

MARKETIZATION OF GREEN FOOD RESOURCES IN FOREST REGION OF THE CHANGBAI MOUNTAINS

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ABSTRACT: The Changbai Mountains is rich in the resources of green food. At present, the low marketization of green food resources in the forest region of the Changbai Mountains becomes the bottleneck to restrict the benign development of its green food industry. With huge market demands at home and abroad, it is the urgent problem how to improve marketization process of green food resources and transfer the resources superiority into the market superiority in the region. According to the investigation, this paper analyzed the status quo and the cause of formation of low-marketization with the method of combining comparative research and practice research. It pointed out that necessary condition of marketization of green food resources in the forest region, such as strategy, economic environment, marketization allocation of sci-tech resources, etc. should be established. Furthermore, the concrete strategies of marketization of green food resources in the region such as market location, strategies of objective markets, combined strategy of marketing, etc. were advanced.

KEY WORDS: green food; industry; marketization; Changbai Mountains

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1 INTRODUCTION

The concern to the green food abroad began in the 1950s. Until the 1970s, agricultural departments of America, Japan, England, France and so on gave energetic aid to the industries of green food, and had gradually accomplished the marketization in the early 1990s. At present, the consumption of green food in advanced countries is up to 10% of foods. It is estimated that the share of green food in advanced countries will be over 20% up to 2005. China formally declared to develop green food in May 15, 1990 (WANG, 2001; ZHOU *et al.*, 2002). Following the experience of other countries, the green food industries have experienced the stages of construction and socialization, but it is still at the initial stage both in industrialization and marketization. The Changbai Mountains is rich in the resources of green food, whose value can be recognized only after they are put into the market. The marketization of green food resources in the Changbai Mountains has become the bottleneck to restrict the benign development of green food. Therefore, it is so important to actively develop the markets at home and abroad and make the resources

superiority transfer into market superiority (WANG, 2001).

2 DEMAND OF GREEN FOOD MARKETS

2.1 Vigorous Demands in International Market

According to the statistics of United States Department of Agriculture (WANG, 2003), the production of green food in America has increased at a rate of 20% annually since the 1990s and sales income in 2000 was up to US\$7.7×10⁹. America has become the largest organic food market in the world. It is estimated that the sales income of America will be up to US\$47×10⁹ in 2006. The consumption of green food in Germany is next to America. The sales income of green food of Germany in 2000 was US\$3.5×10⁹ and the share of market was 2.7%. It is estimated that the ratio will increase to 25% in 2008. The volume of trade of green food in America, Japan, European Union etc. has increased at a speed of between 20% and 50% annually in recent years. It is estimated by experts that the volume of trade of green food in the world market will be up to US\$100×10⁹ in 2010

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(QIAO, 2001).

2.2 Huge Potential of Green Food Market in China

The industries of green food in China have vast space to develop and splendid perspective, due to Chinese population is one-fifth of the world. Although the amount of development and consumption of green food are limited, the potential market and developing trend are in view. As the deepening of the reform and opening to the world, the stage of necessary consumption that serves for sustenance of Chinese has ended and China is fully constructing the comparatively well-off society. Based on MASLOW's theory of demand rank order, people must pursue the consumption of materials with high quality subsequently (YANG, 2000). Therefore, the green food will be the most attractive alternative. As the consumers increasingly recognize that the green food is more scientific, safe, economical, and superior, along with the construction and perfection of circulation channel, the green food inevitably becomes real demands from potential demands, and is eventually put on the food table of thousands of families. In 2002, the total output value of green food in China was 59.7×10^9 yuan (RMB) and up to 59.4×10^9 yuan from January to July in 2003. It is estimated that it will increase at a speed of 30% to 40% during the coming 20 years, and the consumption of green food will reach to 10% of total food consumption. The green food at home will be shortage for a long period, therefore, there is vast space in develop green food industry (LIU, 2004; WANG, 2001).

3 STATUS QUO AND DEVELOPMENT OF MARKETIZATION OF GREEN FOOD RESOURCES

3.1 Status Quo of Green Food

The Changbai Mountains, mostly situated in the east of Jilin Province, covering four prefectures of Jilin, Tonghua, Baishan and Yanbian, with a total area of over $70 \times 10^3 \text{ km}^2$, plays an important role in the development of social economy of Jilin Province. According to census, there are over 600 kinds of edible resources, such as woody plant, vine, grass, fungus, edible animal, etc. in the forest region of the Changbai Mountains, well known as "Changbai Forest Sea" and "Treasure House of Species" (JIANG, 2001; CHEN, 2001; LI, 1994; ZANG, 2000; LIU and YU, 2001).

As the coming of "Green Century", people increasingly raise the idea of green consumption. Developing green food and green industries as main force products and pillar industries has been listed into the schedule

by the governments at different levels. In recent years, the kinds and number of green food resources processed and utilized in the Changbai Mountains have been gradually increasing. As the application and dissemination of some science and technology results, processing capacity and technological level are continually improved. The protection of green food and the certification of marks have been enforced. Much progress has been made in basic construction. The industry mode of the corporation combining with workers and peasant household has the embryonic form. However, generally speaking, the development and utilization of green food resources in the Changbai Mountains is still at the initial development stage.

Although the developing perspective of the natural green food in the Changbai Mountains is vast and potential consuming market exists, market is not satisfying from the aspect of the production and sales of green food. This phenomenon in economics is known as "low-marketization", characteristics of: 1) small production scale, low market capacity, no way to satisfy the buying desire of consumers, eventually the poor sales of products; 2) unreasonable structure, less variety, much more raw products among the existing green foods, but less intensively and finely processed products; 3) congestion for sales channel, and much narrow for sales channel; 4) shortage of demands for consumption and limited consuming groups, whose reason is that the price of green food is 50% to 100% higher than the ones of the same categories, and now green food is afforded only by the consuming groups with middle and high income and somewhat educated.

3.2 Reason of Low-marketization

The main causes of the low-marketization of natural green food resources in the Changbai Mountains are as follows: First, from the view of the environment for the development of green food industry, the deficit in rules and regulations is the leading problem. And the lack of perfect laws is a bottleneck for marketization of green food. Due to the unitary way in raising fund by appropriation and debts from bank, effective restrained mechanism to investors cannot be established. During the reform of marketization in green food, the functions, such as promotion processes of marketization by governments, perfecting the reform of property rights system owned by state, fast circulating necessary funds system, distribution system of laborers, essential factor flow system, paces of marketization permitting industry entering and exiting systems, breeding and perfecting the systems of market

and etc., need to be further reinforced. Second, from the view of enterprises, the green food production without any planning, simple relied on the limited natural resources, even neither explicit market location, nor perfect market strategy is exerted on the green food marketing. Under the circumstance of poor cognition of consumer for green food, the potential market cannot be found, which leads to the situation that the limited resources cannot meet the production and the product cannot meet the need of consumers. At the same time, the lack of funds and technique restrict the development of green food industry. At present, the natural green food in Changbai Mountains has some difficulties in meeting both domestic and international standards because of backward in the processes of keeping food fresh, refrigerating and processing, of which main reason is lack of funds. The out-of-date processing equipments, backward technique, lack of technicians resulted from shortage of funds are the common problems for almost all the processing enterprises of green food in Changbai Mountains. Therefore, it is so difficult in short time to set up accredited certification bodies and auditors, consultants and etc. there.

4 STRATEGIES OF MARKETIZATION OF GREEN FOOD RESOURCES

4.1 Government Support

Sound strategy, good economic environment and strong technology support are the guarantee of marketization of green food resources in the Changbai Mountains. There are three guidance, one accreditation and one support as follows: 1) Policy guidance, i.e., local governments formulate developing strategies and industry policies, which guide to develop green food industry, including controlling the balance of total amount, planning and adjusting industry layouts, for example, setting up the forest resources management information system based on advanced technologies including WebGIS (WU *et al.*, 2003). 2) Lever guidance, i.e., local government give enterprise the guidance to adjust industry structures and industry organization structure based on requirement of industry policy and scale economy, utilize the economic levers of interest, tax, facial allowance, price policy and etc., then realize reasonable allocation of resources. 3) Information guidance, i.e. governments should release various information of macro-regulation in time, which have close relationship with the management of production enterprise of green food, and carry out the

feedback of information, thus, guide behavior of decision making. 4) Market accreditation, i.e., according to law provisions, governments grant industry accreditation certificate to qualified enterprises in order to realize specific objectives of macro-regulation. The enterprises without accredited certificate are not permitted to enter green markets or industries. 5) Technology support, i.e., government should put more funds on the technological research and development in green food industry, and establish optimal marketization allocation system of sci-tech resources, including the marketization of research institutes, the marketization of sources of research fees, the marketization of the research process and the marketization of sci-tech results and etc.

4.2 Enterprises Marketing

4.2.1 Market location

The green food with grade AA in the Changbai Mountains is mainly sold in international developed markets, especially in European, American and Japanese markets. The green food with grade A is mainly sold to consumers who live in large and middle cities in developed areas in China and less developed international markets.

4.2.2 Strategies of objective markets

While formulating the strategies of objective markets of green food in the Changbai Mountains, the integrated factors such as the conditions of markets, consumers, and enterprise should be considered as standard judge. The green food will be major consumer goods for people in the future, but now is still at the condition of insufficient demands as a whole by viewing Chinese markets and consuming types. And, each enterprise has its own character in the Changbai Mountains. Considering all the above factors, green food industries in study area should adopt following strategies of objective markets.

(1) Strategy of concentrated objective markets

Based on the condition of enterprise, one or a few segmentation markets should be taken as the object of management. The strategy of concentrated marketing should be adopted in order to serve for the consumers of objective markets. Of green food industries in the forest region, those with the characteristics of small size, shortage of technology, and lack of funds, should adopt the strategy of concentrated products or markets and achieve the products with famous brands, expand sales channels, and increase profit rate. All those are beneficial to carry out professional management both in products and marketing, expanding productive

scale, decreasing the cost of production, improving profit rate of investment and developing more specific and competitive products. But when adopting this kind of strategy, what should be paid more attention to is that the trend of market competition must be clear at anytime and the risk from market changes should be avoided.

(2) Strategy of differential objective market

This is a combined market strategy taking the whole market as the objective of services, and enterprises produce various products for all consumers to meet their different demands. Of the green food enterprises in the Changbai Mountains, those with large production scale, powerful technology and much more funds are suitable for marketing in this kind of strategy, so as to take a lot of opportunities of markets. But it is important to produce a few major products, to save costs and fees, and improve sales and productivity, with other products in good scales. In addition, it is facilitated to solidly occupy markets with concentrated superiority resources.

4.2.3 Combined strategy of marketing

(1) Product strategy

As the marketization of green food, it is urgent to improve competition of products by the standardized production of green food, and to link with international market. Green consciousness of green food production should be raised, and more efforts should be devoted to introducing advanced international patents and improving standardization of green food production. Taking quality standards of international green food and production operation regulations as references, enterprises should organize standardized production, processing, sales, package and transportation to make each procedure connect with international markets as possible as they can. Accordingly quality test, check, and quarantine systems of green food should be established in the Changbai Mountains as soon as possible to make the variety of green food be more reasonable.

Because of great similarity of natural green food resources in the Changbai Mountains, the green food developed in various regions are the similar, which results in wasting limited resources such as funds, equipments, personnel etc. (LIU, 2001). Therefore, all green food production and exploitation in the Changbai Mountains should be integrated and distributed again. And it is necessary to continuously develop the varieties with high technology and high added-value and change the poor situation of green food primary processing in the Changbai Mountains now. The green food enterprises in the forest region of the Changbai Mountains should

innovate technology and develop new products according to their own situations, and research and produce high-tech green food suitable for market demands in order to change the passive situation of marketing.

(2) Brand strategy

Brand is the symbol of all the essential factors, including practical function of products, dimension shape, market development, reputation and image of enterprises. Nowadays, consumers are more rational and products are more similar. Therefore, market competition has already been beyond that of the stage of single product. Brand is becoming an important means to create competitive superiority, and an important strategic weapon to win the competition (HU, 1999).

The enterprises of green food in the forest region of the Changbai Mountains have not really stepped into the stage of brand marketing, whose cost of international brand marketing is extremely low each year. Many enterprises promote themselves own brands only by the single means—Green Food Exhibition in Jilin Province, and some means, such as advertisement, public relationship, marketing popularity and person promotion to launch brand marketing are seldom adopted.

After finishing infrastructure construction, green food enterprises in the Changbai Mountains should step into the period of creating brand and management. At the same time, the focus should be on the comprehensive understanding of brands. Meantime, long-term asset value of brand should be paid more attention to, and the brands with poor quality and short-term action should be avoided.

In order to prevent paying more attention to brand's honor and visual identities, instead of perfect quality, service, etc., when carrying out brand strategy enterprises should follow several steps: 1) comprehensively consider factors, such as processes of production, service, institutional framework, management environment, etc., then harmoniously and consistently make the plan of brand management; 2) communicate with outsiders of forest region, collect and analyse information of customers in order to improve the processes of production & service of green food and to enrich the brands; 3) carry out segment markets of green food to capture the market share; 4) speed up research & development of brands of natural green food in the forest region of the Changbai Mountains by utilizing some capital.

(3) Package strategy

What first greets consumers' eyes is not products themselves but is their packages. It is soundly said that package is the best promoters for product. But it is im-

portant to adopt packing design for environmental protection. The several problems commonly existed in a package of natural green food are: simple and crude package, inferior environmental protection in packing materials, failed in pleasing to the eyes and void in showing the characteristics of products themselves. Therefore, the package of green food in the Changbai Mountains should specially consider the infiltration of natural green food and environmental consciousness. It not only shines the green food marks, but the most important, selects the packing materials without any pollutant, at the same time, is easy to be decomposed or recovered in order to avoid environmental pollution and ecological destruction.

(4) Price strategy

Under the condition that consuming markets are expected to develop, and sales channels have not established, the image of green food with excellent quality and reasonable price should be prior established, instead of pursuing higher price simply. At present, market of some green food with poor competition should first be developed with low price. After products have more shares in the markets, the price should be considered gradually to rise in a planned way and step by step, to make the price of green food conform to its value, even to achieve benefits with high price.

4.2.4 Strategy of sales channel

The strategy should be adopted in multi-levels and all-direction sales channel, i.e., non-layer sales channel, broker channel, integrated marketing channel with a continuous line of production, supply and sales. With their own characteristics, they are suitable to different markets and links. The enterprises of producing and developing green food in the Changbai Mountains should choose the marketing channels suitable for them to develop.

Non-layer sales channel is suitable for the enterprises producing the primary products, such as categories of fresh, living, liable rotten products, etc., and products in large demands and batches. For example, fresh and living products should be directly sold in large farmer markets. This kind of channel can effectively guarantee the quality of foods and save circulation costs.

Broker channel is suitable for those enterprises producing the processed products that can be gathered and conserved in long periods of quality guarantee. It has many advantages, such as saving marketing fees, maintaining balanced supply all the year round, offering service all the year round, so that enterprises can effectively develop green food markets and guide

green consumption.

The integrated marketing channel with a continuous line of production, supply and sales is suitable for enterprises with powerful potential to develop channels by themselves. The mark of green food is known as a brand, but enterprises need to create the unique brand effect of their own and improve popularity of their own, which brokers cannot finish. Therefore, enterprises should correspondingly organize production, supply and sales in a whole in order to meet market competition and fluctuation, and improve whole benefits.

4.2.5 Promotion strategy

No markets for green food means no vitality to live. To develop green food markets, various promotion activities must be launched. In the fast changing markets, enterprises of producing green food should actively try their best to promote sales. There are many kinds of promotions, but following methods should be recommended in the promotion of green food in the Changbai Mountains.

(1) Exhibition. Taking examples of exhibitions held by national green food center in Shanghai and Tianjin, Trade Fair of Special Products in the Changbai Mountains held by Jilin Province in Changchun, etc., those exhibitions and trade fairs both succeed in publicizing green food and increasing the popularity and influence of products and enterprises.

(2) Personal sales. This means to make the production publicized to consumers by salesmen. This is a method of effective promotion. Salesmen can fully introduce the advantages and characteristics of natural green food of the Changbai Mountains to consumers, and guide them to stimulate sales.

(3) Set up the "green column". It is another good way of promoting to publicize famous green food at the "green column" in CCTV or regional channels, by the sponsor of the group of enterprises or regional green office, so as to improve credibility and reputation of natural green food in the Changbai Mountains, expand cover areas and increase the understanding of consumers to natural green food in the Changbai Mountains.

(4) Establish Green Food City of the Changbai Mountains. Baishan City takes food industry as a new way to boom the economy of whole city, and takes the construction of the Green Food City of the Changbai Mountains as strategic alternative to achieve sustainable development of whole city's economy. This is a system engineering to combine environmental resources, processing of industry, trade and tourism together. By this, necessary funds can be raised to go on the stock mar-

ket, which can circulate much more necessary funds, as well as develop green food industry of the Changbai Mountains. Furthermore, brand publicizing is achieved by the propaganda for the enterprise, eventually make green food of the Changbai Mountains get much more outstanding and popularity.

(5) Create a sales network for green food. On Internet, create "Supermarket of Green Food in the Changbai Mountains", and make green food in the Changbai Mountains become image representative of Chinese green food, eventually, move to markets and move to world as a brand.

5 CONCLUSIONS

The marketization of green food resources in the forest region of the Changbai Mountains is a system engineering. In the processes of realizing marketization of green food resources in the forest region of the Changbai Mountains, the present condition of enterprises and social environmental factors should be considered, and the long-term developing strategy of local economy should be as well as balanced. The policy, controlling entire situation, knowing markets clearly, combining practice, continuing development, should be implemented. Although marketization of green food resources in the Changbai Mountains is just starting, as long as depending on the superiority of uniquely favorable natural resources and talents with high quality, relying on high-technology and capital markets, it is confident that green food in the Changbai Mountains will move to all country and world.

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