

# B GINGER BUSINESS

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## ABSTRACT

B ginger is the second batch of intangible cultural heritage in Henan Province, and it is a very effective means to protect it by promoting its inheritance and development with market demand and helping it to standardize, characterize and market. With the development of people's healthy life trend, the consumer health field has achieved strong growth in China, and consumers are paying more and more attention to food health and safety. As a functional health food, ginger paste is increasingly recognized and accepted by the majority of consumers, with a broad market prospect and large market capacity. B Ginger, due to its unique health care function and pharmacological properties, stands out among ginger, but it does not accurately grasp the corporate marketing concept of B Ginger, which amplifies the price positioning and loses the selling point of B Ginger. The purpose of this study was to committed to the deep development and utilization of B ginger industry, driving the commercialization of B ginger industry and promoting farmers' income, which will surely be encouraged and supported by the policy.

**Keywords:** ginger market, China market, commercialization

## Section 1 Company Description

B ginger, also known as Shangzhuang ginger, is the second batch of intangible cultural heritage in Henan Province. In the development of cultural industry, it is a very effective means of protection to enhance the commercial value of intangible cultural heritage through commercial operation, to promote its inheritance and development by market demand, and to help its standardization, characterization and marketization. With the development of the trend of healthy life, the consumer health sector has achieved strong growth in China, and consumers are paying more and more attention to food health and safety, making the health food industry and the development of special value agricultural products rise. China's health food market is large and growing at a high rate, but the per capita consumption is low, and there is huge room for future improvement, while ginger paste, as a functional health food, is increasingly recognized and accepted by consumers, with broad market prospects and large market capacity.

B ginger, because of its unique health care functions and pharmacological properties, stands out among ginger and is much sought after. 2016, the county engaged in the production, processing and sales of ginger has reached 82 enterprises, products including sugar cream, B gingertea, B gingerpaste and other 8 kinds of ginger products, annual sales of ginger products more than 100 million yuan. 2017 Boai County ginger planting area expanded to more than 320 hectares, with an annual output of more than 600 tons. In 2018, there are more than 100 ginger processing enterprises in Boai County and surrounding counties and cities, with more than 100 kinds of products in six categories, 30 registered trademarks, and annual sales of 300 million yuan. Boai County has become an

important production base for ginger products in the province. However, Boai County has not accurately grasped the cultural brand, health care function and pharmacological properties of ginger in Huai, and the marketing concept of enterprises is simple and imprecise positioning, which amplifies the price positioning and loses the selling point of ginger in Huai.

This paper is committed to the deep development and utilization of the B ginger industry, driving the commercialization of B ginger industry and promoting farmers' income, which will surely be encouraged and supported by the policy.

## SECTION 2 Industry Analysis

### 2.1 Five Forces Model Analysis

In terms of market competition, the various situations in the existing market are fully considered, and the following analysis is made with Porter's five competitive forces.

#### 1. Bargaining power of suppliers

The supply side affects the profitability and product competitiveness of firms mainly through its ability to increase the price of input factors and reduce the quality of the unit value.

Due to the large planting area of the main raw material, huai ginger, in Boai County, the concentration of suppliers is high, there are substitutes that compete with the products of the supplier companies, the conversion cost of supplies is low, coupled with the bulk purchase at the time of production, it can be concluded that the bargaining power of raw material suppliers is weak, so it is difficult to form a strong competitive edge on the part of raw material suppliers.

#### 2. Bargaining power of the purchaser

Buyers influence the profitability of existing firms in the industry primarily through their ability to press prices and demand higher quality of products or services.

Since the degree of customer concentration is not high, the purchase volume of individual purchasers accounts for a small proportion of the company's sales volume; there are many similar kaigang products in the market and there are differences, so customers have a large space for choice. Therefore, the bargaining power of the buyers is weak, but the price sensitivity is high.

#### 3. The threat of new entrants

While bringing new production capacity and resources to the industry, new entrants will hope to win a place in a market that has already been divided up among existing players, and competition for raw materials and market share is likely to occur. As can be seen from the table, there is a degree of entry barrier in the wai ginger products industry.

Table 1 Entrant threat analysis table

Barriers to entry	Wai Ginger Products
Economies of scale	Gradual appearance
Product differentiation	Serious homogenization phenomenon

Brand / Visibility	Many brands but few well-known brands
Capital Needs	relatively low
Government policies and industry standards	Gradual improvement
Physical Geography	Important
Summary	There is a degree of barrier to entry

#### 4.The threat of substitutes

Existing companies with increased profit potential will face the threat of entry of substitutes. The possible sources of substitutes are broadly the following two: First, existing brands conduct research and development of new products for market expansion. For example, brands that are already quite mature such as Huai Qing B gingerSugar Cream and Shang Zhuang B gingerSugar Cream. Secondly, the threat of new producers entering the market with alternative products. The intrusion of substitutes makes it necessary for existing companies to improve the quality of their products, or to lower their selling prices by reducing costs, or to make their products distinctive, otherwise their goals of sales and profit growth may be thwarted.

#### 5.The degree of competition from competitors in the same industry

In 2016, the county engaged in the production, processing and sales of ginger has reached 82 enterprises, products including ginger sugar paste, ginger tea, ginger paste, etc. 8 kinds, ginger products annual sales of more than 100 million yuan. 2017 Boai County ginger planting area expanded to more than 320 hectares, with an annual output of more than 600 tons. 2018, Boai County County and surrounding counties and cities ginger processing enterprises have more than 100, product categories have six categories more than 100 kinds, 30 registered trademarks, and annual sales of 300 million yuan. The number of enterprises processing ginger products in Boai County Huai is large, but there is no leading enterprise, and workshop production is widespread. At the same time, there is no national standard and industry standard guidance for ginger paste, which restricts the development of the product market. Boai County in the online sales of "ginger paste" brand a lot, but less well-known brands, poor competitiveness, the homogenization of the enterprise ginger products serious phenomenon.

## 2.2 SWOT Analysis

Table 2 SWOT model analysis of ginger paste industry

The market opportunity of Huai Jiang Ah Hong Paste is more obvious, to fully give Huai Jiang Ah Hong Paste cultural connotation, emotional attachment, further segmentation of the product target market, precise and clear product positioning, and other products in the market dislocation development, grasp to open the market, seize the market. Accelerate the expansion of marketing channels to cope with the initial capital shortage of disadvantage.

## SECTION 3 Market Analysis and Market Plan

### 3.1 Market composition, segmentation and buyer behavior

Market Composition Analysis: The main ingredients of Wai Ginger Ah Hong Cream are Wai Ginger, Brown Sugar, Honey, Colla Corii Asini, Red Date, etc. It has the efficacy of expelling cold and warming the stomach,

tonifying the kidney and protecting the liver, warming the uterus and invigorating the blood, benefiting the qi and nourishing the face, delaying aging, etc. The market prospect is broad. It mainly focuses on young and middle-aged people aged 15-60, the elderly and the youth population. Specific target market segmentation is as follows.

1.The first target market: young and middle-aged women (15-60 years old)

In the 1920s, China has grown into a middle-class country in the world, with per capita GDP exceeding US\$1 trillion, and the income level and consumption level of residents have increased significantly. In this context, ginger candy cream, which has the functions of expelling cold, benefiting Qi, replenishing blood and nourishing skin, is gradually favored by the majority of young and middle-aged women. 15-60 years old young and middle-aged women, including urban office workers, school students and teachers, housewives and so on, is the first target market and the core target market of Huai Jiang Ah Hong Cream. Firstly, this group is the main source of market demand for Huai Jiang Ah Hong Cream; secondly, this group has strong purchasing power.

Target market behavior characteristics.

- Large consumer groups, broad market
- Strong awareness of health care, strong willingness to consume products with health care, health and other effects
- Some consumers have a long-term stable consumer demand for this type of product
- Willing to share and recommend good products to others, and purchase behavior is diffuse
- Have strong purchasing power

2.Second target market: the elderly market

3.Third target market: middle-aged male market, teenage market, general consumers

### **3.2 Analysis of competitors**

In 2016, the county engaged in the production, processing and sales of ginger has reached 82 enterprises, products including ginger sugar paste, ginger tea, ginger paste, etc. 8 kinds, ginger products annual sales of more than 100 million yuan. 2017 Boai County ginger planting area expanded to more than 320 hectares, with an annual output of more than 600 tons. 2018, Boai County County and surrounding counties and cities ginger processing enterprises have more than 100, product categories have six categories more than 100 kinds, with 30 registered trademarks and annual sales of 300 million yuan. The number of enterprises processing ginger products in Boai County Huai is large, but there is no leading enterprise, and workshop production is widespread. At the same time, there is no national standard and industry standard guidance for ginger paste, which restricts the development of the product market. Boai County in the online sales of "ginger paste" brand a lot, but less well-known brands, poor competitiveness, the homogenization of the enterprise ginger products serious phenomenon.

## **SECTION 4 Management Team and Company Structure**

### **4.1 Corporate Structure**

Considering the company's overhead costs, the company currently does not have a permanent structure, but takes advantage of our students and hires professional teachers as the company's legal advisors.

## **SECTION 5 Operations Plan, Production Design and Development Plan**

### **5.1 Business location and production equipment**

#### **1.Producer selection**

In order to reduce the initial investment cost and investment risk, we choose Boai County, Jiaozuo City, Henan Province, Boai County Huai Xing Tang Medicine and Food Technology Co. The production technology department of our company will carry out the research and development of new products and the procurement of formulas and raw materials, and deliver the products to Boai County Huai Xing Tang Medicine and Food Technology Co. The distribution of interests, according to the rental of the OEM site and equipment to pay the OEM factory costs, taking into account the risk of leakage of the company's production technology, intends to sign a technical confidentiality agreement with the OEM party.

#### **2.Production and packaging**

In order to avoid wastage, the company chooses to arrange production in batches according to the existing sales volume and the expectation of future sales volume, so as to minimize the invalid inventory. When packaging, each bottle of Wai Ginger A-Hong Paste has a customized foam box to prevent damage by express delivery, and food-grade plastic foam is used to seal the bottle cap at the sealing area to prevent spillage during transportation, so that Wai Ginger A-Hong Paste can appear in the best condition in front of consumers.

## **SECTION 6 Financial Projections**

### **6.1 Corporate structure building (October-December 2022)**

How to choose the right personnel is the key to forming a team. The quality of the recruited personnel, the level of practical skills, will directly affect the overall team collaboration, communication, fighting ability. First of all, we should consider the character of the personnel, honesty and integrity, is the necessary nature of the requirements. At the same time, team members are required to master and involve in a wide range of professional knowledge, industry knowledge, market research and other levels of knowledge. General manager, technical advisor and legal advisor, office, finance department, marketing department, production technology department.

### **6.2 Financing Phase (January - April 2023)**

The company's initial registered capital was 50,000 RMB, of which the entrepreneurial team took 30% of the total equity with technology, the entrepreneurial team took 37% of the total equity with capital, and the remaining 33% of the registered capital came from venture capital.

As an intangible asset of the enterprise, we have hired an asset valuation expert to properly evaluate the asset based on the current benefits the asset is likely to generate and the future credit amount, as an asset of \$15,000 into the company (including registration fees, attorney fees, etc.). With the formation of the Company's operating benefits and goodwill, it is believed that the value of this intangible asset will be higher in the future.

### **6.3 Commissioning phase (May-August 2023)**

In order to reduce the initial investment cost and investment risk, we choose Boai County, Jiaozuo City, Henan Province, Boai County Huai Xing Tang Medicine and Food Technology Co. The production technology department of our company will carry out the research and development of new products and the procurement of formulas and raw materials, and deliver the products to Boai County Huai Xing Tang Medicine and Food

Technology Co. The distribution of interests, according to the rental of the OEM site and equipment to pay the OEM factory costs, taking into account the risk of leakage of the company's production technology, intends to sign a technical confidentiality agreement with the OEM party.

#### **6.4 Product sales phase (September 2023-)**

Ltd. to produce finished products, our company will start sales activities through online and offline sales simultaneously while producing, with online sales as the main focus and offline sales as the supplementary strategy. At this stage, the company will first cooperate with large supermarkets in Henan, such as Dasher Group Henan Supermarket Chain Development Co. For large customers to give lower than the retail price of direct sales price, reduce their retail costs; direct delivery, and provide the corresponding after-sales service; sales season (winter and spring) to enjoy the right of priority supply; enjoy our company's new products priority trial rights, in order to establish a long-term and stable relationship. At the same time, we will use the two major live streaming platforms, Jitterbug and Crypto, to post our company's development history, raw material handling and production process in the form of short videos online, and regularly open a live broadcast once a week to introduce our main product - Huai Jiang Ah Hong Paste, to increase the recognition of our products.

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