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Review Paper

Enlightenments and implications for distribution pattern of Chinese vegetables and fruits with Japanese direct sales store

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Direct sales store came into being in Japan's farm products distribution market in the 1990s. It is an innovation distribution pattern which combines the features of agricultural production with the stage of economic development as well as the structural changes in Japan's family consumption. It shortens the distribution channel and time, and improves the marketability of farm products. However, most of vegetables or fruits produced in many producing areas are shipped to the wholesale market in China, which sometimes not only lost time but also increase cost. So how to create vegetable and fruit distribution model through developing direct sales stores is becoming more and more significant. This paper attempts to improve its distribution pattern by learning Japanese experience.

Keywords: direct sales store; Japan; enlightenment; fruits and vegetables distribution

INTRODUCTION

In 1980s, with the reforms and opening-door policy started, the original agricultural trading and distribution system under the framework of the government monopoly system has disintegrated in China. Since 1990s, accompanied with the development of Chinese market economy, the vegetables and fruits distribution system came into being based on the agricultural products wholesale market. However, the number of wholesale market is huge, several problems, such as low average reaction, incomplete function, etc., are still existed. Large numbers of individual farmers are participating in the distribution activities, but they do not have enough rights to say for their profits (Wan and Abe

2011). After the Second World War, Japanese agricultural developed rapidly, JA (Japan Agricultural Cooperative) and agricultural wholesale markets have been playing a significant role in its development (Tatibara R 1984) However, in the 1990s, a new distribution pattern, direct sales store, appeared in Japanese agricultural distribution market. It broke Japanese traditional distribution market situation, which was monopolized by wholesale market. It not only greatly reduces the distribution links and costs, but also becomes an important distribution pattern, which both farmers and consumers can benefit a lot (win-win) (Xu T 2008). This paper attempts to summarize some valuable experiences and enlightenments for Chinese distribution pattern of fruits and vegetables by analyzing Japanese direct sales store.

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The concept and connotation of Japanese direct sales store

1. The concept: Since the early 1990s, the direct sales store, this new farm products distribution pattern appeared in Japan and has been developing gradually. Direct sales store, Wikipedia defines it as one kind of commercial facilities which was set up around in the farmhouse in order to sell local agricultural product. Renmin university of China professor Longlong Ma defines the direct selling as the direct sales market, which was set up in the agricultural produce, urban suburban or fringe area (Hu B 2008). This paper thinks that it was newly built in the metropolis suburb, the city and countryside intersection or the agricultural product habitat by Japanese farmers initiatively. It is not main distribution pattern.

2. The connotation: It can be described as the following.

A new distribution model for agricultural products in Japan

Traditional Japanese agricultural distribution channel are formed by producers, various wholesale markets, retailers and consumers with a long history. However direct sales store generated in the early 1990s, it was entirely operated by Japanese farmers themselves. It is a new distribution pattern of agricultural products in the modern society.

A free distribution model for agricultural products in Japan

In long terms, fixed distribution channel for agricultural products in Japan is various wholesale markets. The appearance of direct sales store breaks the monopoly wholesale distribution of Japanese agricultural products. Even without a wholesale market, agricultural products can be directly transferred into the consumption field.

Compared to the wholesale market-centered distribution pattern, agricultural products in direct sales store can be adjusted to appeal to the consumers' attempt ion according to the changeable environment. The traditional wholesale market sell vegetables with strict production plans, while direct sales store only sell what they produce for they have the ability to decide the vegetable varieties they want to produce.

Selling in the origin place directly

Japanese people live a long life, they are very strict to keep their food fresh and healthy. In order to keep vegetables fresh, direct sales stores are often set up in

the producing areas so that the distance from fields to consumers' tables can be shortened. And consumers can buy fresh products to the maximum extent.

Individual farmers are not only the main distributors but also the dominators in distribution market

Market distribution dominators do great influence to the price, marketing, development and sale of agricultural products greatly. In this pattern, farmers are no longer dominated by the market. They become the producers and operators of agricultural products instead. Farmers conduct both agricultural production, and product sells directly in direct sales stores freely. As the members of direct sales stores, farmers will get a certain rights for pricing so that their economic interests can be insured. This is the greatest difference between direct sales store and traditional pattern. As a small peasant economy country, there is "SAN NONG" (agriculture, rural areas, farmers) problems existed in Japan like the problems in China. If farmers' income can be improved in this pattern, these problems can be solved more or less. It will do great attribution to the country's economy.

The functions and models of Japanese direct sales store

Compared with Japan's traditional distribution channels of the agricultural products, direct sales store has its advantages (Table 1).

The functions of direct sales store

To shorten distribution links greatly through direct y distribution channel of agricultural products

The length of commodity distribution channel has great influence to the distribution time and range. And it is related to the commodity distribution links. So, if we can deliver the products to the target customers smoothly, we'd better need fewer distribution links. In this sense, direct distribution channel can be regarded as the most ideal channel mode because no middlemen involve in the exchange of commodities. Producers will sell directly to consumers or users. So, the production and marketing here are linked together (the sales here means final sales). Direct sales store is the typical representation of the direct distribution channels. Due to the intervention of direct sales store, amount of the agricultural products sold in the direct sales stores increase greatly.

To transfer of rural surplus labors and promote resource socialization

Japan's aging population has been increasing rapidly.

Table 1: Comparison of Wholesale Market and Direct Sales Store

Means of distribution	Wholesale market	Direct sales store
Development	long history	appeared in the 1990s
Distribution status	mainstream	not mainstream
Distribution quantity	huge	small
Distribution efficiency	efficient	inefficient
Hospitality	non-hospitality	hospitality

Note: It is a part of Cooperative research result of Abe lab, Gifu University, Japan. It also refers to P.H. Yuan (2009)

How to make full use of aging population becomes an urgent problem to solve for economic development. Direct sales store provides a new solution for transferring of rural surplus labor, especially for aging women. Not only farmers who undertake the direct selling business are increasing year by year but also for the practitioner. That will greatly transfer of rural surplus labor into agricultural production and distribution. And it will contribute to the stability of rural society and the development of rural economy.

To strengthen the exchange of rural and urban and activate the regional economy

Direct sales store are mainly located in suburban fringe, agricultural origin or near the urban area. For its convenience, more and more consumers would like to buy nearby.

To encourage production and guide consumption, in order to develop the Japanese food self-sufficiency rate

Influenced by the change of the eating habits and customs (decided by Japanese living and cooking culture), and increasing sorts of the imported food, Japanese self-sufficiency rate of food yields a yearly decline. One of the important reasons is that self-sufficient farmers have to give up the production of high-caloric but low-priced agricultural products (such as, potatoes), and invest into those high-priced but low-caloric products, in order to improve their income. As direct sales store becomes popular in the rural areas, more and more high-caloric agricultural products have successfully converted to goods for trading. In such a way, the income of farmers will go up, which stimulates them to put more passion into the production of the local grain. In the meantime, the wide advertise by the government make the consumers add their trust in the local agricultural products.

To provide the space for the consumers' psychological feeling of "ownership"

The initial purpose of setting up direct sales store was to keep survival and development. With the increase of the income day by day, more and more farmers find it important to seek out their psychological space of "ownership" and strengthen communication with each other. The direct sales stores help them increase the income, but even more important, it provides them a space for psychological feeling of "ownership". In the direct sales stores, farmers win more material security, and meanwhile, producers enlarge communication with each other. Furthermore, the local farmers possess psychological security to fit in with society, and also own physical and psychological health. In addition, it benefits rural society stability.

To contribute to the benign interaction between consumers and produce (hospitality)

Because of the popular supermarket-shopping in large cities, urban residents do not have opportunities to make direct business with the producers. It is the direct sales stores of agricultural products that greatly shorten the distance between the consumers' dining-tables and the farmers' fields. For the consumers, what makes the direct sales store look hospitality is the secure and direct business. The existence of the hospitality greatly eliminates the consumers' distrust to the producers, and decreases the problems caused by the discrepant information about the commodity production and the process of consumption,. It also establishes a good relationship between the consumers and producers. Moreover, the consumers can enjoy extra services as long as they trade in the direct sales stores. With the development for decades, the direct sales store has become well-equipped and meritoriously-served place for shopping and relaxation.

The model of direct sales store

With its unique functions, direct sales store is developing rapidly in Japan. By the end of 2005, Japan has 13,538

direct sales stores totally. In the development process, direct sales store increases not only its size, but also turnover year by year. And its operating subject also transfer from self-sufficiency to diversification management. There are three main models generally

1. FG (Farm Group) mode: This model is the embryonic form of direct sales store. It consists of the farmers in the vicinity of the spontaneous origin, who sell agricultural products locally by their own. Currently, the majority of direct sales store are dominated by JA. In Japanese Toukai region (Gifu, Aichi, Mie), about 56.2% direct sales store are operated by the farmers (producers) as the management subjects.

2. JA (Japan Agricultural Cooperatives) model: In this mode, JA acts as the main operator. The number of such kind of direct sales stores is increasing quickly. As an example, the number of direct sales stores operated by JA in Japanese Toukai region, so the main agricultural co-operation increased by 23.4%. In 2004, JA shares about 55%, 59% of Japanese fruits and vegetables' markets respectively.

3. GS (Government Support) model: While direct sales stores gain more market acceptance, many local governments and the central government began to invest for this enterprise. Generally their investment holds 50% of the total investment. The financial support is offered mainly by Local Government or Central Government. This model can be called GS model. For example, GS model only take 3.1% of all the direct sales stores in Japanese Toukai region. Although FG model exist in a larger proportion recently, in the long run, JA pattern will become the dominant one.

Enlightenments and implications from Japanese direct sales store

From 1980s, the structure of Chinese agriculture has been keeping adjusting. The plantation of the economic crops like vegetables and fruits has been increasing quickly. China has also basically established fruits and vegetables distribution system with the wholesale market as its main body, which it plays a leading role (Figure 1). However, in this distribution system, farmers' independence to cope with the market cannot be insured. So their benefits also cannot be guaranteed. For this point, Japanese direct sales store brings to us lots of enlightenments and implications.

A. To shorten distribution channel of fruits and vegetables by direct distribution channel

Because of the fresh vegetables' special quality, the shortest distribution channel is required. The vegetable can be put on the customers' tables without any intermediaries if they are sold by the direct distribution

channel. This pattern joins suppliers and consumers closely. It greatly shortens the distribution channel of products and distribution time, and also promotes the realization of fresh vegetables' market. Thus, value for both supplies and consumers can be created.

B. To take the local farmers as its main body of distribution (dominators of distribution channel)

The dominators of distribution channel indicates those who have a great influence on the decision of price, the combination of products, the development of products as well as the services of distribution. In this pattern, farmers are no longer in the position of being dominated, but in the double position of agricultural products' producers and operators. They are engaged in the agricultural production while they are selling the left commodities. The problem of selling difficulties is solved by the direct distribution channel. And farmers also have some rights to decide the final price of vegetables. Thus, farmers' benefits would be increased while added value increases during the distribution procedure for fresh vegetables from the fields come to consumers' table.

C. To sell the products in producing areas

In recent years, China pays more and more attention to "SAN NONG" problems. Solving these problems will be of the solid base and the important support of promoting the rural areas' economy, improving farmers' living condition and building up new socialist countryside. By analyzing Japanese direct sales store, to expedite mercerization of agricultural products will be the essential point to solve "SAN NONG" problems. In order to make it come true, the requirement of the distribution time and distribution ways for agricultural products, especially for fresh vegetables, should be met as far as possible. Selling in the producing areas, can not only shortens the distance from the farmlands to the tables, but also benefits to activate the regional economy in the local places, increases farmers' income, and improves the agriculture and develops the rural economy.

D. To cut down regional distribution costs

Due to the direct distribution channel, the distribution of the agricultural products can be directly transferred to consumers from the farmers without the costs for transportation and storage. So the total costs also decrease a lot. It is beneficial to the consumers. Moreover, the farmers can get the right of deciding the final price for their goods which guarantees farmers' benefits well.

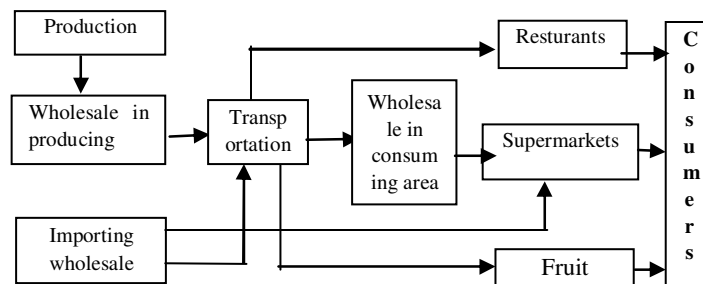


Figure 1 Supply Chain of Chinese Vegetables and Fruits

Note: This figure was summarized by the author, which is a part of the author's research (Project No.2010C35039).

E. To develop the pattern of Japan Agricultural Cooperatives

To ensure farmers' independence and positivist to the maximum extent, the development of JA's pattern will be a good choice. To develop this pattern, the principle of self-determination and voluntary should be persisted. Under the government's financial support, a kind of independent, democratic and self-governing cooperation organization s can be established lawfully, which will promote the local agricultural products to enter the market distribution more faster.

V. CONCLUSION

Above all, as a new distribution pattern of Japanese agricultural products, direct sales store links Japanese national conditions to the distribution of agricultural products closely. It is special way for its distribution with Japanese characteristics. Nowadays, direct sales store is still not the main pattern in agricultural distribution. But with the development of its function and promotion, direct sales store will play more important roles in the distribution of agricultural products in Japan.

Since there are many similarities between Chinese agriculture and Japanese agriculture, China can learn a lot references and inspirations from Japan. Especially in the era of high consumption, how to break the monopoly of wholesale markets and agricultural and trade markets will become more important. And how to combine the characteristics of agricultural production with economic development and consumers' consumption structure is obviously significant to explore another new road for the distribution of agricultural products.

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