggestions for its further development.

Keywords

Qixing Farm, Farm Products, Agricultural Industry, Developing Strategies

1. Analysis of Resources and Capacity of Qixing Farm

With the methods of documentary and fact finding, this paper has studied the resources and capacity of Qixing farm shown in **Table 1**.

2. Analysis of Competitive Environment of Qixing Farm

With the national economic development, the living condition of our people keeps improving, thus the dietary structure gradually comes to natural roots, and people start to concern the reasonable match of green and organic food; but on the other hand, the food quality security becomes an increasingly prominent problem. This has made people more concerned with safe and healthy agricultural products, thus providing a developing opportunity shown in **Table 2**, for its four major industries of Qixing farm which aims at “healthy, safe and trustful”. Meanwhile, a challenge of replying the fierce competition of modernization development also appears.

Table 1. An analyzing SWOT mode of resource and capacity of Qixing farm.

	Strength	Weakness
Inside strength	<p>1. The farm area is surrounded by 3 great rivers, other 7 rivers going through the centre. With five jade green mountains in it, it has unique regional characteristic and rich in natural resources.</p> <p>2. Owing to late Development, the ecological environment is excellent.</p> <p>3. Being far from cities and industrial zone, pollution is light, thus conform to the requirements of green agricultural development.</p> <p>4. Technology innovation is successfully grafted with traditional “agricultural reclamation mode”.</p> <p>5. In recent years, the brand strategy has been developed effectively.</p>	<p>1. With rice as the pillar industry, it still keeps predominantly “farming economy” alone, so the industrial structure is relatively single and simple.</p> <p>2. Presently the four major industries are in their growing stage, the organization structure is not yet well developed for it.</p>
Outside strength		
	Opportunities	SO Strategy
	<p>1. With two ports of Russia in the East, it is only 50 kms from Tongjiang port, keeping close trade relation with Russia and other countries.</p> <p>2. An obvious new town development radiating and driving influence in Agricultural science and technology.</p> <p>3. The “twelfth five-year” period is an important opportunity to speed up the development of modern agriculture; The national and provincial government vigorously promotes the development of modern agriculture.</p>	<p>1. To develop from innovation and creation, with high-end talents as the core, to upgrade agricultural industry from technology innovation, and graft technology innovation on traditional mode.</p> <p>2. To prominent economic size advantage, improve the regional innovation system, and explore a unique and extensive demonstrating land reclamation mode of “Qixing Model”. [1]</p>
		WO Strategy
		<p>1. To build modern farm industrial structure, promote coordinative development of four major industries.</p> <p>2. To take advantage of the “effective working” strategy of the General Agricultural Reclamation Bureau for a favorable policy.</p>
	Threats	ST Strategy
	<p>1. As a big agricultural province, Heilongjiang is facing an increasingly fierce regional industry competition in market.</p> <p>2. Protection of capitals of agricultural products and technology and other industries not strong enough, facing increasing threats of potential competitors.</p>	<p>1. To establish a mighty flagship brand strength, form a comprehensive product strength, so as to establish invincible competitive advantage.</p> <p>2. To plan brand product extension, so to complete and improve the product system.</p>
		WT Strategy
		<p>1. To set up practical marketing mode for agricultural products to strengthen market competitiveness.</p> <p>2. To take a comprehensive Consideration of factors such as external market opportunities and the status of the internal resources, determine the target market, choose the corresponding compound marketing strategy.</p>

Table 2. Macro environment PEST analysis model.

Politics factors	Economic factors	Social factors	Technology
<p>1. The national and provincial government vigorously promotes the development of modern agriculture. The “twelfth five-year” period demands to speed up the development of modern agriculture, accelerate the transformation of the mode of agricultural development, and improve agricultural comprehensive production capacity, anti-risk ability and market competition ability. This provides a favorable policy protection for the industrial development;</p> <p>2. The General Agricultural Reclamation Bureau set up national producing basis of safe food to keep safe grain and safe food, this pointed out the strategy for the development direction of Qixing farm. It also provides a favorable condition and policy guarantee for the farm to create a public image of “safe, healthy and trustful “food on the base national food security.</p>	<p>1. Chinn’s agriculture has entered into the phase of the rapid development of the capital inflows .With capital promotion, the traditional agricultural industry structure is quietly changing. Agriculture is not any longer the traditional labor-intensive, low input, low output, low added value, but a sunrise industry with great business opportunities. This is a solid capital guarantee for the Qixing farm industry development.</p> <p>2. The ecological agricultural products in China is still in the initial stage, it has not form a monopoly, famous brands and enterprises, but its high value, high profits and high tech content product characteristics provide market and profit space guarantee for the farm to form its strong product competitiveness and subsequent development.</p>	<p>1. The ever increasing Food safety requirements promote industrial upgrading the general consumers need more safe agricultural products to ensure their physical and mental health. At the same time also need higher reputation of the brand to save their chosen cost” and time” when buying products, the series of green ecological products by Qixing farm have huge market potential;</p> <p>2. In the future, health preservation culture will become the mainstream, green, organic and healthy agricultural products has a very broad space .Therefore, constantly promote and strengthen agricultural industry upgrading to meet people’s demand for healthy and safe agricultural products is a great opportunities for Qixing farm.</p>	<p>The development trend of four big industries of Qixing farm in the future will change from extensive development pattern of relying mainly on scaled expansion and increased number in the past to relying mainly on scientific and technological progress and improve the product quality and intensive development mode; from the mode of introducing, digesting and absorbing international advanced technology to give priority to the developing mode of introducing absorbing, and improving the ability of independent innovation and development; from predominantly skilled industry characteristics to characteristics of technology and modern enterprise management.</p>

2.1. Developing Opportunities

In this part, we use macro environment PEST analysis model to show the developing opportunities of Qixing farm.

2.2. Competition and Challenges

2.2.1. The Competition Degree of the Peer Competitors

At present, the agricultural industry of Heilongjiang province is in transition from traditional agriculture to modern agriculture. The way Agricultural production and operation is transferring from the traditional extensive management mode to modern intensive management mode. Qixing farm development faces more and more fierce regional competition: firstly, as a major agricultural province, private enterprises of all kinds of agricultural products processing enter-

prises a dime a dozen and greatly non-standard. These private enterprises hit the market with a large number of low-quality and low-price products, bringing a negative impact on the overall market prices of farm products environment; secondly, The impact of production, brand and capital of each group company of agricultural products in Heilongjiang province will directly affect the management and operation of Qixing farm over a period of time in the future. Some of the agricultural enterprise groups have abundant financial strength, covering high, medium and low various grades of products [2]. With high reputation of brands and stable quality of products, they have set up a series of trends and certain sales network advantages. And start to commit diversified development of deep processing of agricultural products. Only by implementing brand development strategy and shaping industry and products of local characteristic, can Qixing farm keep sustained development in the increasingly fierce regional competition.

2.2.2. Threats from Potential Competitors

Due to weak protecting barriers of capital, technology and etc, once profit “low-land” effect is formed, more and more potential competitors, such as large listed companies and the consortium to enter, forming great threats to existing and developing of the farm [3]. Besides, in addition, the processing equipment of agricultural products and other fixed assets have strong specificity, this set up some barriers to farm itself for industry exit, forming a threat to its overall business risk. As a modern agricultural demonstration zone, Qixing farm needs to position an accurate industry development direction, make up for disadvantage on the cost of production and development space by rich natural resources condition, convenient traffic conditions, and the advantages of modern production facilities conditions. Meanwhile, it also needs to improve its industrial protection barriers by establishing brands and controlling marketing channels.

2.2.3. Threats from Substitutes

Because of the extremely rich commodity in modern society, consumers often have plentiful choice for their needs, along with various kinds of continued bombing of brand advertising of commodities, and it is hard for consumers to maintain their loyalty to one commodity. Enterprises need to continuously raise the cost of advertising and marketing promotion, etc., to strengthen enterprise brand and product status in the eyes of consumers in order to make up for the flood and consumer goods “disloyalty” to the impact of the brand. Besides, If enters as organic food market, due to the relatively new consumption concept and 15% - 100% higher product price than ordinary agricultural products the initial market development will be influenced by habitual consumption of consumer psychology to some extent, thus extend the time of introducing products into the market and increase the risk of the early market.

At present, the four big industries of Qixing farm are at the growth and development stage, and industrial organization structure is not yet ready for it. On the one hand, due to small-scaled emerging farm industry, they lacks effective support system of modern enterprise management in the production and opera-

tion aspects, therefore their comprehensive competitiveness is weak and can hardly gain a foothold in the fierce competition. On the other hand, because of lack of coordination between each industry development mechanism, professional cooperative organization, materialized and specialized new industrial organization, they still face higher management risk and low organizational efficiency. Currently, the agricultural product regional differentiation and division of labor pattern in our country are preliminarily shaped, forming distinctive agricultural brand images. Compared with other regions, the regional agricultural product brand image of Qixing farm is not yet outstanding, with not many main featured famous brand-products, and its influence is really limited. This being the case, the farm needs make definite the industry orientation, strengthen the consciousness of brand development and make effort to create distinctive regional brand of agricultural products.

3. The Key Strategic Challenges Facing Qixing Farm

3.1. Unclear Strategic Direction, Lack of Overall Industry Development Planning

Through decades of development, Qixing farm has become one of the most influential farms in provincial agricultural reclamation system of Heilongjiang. By taking brand development strategy, Qixing farm hopes to set up its own brand stores, build “Qixing” brand, and form a certain influence across the country. But currently, the farms implement a relatively extensive overall development strategy, and its strategic implementation steps are not clear [4]. The key solution is finding a way of decomposing existing strategic target scientifically to covert the original extensive development strategy into intensive development strategy and consequently complete the strategic development goal of the farm step by step.

3.2. Each Industry Develops Independently without Forming a Cooperative Developing Mode

In order to change the simple planting “single pole” of economic mode and adjust the industrial structure, the leaders of Qixing farm put forward the creative project of “four major brands”, making every effort to realize the change of economic growth pattern. But when considering the current development situation of the four big industries, the overall bargaining power and influence in other industries have not yet arrive at an expected degree, this is due to lack of overall planning of industrial development, farm industries struggling alone, failing to form a cooperative producing mode, and the core competitiveness of industry not outstanding. In short, the key problem the farm is facing now lies in how to establish an overall planning of farm industry development, making the whole industry developing in a coordinated way, and then improve product competitiveness.

3.3. Product Line Not Well Extended, the Added Value of Products to Be Promoted

From the perspective of the development situation of domestic and foreign

large-scaled agricultural enterprises, the majority of agricultural enterprises have a variety of products and develop their product lines in a profound way. Among the present products of Qixing, rice, ecological pigs and green fruits and vegetables and other products are all at beginning stage, products have not yet well extended, and this leads to weak competitiveness, low added value, not strong enough bargaining power, As a result, both the selling channels and cooperative brand force mode are wanting. What is more is that most of Qixing's business don't have a mutual and general image of their products as well as common products selling channels, resulting in a relatively high product channel cost. The challenge in this respect lies in how to enlarge industrial scale and strengthen brand influence by giving full play to the resource advantage of the farm, further processing agricultural products, developing new products and effectively extending the industry chain.

3.4. Brand System to Be Established, the Influence of Product Brand Limited

The Brand of a certain product is the basic channel for consumers to get to know the product, and it is the way the channel opens that tells consumers the value of the product. At present, the four major industries of Qixing are in an independent operating state, producing and selling in their own way without establishing a perfect and unified brand system, leading to severely restrict influence of each brand. In this area, the key obstacle the farm need to get over lies in how to establish an effective and unified product system integration, and implement unified management and publicity of the product brand so as to strength the product influence.

3.5. Market Positioning Not Clear, Effective Marketing Channels to Be Established

Qixing has not yet formed a clear chain operation orientation and feasible chain business development mode. As for chain business, the most important is to enhance the overall brand and capacity through scaled operation. At present, Qixing has not yet formed a clear chain business positioning or explored a suitable business model from a variety of franchising chain for itself, not developed its own service and management system, thus has no way to guarantee the effectiveness and sustainability of management. So how to find a clear chain operation orientation and explore a suitable chain business development model is another problem needs to be solved.

4. Strategic Positioning and Development Strategy of Qixing

According to its own development conditions, what Qixing can do are as followings: Firstly, to make full use of Heilongjiang's agricultural advantages of resource, technology, and talents, creating brand products and famous brand enterprises with unique characteristics of the black land and culture; Secondly, to orient on creating value for consumers, rely on science and technology, base on

cultivating green ecological healthy food series and start monopoly chain system of market development; Thirdly, to develop and introduce technology green agricultural products and by-products further procession, taking further steps of building the flagship brand of “health, safety, trust”, enlarging influence of products; Fourthly, to develop the four major industries of super rice canopy, ecological pig breeding, Qixing No.1 organic rice and green ecological fruit vegetables, effectively integrating the four major industries and coordinating whole development; Fifthly, to construct a safe food production base, to ensure the safety of agricultural production and consumption, to promote Qixing brand value and enterprise competitiveness; Finally, to achieve building a great brand, expanding the four major industries, creating farm industry development pattern of national bases of food production security step by step.

4.1. To Build Modern Farm Industrial Structure, Promote Coordinated Development of Four Major Industries

The development goal of the four big industries is not just to advance hand in hand, but to take the strong points of others to make up the one’s own weak points, thus share complementary advantages and keep coordinated development, so as to play a scaled effect, avoiding redundant construction [5]. Meanwhile, by taking advantage of the “effective working” strategy of the General Agricultural Reclamation Bureau for a favorable policy, Qixing should Vigorously promote innovating and driving methods of development, and actively cultivate and develop new sources of growth. On the other hand, Qixing should also develop agricultural product processing services, actively and steadily extend and develop upstream and downstream industry chain of four big industries as the core, support the construction of gathered base of four major industries, attach enough importance to reasonable layout of coordination among four industries and finally form complementary advantages and coordinated industrial structure of development. According to the development foundation and goal of the four industries, Qixing should give full play to regional advantages, integrate and make full use of all the favorable resources of scientific research, information and talents. With all of these as helpful conditions, Qixing should then build a modern agricultural industry structure of four wings of super rice canopy, ecological pig breeding, Qixing No.1 organic rice and green ecological fruits and vegetables planting integrated on High-end research development, production and marketing, promoting coordinated general development of four major industries.

4.2. To Shape Brand Image of Regional Agriculture, Promote Influence of Both the Farm and Its Brand Products

Qixing should pay great attention to the future development trend of needs of crowd customers, such as the industrial crowds of people coming together with the perfecting chain of industry, and another out-of-regional crowds of people brought by construction of transportation hub, as well as crowds of tourists, etc.

Qixing should look forward into the future beyond the current situation, creating product value in a maximum way [6]. Besides, Qixing should rely on the typical agricultural industry base such as “national agricultural science and technology demonstration garden” and “land reclamation modern agricultural demonstration zone” and so on, considering modern agricultural industry structure, Qixing should integrate unique product, scientific and technological innovation, leisure tourism and humane spirit as its brand connotation, strive to highlight the brand of “health, security, trust”, consequently shaping the wholeness of “Qixing farm” regional industry brand image, strengthening regional brand radiation, and influence of the farm and its product brand.

4.3. To Build Brand Extension Planning, Perfect Brand Product System Construction

Qixing should rely on its own resource advantages of ecological environment, human culture, science and technology, policy support to build brand product extension planning. Focusing on people’s health, it should make effort to expand and extend product line, enrich product variety, do deep and through green healthy products completing and perfecting the brand product system [7]. What is more is that it should position on medium-end and high-end market, gradually narrow the low-end market by reducing low-end product line, correspondingly, the high-end product line will be extended and finally to enter the high-end market, so as to raise their profit level, strive to become one of China’s founders and leaders of green healthy products.

4.4. To Build Farm Product Marketing System, Establish Farm Product Sales Channels

To build the farm products marketing system, Qixing should start from the perspective of efficiency improvement, agricultural products market demand characteristics and the change of consumer’s choice behavior, explore its own development marketing model according to the characteristics of farm industry and the positioning of the product, establish a marketing strategy and policy system of agricultural products set on basic content of the brand strategy and green marketing [8]. In order to quickly build the “Qixing star” brand image, establish product quality recognition, cultivate brand reputation, raise brand popularity, increase customer loyalty, and finally rank its products among the leading brand of agricultural products in the whole market of northeast and even the whole country. Taking all the above-mentioned into consideration, we think Qixing Should follow the principle of high efficiency, broad vision, specialization and control to set up a retailing system as soon as possible [9]. On the bases of a general consideration of various factors such as the eternal market opportunity (market research and prediction) and internal resources condition etc., Qixing need to determine the target market (the market segmentation and positioning), choose the corresponding marketing strategy combination, and operate effective implementation and control, so to achieve the final strategic objectives.

5. Conclusion

At present, Qixing farm is in the “industrialization” promoting period, and it is facing two major obstacles in development: one is how to break through the bottleneck of the sales industry to become bigger and stronger; the other is how to enhance the value-added products to promote the development of the farm economy by leaps and bounds. The key to break these two obstacles is the operation of brand, therefore, the fundamental task of Qixing farm brand strategic planning is to start from the actual development of the farm needs and focus on solving the difficult and key issues of industrial development, brand management and marketing model. According to the experience of modern agriculture development at home and abroad and combining with the actual situation of Qixing Farm, the overall idea of farm development should be: ecological-based, resource-relied, market-oriented, industry-supported, technology-grafted, brand-keyed, safety-featured and Channel guaranteed.

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