

# Inner Mongolia Rural E-Commerce Innovation and Development Practice Path

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## Abstract

Inner Mongolia is located in the northern frontier of China, with a rural population of 7.63 million(note1). It is positioned as the "national production base of green agricultural and livestock products". The rural e-commerce market has great potential and broad development prospects. In the case of COVID-19's normalization of prevention and control, rural e-commerce has become the current solution to better solve the "three rural issues"(note2) and promote the new engine of "double cycle"(note3). This article focuses on the rural e-commerce in Inner Mongolia to promote the Rural Revitalization. It studies the current situation and existing problems of the rural e-commerce in Inner Mongolia, and analyzes its realization path, and then puts forward corresponding countermeasures and suggestions.

**Keywords:** rural e-commerce in Inner Mongolia, innovation path

**JEL Classifications:** E4 and E5

## 1. Introduction

In China, the Rural Revitalization Strategy is the core strategy that will affect the development of agriculture and rural economy in various regions of China for a long time in the future. Its important breakthrough and innovation is to realize the fundamental improvement and improvement of the "three rural" economy by developing the digital economy of 600 million rural population. With the rise and popularization of digital economy, rural e-commerce has played an extremely important role in consolidating the achievements of poverty alleviation, improving farmers' income, promoting rural industrial upgrading and promoting the development of agricultural economy. Inner Mongolia has a vast territory and rich land and grassland resources. The development of rural e-commerce can not only accelerate the transformation of rural economic development mode, but also an important way to consolidate the achievements of poverty alleviation and realize rural revitalization. In order to further accelerate the pace of farmers' common prosperity, governments at all levels in Inner Mongolia must vigorously develop rural e-commerce.

In the research of rural e-commerce, in other countries started early . Pool (2001) believes that "rural e-commerce can effectively solve the problem of asymmetric production and marketing information in the agricultural product market, improve the trading efficiency of agricultural products, make the trading information of agricultural products more open and transparent, and facilitate farmers to respond quickly according to market fluctuations"(note4).Jalali AA (2011) through studying the new mode of rural e-commerce development in Iran, found that "e-commerce can bring benefits to rural residents' production and life to a large extent"(note5).In terms of business model research, Li et al. (2015), Mari et al. (2018) and yo et al. (2019) all believe that"compared with the existing business model, the innovative characteristics of business model under the background of e-commerce are significant"(note6).

Chinese experts and scholars have made extensive and mature research on rural e-commerce, which is mainly reflected in four aspects: first, the research on the development model of rural e-commerce. In 2010, the information research team of China Academy of Social Sciences and the Ali Research Institute jointly proposed the "Sha Ji Mode" for the development of rural e-commerce for the first time."Sha Ji mode" means that farmers spontaneously use market-based e-commerce trading platform to transform into a network trader and directly connect to the market. The proliferation of fission cell replication and expansion of manufacturing and other supporting industries has been followed by various market elements, creating a new business ecosystem with the company as the main body and multi species co-existence and symbiosis. This new ecosystem has further promoted the innovation of farmers' network business (Wang

Xiangdong, Zhang Caiming, 2011)(note7).In the later stage of development, China's rural e-commerce development has put forward the county model of "publicity + brand + e-commerce", the "Suichang model" of "traditional industry + business platform" and the "Tongyu model" of "scientific and technological support + standardized service" (Zhang Xicai, 2015)(note8).The second is related research on the development of rural e-commerce and industrial cluster theory.Ling Shouxing (2015) believes that "in the formation and evolution of rural e-commerce clusters, geographical advantages, external economy, leading enterprises, social networks, government behavior and other factors promote and interact with each other to jointly promote the development of clusters"(note9).Lei Bing and Liu Mengmeng (2017) found that the main reason for the formation of rural e-commerce industrial clusters is the herding effect of entrepreneurial decision-making in rural society. The key to forming "herding" is the low threshold characteristics of entrepreneurship in the early stage of e-commerce development. Therefore, we should pay more attention to the positive significance of entrepreneurial resources and leader demonstration in promoting entrepreneurial agglomeration in rural areas(note10).The third is the research on the development strategy or path of rural e-commerce."There are a series of problems in the development of rural e-commerce in China: lack of rural e-commerce talents and insufficient understanding of e-commerce; current laws and regulations are mainly aimed at offline sales, and rural e-commerce is in the blank area of supervision; the construction of rural logistics system is imperfect; the departmental responsibilities in the supervision organization system are lack of orderly distribution and coordination, and the supervision methods and means need to be innovated." (Ren XiaoCong,Hejun, 2017)(note11). "To upgrade rural e-commerce, we should combine agricultural products out of the village with consumers entering the village, combine agricultural products production and operation, combine the operation of agricultural products with rural operation, match e-commerce based on the actual situation of local industry, and constantly improve the digital level of agricultural e-commerce, digital commerce and the whole agricultural industry" (Wang Xiangdong, 2022)(note12).Gu Suhua (2021) believes that "at present, rural e-commerce in Inner Mongolia has a small scale and low economic benefits. It is necessary to promote the construction, application and training of rural e-commerce and promote the supply side reform of agricultural products"(note13).

Rural e-commerce has played an important role in China's economic development, poverty alleviation, employment and entrepreneurship, industrial upgrading and other aspects, and has become a new way for local governments to realize the Rural Revitalization Strategy. However, due to the late start and slow development of rural e-commerce in Inner Mongolia, the overall development is unbalanced and insufficient, and there are few relevant successful cases and research results. In 2022, China put forward the action plan for the development of digital countryside (2022-2025). In order to further consolidate the achievements of poverty alleviation in Inner Mongolia and help realize the strategy of rural revitalization, this paper draws lessons from the existing research results and makes an in-depth research and Analysis on the current situation, problems and basic paradigms of the development of rural e-commerce in Inner Mongolia, It puts forward the innovative practice path for Inner Mongolia to fully develop rural e-commerce and realize rural revitalization.

## **2. Development Status and Existing Problems of Rural E-commerce in Inner Mongolia**

### *2.1 The Advantages of Developing E-commerce in Rural Areas in Inner Mongolia*

(1) National policy support.In recent years, in order to promote the transformation and upgrading of rural industries, promote the integrated development of physical sales and networks, increase farmers' income, stimulate the vitality of rural industries and promote the high-quality development of rural agriculture, China has issued a number of relevant policies on promoting the development of rural e-commerce, and has given many support policies from the aspects of capital guarantee, technical facilities and human resources. Since 2015, China has vigorously promoted the development of rural youth e-commerce skills training and site construction. In 2017, China will focus on returning personnel and launch documents such as the notice on carrying out comprehensive demonstration work of e-commerce in rural areas. No. 1 central document has been expanding for many years in the countryside, supporting the construction of rural logistics service network and village electricity supplier service station, and promoting the entry of agricultural products into cities. With the strong support of national policies, rural e-commerce and industrial development in all parts of China have gradually begun to integrate. All these have created very good conditions for the development of rural e-commerce in China, and effectively promoted China's rural economic development and industrial transformation and upgrading.

(2) The local government of Inner Mongolia takes the initiative. Inner Mongolia has been involved in the application of rural e-commerce demonstration counties since 2015. By the end of 2021, a special fund of 1 billion yuan has been invested to create 60 e-commerce demonstration counties in rural areas. It has played an important role in poverty alleviation, industrial development, increasing the income of farmers and herdsmen, changing the production and lifestyle of farmers and herdsmen, the three-level logistics distribution system of counties, townships and villages, and cultivating rural e-commerce leaders, The demonstration drive effect is good(note14).

(3) Inner Mongolia rural e-commerce development continues to look good. According to the statistics of the Department of Commerce of Inner Mongolia Autonomous Region, Inner Mongolia Agricultural Products(note15) Online retail sales reached 11.162 billion yuan, a year-on-year increase of 22.77%. The relatively top industries are livestock and poultry, grain and oil and nuts, with a total of 5.382 billion yuan, 3.157 billion yuan and 1.175 billion yuan respectively. Livestock and poultry account for 48.22% of the online retail sales of agricultural products, ranking first; Grain and oil account for 28.29% of the online retail sales of agricultural products, ranking second; Nuts account for 10.52% of the online retail sales of agricultural products, ranking third. The brand action of Inner Mongolia created by "Mongolia" certification is advancing steadily, and new formats such as "live e-commerce with goods" have accelerated the upward trend of agricultural and livestock products.

Table 1. Top 10 of selling agricultural products in Inner Mongolia in 2021

ranking	category	ranking	category
1	mutton	6	millet
2	beef	7	rice
3	Kui melon seeds	8	corn
4	pumpkin seed	9	Matrimony vine
5	herba cistanches	10	oats

Sources: According to the relevant data of Inner Mongolia Department of Commerce

## 2.2 Analysis of existing problems

(1) Purchasing power spillover. Most of the consumers' online shopping is from outside the District, while the outside area of consumers' online shopping area is less, resulting in the phenomenon of purchasing power spillover. In the first three quarters of 2021, the online retail sales of the whole region accounted for only 6.1% of the retail sales of social consumer goods, 17.5 percentage points lower than that of the whole country. The total retail sales volume at the seller's location is 37 billion 580 million yuan, and the online retail sales amount is 111 billion 780 million yuan per buyer's location. The difference between buying and selling is 3 times(note16). The potential of online shopping in the area needs to be further explored.

(2) The overall development level of rural e-commerce in Inner Mongolia needs to be improved. On the whole, the development level of e-commerce in Inner Mongolia is relatively backward in the country. In 2021, in terms of e-commerce network transaction volume, Inner Mongolia ranked 24th among 31 provinces and cities in China, lower than Heilongjiang, Yunnan and other provinces; In terms of online retail sales, Inner Mongolia ranks 25th, only higher than Guizhou, Gansu, Xinjiang and other provinces and cities. Inner Mongolia's rural network retail sales reached 18 billion 981 million yuan, an increase of 29.60% over the previous year, 2.68 percentage points higher than that in the whole country, and 0.64% in the whole country(note17).

At present, in the rural areas of Inner Mongolia, the level of industrial development is obviously insufficient, the degree of opening up to the market is not high, the development speed is not fast, and commodity trading is not yet standardized. Most private enterprises in rural areas are primary processing and sales of agricultural products, and their operation and management mode is relatively backward. At the same time, the rural financial environment and policy support are not perfect, which affects the development process of rural e-commerce.

(3) The degree of branding of agricultural products is low. Since the development of rural e-commerce in Inner Mongolia, there have been many upward types of agricultural products, but these agricultural products are relatively scattered in regional distribution, small production and operation scale, non prominent characteristics, and have not formed an influential agricultural product brand. As far as the local government is concerned, it is not enough to build the core competitiveness of local characteristic agricultural products, brand promotion and resource integration. There are problems such as low-cost competition and product homogenization within the region.

(4) The development of rural logistics industry needs to be improved. Road traffic construction in rural areas of Inner Mongolia is still not perfect. Network communication facilities and water, electricity and other supporting facilities are not fully in place. Logistics supply chain setup can not meet the needs of the current rural e-commerce, which have become the bottleneck restricting the development of rural e-commerce in Inner Mongolia.

(5) Rural electricity providers lack talent. According to the survey, most of the farmers' cultural quality is not high. 80% of the rural netizens in junior middle school and below are educated. Most of them are using the Internet for entertainment, and the ability to use the network to buy and sell agricultural products is generally insufficient, which has become a limiting factor for the development of rural e-commerce. In addition, local governments failed to respond in time to the needs of local farmers and private enterprises for knowledge such as e-commerce platform operation and webcast, relevant training and guidance were not in place, and the lack of talents became another key factor restricting the development of rural e-commerce.

### 3. Countermeasures and Suggestions of Rural E-commerce in Inner Mongolia

As a "strategic base for national green agricultural and livestock products", Inner Mongolia should start with the development of rural e-commerce, actively promote the construction of digital villages, and realize the rapid development of Inner Mongolia's digital economy.

#### 3.1 Gradually Completing the Tasks of National Digital Rural Social Construction Planning

(1) Continue to develop and expand the digital agriculture economy. We should implement digital rural construction planning, create digital agricultural products, increase the added value of agriculture, dig deep the potential of rural areas in promoting the industrialization of digital technology, and transform the traditional agricultural digital transformation as the main position of agricultural digital economic development, and continue to give birth to a new mode of new industry.

(2) Innovate and develop rural e-commerce. Let mobile phones become the "new agricultural tools" of farmers and herdsman, and let the network become the "new farmland" of farmers and herdsman. Focus on rural e-commerce, vigorously develop quality e-commerce, video e-commerce, content e-commerce and social e-commerce, develop rural e-commerce or village Amoy sites, encourage and encourage farmers to start businesses through platforms such as jd.com, Taobao, Shuyin and fast hand, and start businesses through county rural e-commerce logistics and agricultural micro businesses, so as to finally drive farmers' income increase and industrial upgrading.

#### 3.2 Establishing Local Characteristic Agricultural Product Brand

(1) Create green agricultural product brand. To integrate local high-quality agricultural products resources, create geographical indications of origin, or reflect the local unique climate, species, or contain traditional agricultural civilization, processing skills, constantly improve the competitive advantages and unique charm of products, to provide consumers with a better consumption environment and services.

(2) Continue to strengthen the brand publicity and promotion efforts. Actively create long-term selection and cultivation for the majority of consumers, that is, the advantageous varieties and characteristic products of the region, such as Bayan Nur Dengkou Wallace, Chifeng Aohan millet, etc. Fully develop modern agriculture and smart agriculture, and build commercial (enterprise) brands, such as Yili Dairy, Hengfeng Flour, etc.

#### 3.3 Develop Live E-Commerce

(1) Give key support to live e-commerce. Use the live e-commerce, including the e-commerce function developed by the traditional e-commerce platform, such as Taobao live e-commerce, Pinduoduo e-commerce, etc; Tiktok, Kwai, Xiaohongshu and so on, which are developed by entertainment social platform and functional software platform, promote farmers to actively learn webcast technology, live by selling.

(2) Organize and carry out live e-commerce delivery through multiple channels. Drawing lessons from the experience of developed provinces and autonomous regions such as Zhejiang and Jiangsu, giving full play to the credibility and authority of the government, we actively organize the government staff members of the county magistrate, the agriculture and Animal Husbandry Bureau, the Rural Revitalization Bureau, the township leaders endorse the local agricultural products. In addition, we can actively carry out endorsement of resources such as celebrities and net red, so as to rapidly enhance the attention and influence of local characteristic agricultural products, expand fans quickly, and help local rural e-commerce develop rapidly.

#### 3.4 Continuously Improve Logistics Facilities and Service Levels

(1) Establish and improve supporting policies and financial support policies for the development of local rural e-commerce. Make full use of the policies of the national and autonomous region rural e-commerce demonstration sites construction, provide more support and help for the construction and transformation of county and village-level rural e-commerce service platforms, and build a perfect three-level logistics distribution system in Qixian county, township and Gacha village.

(2) Strengthen the construction of logistics infrastructure. Local governments should actively respond to the Rural Revitalization Strategy, promote the construction of road transportation system and logistics distribution network, implement the "village to village" project of rural road transportation, and increase relevant subsidies for the development of logistics enterprises in rural areas. We should constantly improve the logistics distribution network, expand the scope of logistics distribution, optimize the layout of logistics network, and enhance the level of logistics service.

#### 3.5 Strengthening the Construction of Rural E-Commerce Talents

(1) We should constantly improve our incentive policies and attract talents. Local government departments actively perform their functions and improve the living and development conditions in rural areas, so as to attract more

excellent returnees and professionals to develop in rural areas.

(2) Strengthen training of logistics professionals. According to the local farmers' herdsman's skill demand for developing rural electric business, the rural e-commerce practice operation training is set up. Meanwhile, professional logistics talents are trained to teach more knowledge and skills of e-commerce for private enterprises and farmers in the countryside.

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### Notes

Note 1: Inner Mongolia 2021 national economic and social development statistical bulletin

Note 2: The "three rural" issues refer to three problems: rural areas, agriculture and farmers.

Note 3: Double cycle refers to the new development pattern with the main domestic circulation as the main body and the domestic and international double circulation promoting each other.

Note 4: Li Chuying, Inner Mongolia rural e-commerce development level measurement and key constraints analysis. Doctoral Dissertation Of Inner Mongolia Agricultural University -2019-06-01

Note 5: Jalali AA, A new applicable model of Iran rural e-commerce development[J], Procedia Computer Science Volume 3, Issue C. 2011. P 1157-1163

Note 6: Lu Zhaoyang, live webcast and the development of fresh agricultural products: the driving mechanism and empirical test, China Soft Science, 2021 (03)

Note 7: Wang Xiangdong, Zhang Caiming, New thinking and practice of rural poverty reduction and poverty alleviation in China in the Internet Era - Enlightenment of "Shaji model". Information Construction. 2011 (02)

Note 8: Zhang Xicai: current situation, Problems and countermeasures of e-commerce in rural areas agricultural .Economy and Management. 2015 (03)

Note 9: Ling Shouxing, Research on the formation and evolution mechanism of rural e-commerce industrial clusters in China [J] Business research. 2015 (01)

Note 10: Lei Bing, Liu Mengmeng, The formation mechanism of rural e-commerce industry cluster -- Based on the case analysis of typical Taobao village. Research on science and technology management. 2017 (11)

Note 11: Ren Xiaocong and Hejun, Development trend, problems and Countermeasures of rural e-commerce in China. Discussion on modern economy, 2017 (03)

Note 12: Wang Xiangdong, Ten suggestions for upgrading rural e-commerce in the next decade. China Information Industry. 2022 (02)

Note 13: Gu Suhua, Inner Mongolia promotes rural revitalization path exploration [J]. Times Economic And Trade. 2021 (09)

Note 14: According to the relevant information of Inner Mongolia News Network.

Note 15: Note: In this paper "agricultural products" refer to unprocessed primary products or primary processed products through natural growth or artificial cultivation, such as planting, animal husbandry and aquaculture; among them, the definition of primary processed agricultural products fully refers to the scope of primary processing of agricultural products issued by the Ministry of Finance and the state Administration of Taxation on enjoying preferential policies of enterprise income tax (for Trial Implementation) and the supplementary notice of the Ministry of Finance and the State Administration of Taxation on the scope of primary processing of agricultural products enjoying enterprise income tax preference. With regard to the industry classification standard of agricultural products, the Ministry of Commerce of the people's Republic of China has referred to the classification of agricultural products (Draft for comments) of the Ministry of agriculture and combined with the statistical characteristics of e-commerce retail, divided agricultural products into ten categories: tea, herbal medicine, fruit, grain and oil, livestock and poultry, nuts, aquatic products, flowers, vegetables and others.

Note 16: Bao Siqin. 《Inner Mongolia development report (2021)》. Distant Publishing House. 2022.01 (P28)

Note 17: According to the data of Inner Mongolia Department of Commerce.

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