

# Business Model Analysis of Shunxiang Hazelnut Planting Cooperative Using the Business Model Canvas

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**Abstract:** Agricultural cooperatives serve as typical entities within the agricultural sector of China and encounter common representative challenges during their growth. This study employs the business model canvas theory to analyze the profit and business models of the Shunxiang Hazelnut Planting Cooperative while clarifying its ongoing developmental hurdles. By addressing pivotal concerns, the paper puts forth branding suggestions and outlines future developmental directions.

**Keywords:** Business model; Business model canvas; Shunxiang Hazelnut Planting Cooperative

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## 1. Introduction

Situated in the Longtan District of Jilin City, Jilin Province, China, the Shunxiang Hazelnut Planting Cooperative encompasses ten hazelnut demonstration orchards, covering over 200 hectares. Supported by a dedicated team offering technical guidance and consultation on hazelnut cultivation, the cooperative extends assistance to planting bases, resolving cultivation-related issues. In recent years, the cooperative has achieved an annual hazelnut yield of up to 2000 kilograms, characterized by hazelnuts that are crack-free, possess a prolonged shelf-life, and are plump. The primary challenges faced by the Shunxiang Hazelnut Planting Cooperative revolve around its primary profit and business models, which aim to ensure substantial income for planting members while facilitating the cooperative's sustainable operation for enhanced returns. Consequently, by utilizing the business model canvas tool, this study conducts a comprehensive analysis of the cooperative's fundamental aspects, core products and services, and key channels, while also offering recommendations for its future development.

## 2. Business models and the business model canvas

In 1939, Schumpeter, a famous Austrian economist, pointed out that competition based on prices and output is not the key factor; rather, the crucial aspect is competition stemming from new business, technology, supply sources, and business models. Furthermore, he emphasized the significance of a company's business model and its innovation in shaping the future development of enterprises<sup>[1]</sup>. Although the concept of a business model was introduced early on, there is still no mature theoretical framework due to varying motivations, perspectives, backgrounds, and goals among scholars<sup>[2]</sup>. Arash Najmae (2011) proposed that innovative business models transcend strategic planning and decision-making. This kind of

business model innovation is a systematic and process-oriented strategic activity that holds great importance in assessing a company's capabilities, achieving objectives, and rearranging diverse resources and capabilities<sup>[3]</sup>. Among the various concepts related to business models, it becomes evident that a business model places greater emphasis on a company's profit model. It represents the process and primary approach through which a company creates value, encompassing the nature of products or services provided to consumers and the concurrent profit generation.

The business model canvas is a tool developed by Swiss entrepreneur Alexander Osterwalder that employs a visual canvas format to analyze a company's business model<sup>[4]</sup>. Within the business model canvas, a company's critical tasks, core resources, primary value propositions, customer relationships, customer segments, key partnerships, primary channels, cost structure, and main sources of revenue are represented. The canvas illustrates information regarding what kind of products a company will provide, who the intended users of these products are, the reasons behind user product consumption, how the company plans to deliver its products to users, and how the company intends to generate profit. By utilizing the business model canvas, companies can identify key issues within their operational processes, including aspects such as product development, customer relationship management, and distribution channels. This paper will employ the business model canvas to analyze the operational model of the Shunxiang Hazelnut Planting Cooperative.

### **3. Business model canvas analysis of Shunxiang Hazelnut Planting Cooperative**

#### **3.1. Overview of Shunxiang Hazelnut Planting Cooperative**

The Shunxiang Hazelnut Planting Cooperative primarily engages in hazelnut cultivation and provides technical guidance and services to associated cooperatives and farmers involved in hazelnut cultivation. Its primary sources of revenue comprise hazelnut sales and the provision of hazelnut planting services. The hazelnuts cultivated by the Shunxiang Hazelnut Planting Cooperative are characterized by their plumpness, high yield, and extended shelf life. However, the sales prices and volumes remain unsatisfactory due to the continued use of outdated marketing methods for hazelnut product sales. The cooperative lacks a clear direction for future development in its planning, as well as ample sales experience. Additionally, it lacks an experienced marketing team to establish a brand, precise positioning, and comprehensive marketing strategy. This paper will employ the business model canvas to analyze the relevant business elements of the Shunxiang Hazelnut Planting Cooperative in the context of its operational status, aiming to explore and analyze a suitable business operation model for the cooperative.

#### **3.2. Business model canvas analysis of Shunxiang Hazelnut Planting Cooperative**

Shunxiang Hazelnut Planting Cooperative, located in Gangyao Town, Longtan District, is formed by hazelnut planting members in accordance with the cooperative's regulations. Planting members constitute its primary partners. Additionally, relevant industry associations for undergrowth products and local agricultural institutions play vital roles as cooperative partners. The industry association provides opportunities for collaboration among peers and offers services to its members. Meanwhile, local agricultural institutions serve as technical advisors and communication partners for long-term planting techniques (key partnerships).

Key operations of Shunxiang Hazelnut Planting Cooperative encompass hazelnut products, cultivating high-quality hazelnut seedlings, and providing technical support for hazelnut planting. The cooperative's objective is to transform its base into a hazelnut-producing region with distinct characteristics, positioning hazelnuts as locally renowned products and achieving regional premium pricing for hazelnut products (key

operations).

Experienced planting technical teams and hazelnut planting demonstration orchards serve as the primary resources for Shunxiang Hazelnut Planting Cooperative. Concurrently, local government support policies for agricultural entrepreneurs also constitute significant resources (key resources).

The current value proposition of Shunxiang Hazelnut Planting Cooperative entails providing high-quality hazelnut products to end consumers and offering superior hazelnut seedlings, technical services, and guidance to hazelnut planting members. However, the cooperative lacks a systematic plan for maintaining customer relations. For consumers, sales solely rely on conventional sales channels; for planting members, the cooperative provides hazelnut seedlings and assistance in hazelnut cultivation. These planting members serve as both customers and future collaborators. Shunxiang Hazelnut Planting Cooperative lacks clear segmentation criteria for its target market, remaining uncertain about its primary target customer groups and their characteristics. The primary sales channels involve large-scale agricultural exhibitions and online platform sales, with revenue mainly generated from hazelnut agricultural products and seedlings.

#### **4. Development recommendations for Shunxiang Hazelnut Planting Cooperative**

Based on the business model canvas analysis for the Shunxiang Hazelnut Planting Cooperative, maintaining its current operational state will likely lead to stagnation and hinder its ability to overcome development bottlenecks. This approach may confine the cooperative to a limited level of hazelnut cultivation and business operations, eventually relegating it to a mere supplier for other enterprises. However, if the cooperative recognizes its development challenges and breaks free from its existing mindset, leveraging its strengths and capitalizing on current policy support, seeking assistance from marketing experts, and identifying its advantages and disadvantages, it could seize development opportunities and achieve greater success. The cooperative might establish its own unique brand and distribution channels, allowing its hazelnut products to command premium prices multiple times over.

Shunxiang Hazelnut Planting Cooperative should articulate a clear overall development plan. It could achieve this by involving neighboring farmers in hazelnut cultivation, thereby transforming the local area into a hazelnut industry cluster. This could be accomplished through the creation of a regional brand that leverages the premium pricing effect driven by the reputation of the region. Presently, the primary sources of revenue for the cooperative are hazelnut products and hazelnut seedlings. By exploring the culture of the hazelnut planting region where the cooperative is located, and leveraging intellectual property rights for positioning and establishing collaborative and regional branding, efforts can be made to achieve a brand premium effect, thereby increasing the overall income of the farmers.

#### **5. Conclusion**

The challenges faced by Shunxiang Hazelnut Planting Cooperative during its operational process will have an impact on its subsequent development. The key decision-makers of the cooperative must recognize the significance of these challenges and address them promptly to determine their development orientation and sales channels. Shunxiang Hazelnut Planting Cooperative should analyze its issues within the theoretical framework of the nine elements of the business model canvas, adjust its development strategy accordingly, leverage the power of new media, uncover its potential, and strategically plan its growth path.

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