



Is “Taobao Village” a New Model of Rural Development in China?

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Abstract

"Taobao Village" is growing rapidly in China. According to the current phenomenon, Taobao Village has brought benefits to the rural economy. It is necessary to summarize the practical experience of existing cases, especially to answer whether is Taobao Village really a new model for China's rural development or not. The research theme is divided into three basic questions: Why Taobao Village was formed? Why can the online store project be introduced into the village and continue to spread? Why can it reach the quantitative standard formed in Taobao Village? This paper takes Cao Xian as an example of exploring the developing path of Taobao Village. It summarizes a theoretical framework of forming factors of Taobao village, which includes five elements: industrial foundation, Taobao platform, infrastructure and logistics, new rural people, and government support. The government should take the specialized village as the main cultivation object of Taobao village, strengthen infrastructure construction, further improve the logistics system, formulate support policies, and attract more young people to join e-commerce entrepreneurship.

Keywords

Taobao village, rural development, new model

1. Research background

According to statistics, the number of Taobao villages in China has growing rapidly from 3 in 2014 to 212 in 2019, covering ten provinces such as Guangdong, Fujian, Zhejiang, Jiangsu, and Tianjin. According to the current phenomenon, Taobao Village has brought benefits to the rural economy. It can increase income. The capital investment in rural e-commerce is low and the operation is flexible. With the wide application of the Internet in rural areas, the economic and social value of rural e-commerce clusters has become increasingly significant, incubating hundreds of grassroots entrepreneurs, creating large-scale employment opportunities, and e-commerce to increase their income and get rid of poverty. At the same time, the development of rural e-commerce clusters further promotes the development of upstream and downstream industries and creates indirect employment opportunities. According to the Taobao Village Research report, every new active online store in Taobao Village can create about 2.8 direct jobs. In the era of "Internet +", rural e-commerce is a form of rural e-commerce industry and spatial agglomeration with Chinese characteristics. The combination of the Internet and rural areas has changed the pattern of the one-way flow of information, talents, capital, and commodities, and stimulated the economic vitality of rural areas. With the transformation of the rural population into rural e-commerce, the mode of life is closely related to work and production. With the expansion of the scale of rural e-commerce clusters, the corresponding life and industrial supporting facilities are becoming more and more complete. There are a variety of functional services in rural areas, such as catering, express delivery, accommodation, e-commerce services, and a certain form of spatial agglomeration. The development of Taobao Village has attracted part of the labor force to return to rural areas and improved social problems

such as left-behind children. On the other hand, the rural population is supported by the government in the process of operating rural e-commerce, especially the improvement of infrastructure construction, while improving the living environment of farmers.

In general, Taobao Village has changed the rural way of life and stable development of the society. But at present, Taobao village is mainly concentrated in the eastern coastal areas, the number is still very small. In order to promote the better and faster development of China's Taobao Village, it is necessary to summarize the practical experience of existing cases, especially to answer the question: What are the influencing factors of Taobao Village? This paper will use a Can Xian as an example to further explore the path of Taobao Village.

2. Literature review

The emergence of Taobao Village is a typical product of the combination of rural areas and the Internet, which promotes the development of the rural economy. The emergence of the "Taobao Village" cluster also promotes farmers' employment and improves their income. Since 1980, information and communication technologies have become the main driving force of economic and social transformation in rural areas, connecting rural residents with the whole economic network (Nelson, 2018). The rural development of Western countries has undergone the transformation of de-agriculturalization and post-productivism, gradually completed the transition from an agricultural economy to a diversified economy, and made outstanding achievements in handicrafts, retail, tourism... (Roche, 2019). The new economic growth theory shows that technological progress is an important driving force of economic growth, and there is no doubt about the promotion of the Internet to the economy. (Romer,1990). After China's economic reform, rapid industrialization and urbanization have profoundly changed the trajectory of rural development. More and more villages have experienced a similar process of economic reconstruction and cultural diversity (Leong et al., 2020). Information technology is the basic mechanism for integrating into the contemporary global economy. Network information technology has become the dominant factor in the reconstruction of social relations and daily life in Chinese villages. ICT empowers marginalized communities to form a bottom-up rural e-commerce system (Leong et al., 2020). Information technology and network economy have accelerated the process of de-agriculturalization in rural areas and changed the rural economic model and the daily life of rural society. For a long time, the differences between urban and rural areas and the differences between the eastern, central, and western regions have promoted the one-way flow of labor from rural areas to developed cities. Outstanding talents leave rural areas to settle in cities, and young and middle-aged workers go to cities to work and do business. Therefore, there is a serious problem of hollowing out in rural areas (Liu et al., 2021). The development of e-commerce not only greatly expands the space of rural entrepreneurship, but also creates job opportunities, solves the problem of the loss of rural human resources, and alleviates the social problems of rural hollowing out. Taobao Village is an e-commerce specialized village with Taobao as the main trading platform, which essentially has the general characteristics of a specialized village. There have been research results on the formation mechanism of specialized villages, which can provide inspiration for the analysis of the formation process of Taobao village. The specialized village began with the production mode of "one village, one product" in Japan because it plays a special role in increasing farmers' income and speeding up the adjustment of rural structure. Later, it has been introduced by China, South Korea, Thailand, Nepal and other countries (Karki, 2018). The existing research on the formation mechanism of specialized villages is mainly focused on the influencing factors of the formation of specialized villages. Research shows that a specialized village is the product of a variety of factors, including local resources and potential, geographical location, entrepreneurial talent, economic level, traditional culture and customs, and policy support (Feldman, 2020). The second is the spatial diffusion in the process of the formation of specialized villages. The formation of a p specialized village is a process of the spread of a new project from a limited place of origin through the spatial spread of susceptible people. Spatial diffusion has the characteristics of proximity effect, hierarchical effect and distance attenuation.

3. Materials and methods

This paper uses a case study to analyze the mechanism of Taobao Village. The selection of research methods should follow the problem-oriented principle and choose the method that is most suitable for the research topic. Case studies are more suitable when the research topic is broad and contains rich background conditions; when the research is based on multiple rather than a single source of evidence; when the research question involves "how" and "why";

when the researcher has no control over the research object; when the focus of the study is on an ever-changing phenomenon in the context of real life. The research object is what happening and changing in real life, which involves background, multiple sources of evidence and the questions of "how" and "why", so it is suitable to adopt the method of case study. This paper will take Cao Xian as a case study. According to Ali Research Institute's data in 2019, Cao Xian is one of the top ten Taobao villages in China, there are a total of 124 Taobao villages in Cao Xian, which is the second largest Taobao village cluster in China. The characteristic products of Cao Xian are wood products and costumes.

4. Results and Discussion

In order to explore the factors contributing to Taobao Village, around the concept and identification criteria of Taobao Village, the research theme is divided into three basic questions: why Taobao Village was formed? Why can the online store project be introduced into the village and continue to spread? Why can it reach the quantitative standard formed in Taobao Village? These three questions constitute the core content of the research. This paper sums up five factors for the formation of Taobao Village.

Industrial foundation : Most of the products sold in Taobao Village are agricultural products and light industrial products, which are often related to the local industrial base. Especially in Taobao Village, which sells agricultural products, the products usually come from local agricultural cultivation. Rich resources play a positive role in the shaping of Taobao Village, and these natural resources effectively reduce the material and risk costs of local farmers' entrepreneurship. The requirements for learning in the process of transformation from farmers to rural e-commerce status are not high. In addition to the natural resources, a large part of the development of Taobao Village depends on the traditional industrial foundation. Rural e-commerce can rapidly multiply and form clusters, and most of them sell similar products, which is bound to be supported by a stable and large-scale industrial base. When the local industrial base reaches a certain scale, the scale effect of the agglomeration economy is formed, and the division of labor in the cluster not only gives birth to many enterprises producing intermediate products but also attracts other enterprises producing final products to settle down, which makes the industry further agglomerate and improves the production efficiency of rural e-commerce. On the other hand, the accumulation of industrial foundations has also improved the relevant supporting facilities, local transportation, warehousing, equipment, and technology, but also directly promoted the smooth development of e-commerce. The development of Taobao Village is closely related to the developed local professional market, and it also provides a new path of transformation and upgrading for the local professional market. Take Cao Xian as an example, it was originally a village dominated by planting and solid wood processing industry, but the local economy is not good. In recent years, the rapid development of e-commerce in Cao Xian, represented by Performance clothing processing, has led to the steady growth of the local economy. Cao Xian has formed three major rural e-commerce industry clusters focusing on performance clothing, forest product processing, and characteristic agricultural products. The development of e-commerce in Cao Xian has affected the surrounding industries to a certain extent and created employment opportunities indirectly. Before the development of the e-commerce industry, the main service providers in Cao Xian concentrated on a few large logistics service providers such as China Post, Shentong, and so on. Since 2010, with the rapid development of e-commerce in Cao Xian, many foreign logistics service providers have entered Cao Xian, at the same time, such as credit services, advertising services, product design services, and equipment rental, and poured into Cao Xian. With the development of the surrounding industries of e-commerce in Cao Xian, more and more employment opportunities have been created in the region, thus increasing per capita income and local economic growth.

Taobao provides a good platform: From the seller's side, Taobao provides low cost, does not need a lot of money, technical difficulty is also low, and everyone can open a shop on Taobao. Taobao platform just meets the entrepreneurial needs of farmers. Therefore, Taobao provides a basis for farmers to carry out entrepreneurial projects. The Taobao platform has huge consumer users, which provides a necessary basis and strong guarantee for farmers' e-commerce entrepreneurship to eventually evolve into a cluster phenomenon. Since its establishment in 2003, Taobao has become the largest shopping platform in Asia, driven by continuous innovation of supporting products such as third-party payment tool "Alipay" and chat tool. By the end of 2014, Taobao had an average of more than 120 million active users per day, accounting for 95.5% of the C2C market. In addition, on the Taobao platform, online merchants can also have corresponding traffic and consumers through the personalization of store design and business promotion, thus contributing to the cluster phenomenon of the coexistence of multiple e-commerce in the same village and the same industry.

New rural people: In Taobao Village, these entrepreneurial talents show completely different characteristics from traditional farmers and are called "new rural people". The characteristics of the new rural people mainly include the younger generation. The age of new rural people is mainly between 20 and 40 years old. According to the survey, about 80% of the online people in Cao Xian are under 40 years old, mainly composed of college students returning to their hometown and migrant workers, and there are also individual open-minded farmers. Second, higher education. Compared with traditional farmers, the new rural people have a higher level of education and have stronger computer skills. Entrepreneurs still need to have computer skills, expression ability, photo taking, and picture processing ability. It is difficult for traditional farmers to replace the new rural people in Taobao Village. The third is Internet genes. The Internet is the core gene and the biggest difference between new rural people and traditional farmers. New rural people were born in the Internet era, high frequency of Internet use, frequent online social interaction, and have a way of thinking that can adapt to the Internet development. Fourth, when new rural people start a business successfully, this entrepreneurial behavior will also attract the imitation of farmers.

Infrastructure and Logistics: In addition to the traditional characteristic industrial foundation, Taobao Village also needs certain infrastructure and supporting industries, including road traffic, communication facilities, and express delivery. These industries together constitute the offline basis for the development of e-commerce in Taobao Village and continue to evolve with the development of e-commerce in Taobao Village. Cao Xian has basically established a relatively complete basic service for e-commerce. At present, Cao Xian has basically completed the basic network broadband construction of village-to-village access, and some villages and towns can achieve optical fiber access to homes and mobile 4G signal coverage. In terms of communication services, it has provided the guarantee of basic information and communication for e-commerce activities. In 2019, Cao Xian built a total of 105 express deliveries. Government support: The intervention and support of the local government have promoted the healthy development of "Taobao Village". In Cao Xian, the local government promoted the establishment of an e-commerce service center to provide assistance in the registration, the network infrastructure, and the entry of enterprises; at the same time, the government also formulated supporting preferential policies to promote e-commerce, provide rent discount and reduce loan fees. At the same time, the government actively promotes the establishment of e-commerce associations. The main role of e-commerce associations is to standardize the behavior of online merchants, avoid vicious competition, and assist them in carrying out differential development.

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