E-Agricultural Services and Business

Expanding Farm Business through Popular Social Network Site

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Abstract— The main challenges of doing a farm related business, especially for the small one, are finding buyers for the products in a smaller population area, traveling greater distances for supplies and inventory, and finding support services. Communication and information constraints used to be root of the problem. However, the advancement and growing popularity of various social network sites, emerging number of internet cafes in the rural areas, as well as the availability of social network application in mobile phone can be seen as a good way out for overcoming those challenges.

This paper will discuss about the possibility of using one of popular social network sites available on the internet today for expanding a small scale farm business. The activities to be covered are including market intelligence, product promotion/advertisement, direct selling and customer care. This can be done by using a number of applications that allow users to upload and share photos and videos, to post messages, notes or links, and to participate in an online marketplace. Although the website is not likely to become the homepage for some of the older generation, it holds a multitude of opportunities for young producers already interested in the website and its many features.

A virtual store specialized in organic farming products is taken as an example case. Three-month experiences of using the popular social network site, Facebook - a project of the Electronic Frontier Foundation, are examined to see its effectiveness, advantages as well as disadvantages related with the purpose. Terms of use of the social network site are carefully considered to avoid any violation.

Keywords: farm business; organic products; social network site; consumers education; business expansion

I. INTRODUCTION

The main challenges of doing a farm related business, especially for the small one, are finding buyers for the products in a smaller population area, traveling greater distances for supplies and inventory, and finding support services. In addition, there are several issues more particular to the local organic agricultural products business, such as consumer awareness, market development and product (quality) development. They are related with consumers' lack of information about organic products, lack of consumer awareness, and competition with conventional products. Most consumers are not familiar very well to organic products and their benefit to nature; just compare the prices, while appearance of organic products tends to less attractive.

In Indonesia, although organic products became one of the alternatives to the new "healthy" lifestyle and the consumer preference to organic products has increased from time to time, the number of organic consumers is still very small and therefore the business operators are competing for the same people. Therefore, much effort is needed on market development through consumers' education. With a population of over 235 million people that is still growing, there is no doubt that organic agricultural products will have a big market in the future in Indonesia. Constant communication to customers would be ideal, but is time consuming and sometime too costly.

Introduction of the Internet in the last two decades has developed new forms of communication and changed the ways people relate and create relationships. With these new forms of communication people have the possibility to elude time and geographical constraints, therefore allowing them to always be connected. Furthermore, in recent years new Internet applications known as Social Network Sites (SNSs) have gained popularity and gained users from all around the world. They have become an important platform to maintain existing relationships, and also to create new ones. Supported with emerging number of internet cafes in the rural areas and the availability of social network application in mobile phone, the use of social network sites can be seen as a good way out for overcoming communication challenges faced by the local farm business in Indonesia. This paper will discuss about the possibility of using one of popular social network sites available on the internet today for expanding a small scale farm business, especially those related with organic products.

II. FACTS ON ORGANIC FARMING AND MARKETING

"Go Organic 2010" has been launched by Ministry of Agriculture, the Republic of Indonesia in the year 2001 with vision of realizing Indonesia as one the organic food producers in the world. This indicates the government awareness on the need of sustainable agricultural development that requires integrating natural resource management strategies into agricultural development policies as well as programs. The program needs integrated roles and responsibilities among all relevant stakeholders, in which the government roles are in terms of providing

policies and regulation, socialization of organic food system, preparation of infrastructure, preparation of facilitators for organic farming development, preparation of organic inspectors for verification/certification, and facilitating market access for high quality organic products.

Until year 2007, total certified land of organic farming was more than 50.130 Ha, increase more than 25% from 2005 [1]. The predominant organic agriculture in Indonesia is crops, especially rice, vegetables and fruits. A couple of "healthy" products like honey, herb tea, mushroom, eggs and milk producers also exist. Organic producers comprise a smaller proportion of the agricultural industry with individual producers being usually small-scale and widely dispersed. National standard on organic food production was released in 2002 (SNI 01-6729-2002). SNI adopt standard from Codex CAC/FAO and IFOAM basic standard.

In terms of marketing practices, currently there are 3 channels from where the consumers can get agricultural organic products, i.e. supermarket chain, specialized shops, and direct marketing from the producers, but the last one is only in very small scale. In supermarkets, organic products are sold in the same way as non-organic products, e.g. on the same product shelves. In specialized shops, organic products are the main feature of the shops beside some other products, usually named as healthy products. However, in most cases, before reaching its final consumers most of the products should move through long marketing channels. After harvesting, the producers sell their products to the collectors, usually local traders. The collectors sell the products to the middleman who will sell it further to the wholesalers. The wholesalers distribute the product to marketing outlets. With such lengthy marketing channels, producers do not get attractive price for their products as the price mostly determined by the collectors. To get better price, some producers or group of producers try to practice direct selling, i.e. door to door selling. Consumers start to ask about certificate of organic products, but still accepting self-claimed organic in general.

III. SOCIAL NETWORK SITES IN THE INTERNET

Social network sites (SNSs) is defined as web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system. The nature and nomenclature of these connections may vary from site to site [2].

Social (Electronic) Networks can be resembled to a computer network (Fig. 1). While a computer network is a number of machines interconnected through a set of cables, a social (electronic) network is a set of individuals, companies, or social entities that are connected both by a set of socially-meaningful relationships, and a computer network [3,4].

Even though SNSs have gained popularity in the last ten years, they have been used since the late 1970s as tools for distribution of information and cooperation within members of specialized groups, such as investigation researches [3]. Yet the major known SNSs of today did not appear until 1997 [2].

There are hundreds of SNSs in the Internet nowadays. MySpace, Facebook, Twitter, Friendster, LinkedIn are some of the popular ones that can be mentioned. Since their introduction, the SNSs have attracted millions of users, many of whom have integrated these sites into their daily practices. Facebook claims that currently has in excess of 350 million active users on global basis, 50% of active users log into the site each day. This would mean at least 175 million users every 24 hours. Twitter now has about 75 million user accounts, but only around 15 million are active users on a regular basis. LinkedIn has over 50 million members worldwide, while Flickr hosts more than 4bn images [5].

Unlike its name, use of SNSs is not limited in social aspect of networking, but also in the business aspect. In this case, survey carried out by [6] to a number of Columbian and Swedish entrepreneurs indicated that when asked which ones where the ones they used, either for personal reasons or business purposes, only three networks were mentioned: Facebook, LinkedIn and Twitter. From the three, Facebook was the one used by the higher number of entrepreneurs.

In Indonesia, SNSs are also getting its popularity. Even, as shown in Table 1, Indonesia is in the top-ten countries with highest number of Facebook users, and within last 2 years has the highest growth of users in the world. Facebook provides a number of applications that allow users to upload and share photos and videos, to post links or notes and to participate in an online marketplace easily, where they are able to buy and sell various items. Facebook has been translated into various languages. At present there are more than 70 translations available on Facebook, including Bahasa Indonesia. This provides greater potentiality of user growth.

IV. EXPANDING BUSINESS BY USING FACEBOOK

Priangan Green Land (PGL) started the business in 2007 with organic vegetables as its specialty. In the beginning it was only supplying restaurants and hotels. In 2009 the business was expanded to also operate for public consumers through its two marketing outlets. In addition to 20 kinds of vegetables, it also offers organic rice which is produced by a number of contracted producers. Realizing the potentials of using SNSs for business and recognizing the popularity of Facebook, in July 2010 PGL joined Facebook and developed a page as its virtual store to expand and communicate with its customers (http://www.facebook.com/pages/Bogor-Indonesia/Toko-Sayuran-Organik/137188656302712). Through this page, PGL starts to practice home delivery direct marketing.

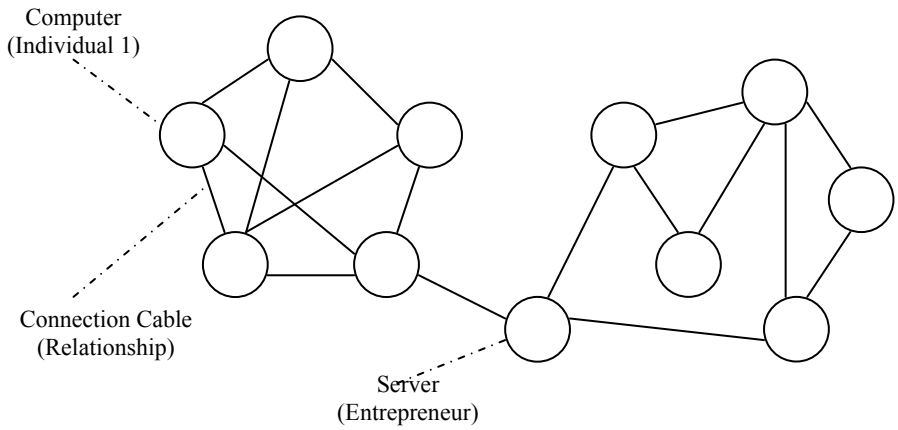

Figure1. Comparison of a social network to a computer network

Table 1. The top-ten countries with highest number of Facebook users [7]

Rank	Country	Number of Facebook users 1st July 2008	Number of Facebook users 1st July 2009	Number of Facebook users 1st July 2010	12 month growth %	24 month growth %
1	USA	27,811,560	69,378,980	125,881,220	81.4	352.6
2	UK	11,171,540	18,711,160	26,543,600	41.9	137.6
3	Indonesia	209,760	6,496,960	25,912,960	298.9	12253.6
4	Turkey	3,464,640	12,382,320	22,552,540	82.1	550.9
5	France	2,461,140	10,781,480	18,942,220	75.7	669.7
6	Italy	491,100	10,218,400	16,647,260	62.9	3289.8
7	Canada	9,621,820	11,961,020	15,497,900	29.6	61.1
8	Philippines	162,640	2,719,560	14,600,300	436.8	8877.1
9	Mexico	1,042,820	3,644,400	12,978,440	256.1	1144.6
10	Spain	695,900	5,773,200	10,610,080	83.8	1424.7

In Facebook, page is a profile of brand. Page facility was developed as a response to the fact that many companies were using user profiles for their companies that violating Facebook's terms of service. Facebook page is very easy to be developed, free of charges, and accessible by everybody, even by those are not joining Facebook. By posting photos, videos, notes, or links related to the business, it is instantly doing advertising without dropping any word of marketing. The most important feature within the Facebook pages product for communicating with its audiences is that pages have access to Users' Feeds. Essentially when Facebook users become a "fan" of a branded page, they will be notified of status updates anytime the page administrator update the status on the brand page, via the primary news feed on the homepage.

The PGL Facebook page employs six (6) basic features/applications of Facebook in its tab, i.e. Wall, Info, Notes, Photos, Reviews, and Discussions (Fig. 2). The Wall is a space on the page that allows the users to post short messages, temporal notes or questions for the users to see while displaying the time and date the message was written. Info is a place to put a standardized format of company profiles. Facebook Notes is a blogging feature that allowed tags and embeddable images. Blogs from various blogging services can also been imported to the Notes. PGL uses Notes to publish information or articles related with organic products, as a means to educate its customers and general users. Photos application is one of the most popular applications on Facebook, where users can upload albums of photos, tag friends, and comment on photos. PGL uses Photos for its products display, including its price list. With Reviews, fans and customers can leave honest opinions about business being run. Reviews lets the prospective fans know what to expect with the respective business and can influence people interacting with it. This can also be functioned as a space for market intelligent. Discussions tab enable people to have conversation, get their ideas out into the open forum, let them know exactly what others think and want.

Figure 2. Priangan Green Land (PGL) Facebook page

V. DISCUSSION

Within three months since its launching, PGL has utilized the page to communicate all about its business to public, including products information, price list, information on new outlets and services, and also to obtain feedback from public. The page enjoys a lot of user visits, and also has been listed in the directory of Provincial Office - Ministry of Agriculture official website. Table 2 shows statistic of PGL page use.

Table 2. Statistic of Priangan Green Land page use 3 months after its launching

Month	Fans	PGL Posts in Wall	PGL Posts in Notes	Users Posts	Chats after Posts
July	n.a*)	12	3	-	3
August	496	15	5	-	7
September	598	4	1	3	4

As shown in Table 2, the page use as a communication channel has not been intensive yet, especially in September. However, number of people accessing the page grows significantly, indicated by users who clicked "Likes" button and become Fans of the page. Besides, there were also many customers who made contact to PGL through telephone number provided in the page. The business operator also regarded the experiences with using SNSs as providing positive results. To date, there are several benefits that had been acquired by PGL via SNS. The greatest positive result is to be linked to the customers' perception of the product or the company, which translated into more sales. Also, it was important to understand that valuable information can be gathered from those customers by involving them with what is happening in the company. This involvement is easier, faster and less costly to perform via SNSs than through conventional channels. The followings are other benefits of using Facebook page:

- Branding – The Facebook page has become a great resource for generating awareness on organic products.
- Customer engagement - Facebook applications has become a great way for communicating promotions and events.
- New customer acquisition - Facebook provides an opportunity to find consumers that the business operator may have not otherwise discovered.
- Customers Retention – Facebook applications provide another potential interception point to build the relationship with the consumers.
- Drive Web traffic - Facebook page can act as a portal point for driving traffic to the company's web site (http://www.tokosayurorganik.blogspot.com) and other online properties.
- Feedback mechanism - Using Facebook with its various applications help the business operator understand consumer behavior based on the sharing of content and commentary on the site.
- Reputation management – Facebook page has been a useful tool for seeing what users are saying about the company and its products. In addition Facebook page can now be indexed in the search results, and as a result can provide another favorable listing in the organic search results.

However, there are also several issues that may limit the effectiveness of using Facebook as organic products marketing channel. Despite its popularity, the predominant users of Facebook are younger generations that usually are not decision makers on food purchase in the family. The business operator needs to find appropriate strategy in communicating with the existing page fans so that they are willing to become promotion agents of organic products to at least their family. Another problem is delivery distance. Although communication for direct selling by using Facebook page can reach more consumers in wider area, still the delivery distance that can be managed by business operator is limited to the local area. Several requests come from other parties to become marketing outlets, but again, problems of delivery distance from the farm to the remote marketing outlet have not been solved yet. Therefore, strengthening the local market is indispensable.

VI. CONCLUSION

The study found that popular social network sites available in the Internet have a potential to be effectively used for expanding a small scale farm business, including those related with organic products. The business operator utilizing Facebook page for its virtual store regarded the experiences with using SNS as providing positive results. The Facebook page has been functioned for branding, customer engagement, new customer acquisition,

customers retention, drive web traffic, feedback mechanism, and reputation management. The ultimate benefits was the customer customers' perception of the product or the company, which translated into more sales. However, age range of predominant SNSs users as well as limited delivery distance manageable by the business operator has been restricted the effectiveness of using the SNSs for expanding business to wider area. Taking word of mouth to the whole family of the existing page fans will be useful to strengthen the local market.

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