

## *Asian Journal of Food and Agro-Industry*

ISSN 1906-3040

Available online at [www.ajofai.info](http://www.ajofai.info)

### **Organic Market Niche in Taiwan - The Case of Tze-Hin**

**Chang, Long-Hsien, PhD.**

Associate Professor of International Business Administration, Chien-Guo Technology University, Chang-Hwa City, Taiwan.

\*Author to whom correspondence should be addressed, email: thomas. [lhchang@ctu.edu.tw](mailto:lhchang@ctu.edu.tw);  
[lhchang@faculty.nctu.edu.tw](mailto:lhchang@faculty.nctu.edu.tw)

---

#### **Abstract**

The purpose of this study is to analyze a successful religious non-profit organic certification and marketing organization - Tze-Xin Organic Agriculture Foundation (TOAF) in Taiwan. For farmers to be convinced to go organic, they not only need organic farming techniques and management, but also marketing channels. Tze-Xin is one such organization that provides a whole package of services to farmers, including training courses, on-site field management, accreditation, and a sales channel. The idea was initiated by the Buddhist Master Monk Ri-Chang in 1995. By 2009, TOAF already has 60 organic chain shops in Taiwan, offering sales channel for growers and purchasing venue for consumers of organic products. These success factors for Tze-Xin can be attributed to consumer trust of the veracity of its products, the enormous support, and the number of volunteers working at idea of enlightenment and organization's commitment. The root success came from organization's long-term working relationship with growers, so that they were convinced of giving up conventional farming practices and were willing to adopt new organic farming practices. A survey was held and supported a new shop to be established in the Educational Park, which is the base and infrastructure of TOAF, including the largest organic farm in Taiwan and a primary and middle school. Tze-Xin's retailing shops increased so rapidly, won the truth of producers, retention of consumers, the commitment of voluntary workers, and owned brand name and reputation. TOAF had lead and been booming Taiwan's organic agriculture.

**Keywords:** Market niche, Chain shops, Products veracity, Organization commitment, Organic farming.

---

## Introduction

Yang and Li (2008) indicated that niche was a conception of nature resource species' occupation and relationship with other specie-V. It applied ecological niche theory into Taiwan organic products enterpriser's position in the international position, their occupation of market resources and their relationships with other enterprisers. Like Paratico and Taylor (2008) set insights into antiquarian niche markets of jeanswear, which provided from the perspectives of Italy, Japan, USA, and other countries where the growth of popularity of fashion was undiminished. Examples of the Italian fashion designers were responsible for the founding and success of brands such as Replay, Diesel, and the rise of brands like Seven for All Mankind, and Citizens of Humanity were provided. Similarly, business followed Confucian teaching, success model of Taiwan organic industry including growers, traders and distributors are responsible for consumers all over the world.

Abrar, Tian, and Deng (2008) exploited market niche opportunities with introducing a variety of organic textile products like infant wear, bed wear and sports wear in an innovative way, would bring a substantial amount of earnings for Pakistan. A Taiwanese merchant Lin, passed official inspection certificates of nutritious facts, an in-process of dry organic fruit and vegetable products, successfully landed and distributed to thousand of food supermarkets and consumers preferred in USA. (TVBS News, 2009).

A niche market is the subset of the market on which a specific product is focusing on narrow market. Therefore the market niche defines the specific product features aimed at satisfying specific market needs, as well as the price range, production quality and the demographics that intended to impact. Every single product that is on sale can be defined by its niche market. <<en Wikipedia>>

Think of your market niche as the location or domain in which you make your offer. By contrast, your offer is who you are and what you do. To help you discern market niche, try using "where" and "who" questions. A niche will allow you to express all of your skills and strengths while focusing your marketing for maximum results. (Molly Gordon, 2008)

Some businesses found organic profit. Because this area of same preference consumers became a particular segmentation, so they marketed to those portion of people and satisfy them. This is what we call market niche profit or blue sea market. Nobody shares this narrow market, so there more market profit than mainstream market. <<Firefox 1.5.0.9 Release.COM & Web 2.0 >>

Taiwan organic agriculture was introduced by Dr. Lay, Jio-Nan since 1990. Some people paid attention to her idea and followed organic farming, natural food and drinking. Taiwan organic passed through some groups or farmers work what they think were right, less economics scale, less product kinds, unequal quality level, less distribution efficiency and vicious overlapping sales contest. Seasonal organic cultivation and fresh unitary product and small quantity under small farmers produced. Variety of import organic goods and quantity might deem unbalance demand and supply. Organic farmers operate miserably. Taiwan organic products have not yet met the quality and quantity requirement of exporting market demand during 1990s.

After 2000, organic farmers were aware of capable and laboring of integration producing, branding, marketing and distribution channel development, not only cared about quality and harvest but also products price, costs and profit. Dispatch logistics members included farmers, teams or groups, super markets, shopping malls, schools, company institutions, religion groups, sightseeing and leisure farms, organic retailers and chain stores and malls. Relation between marketing and distribution are contractors, agents, chains, collaboration and strategic alliance. Moreover, e-commerce marketing and web platform users won the advantage of agriculture production and marketing. Therefore organic farmers may focus on productivity skill and quality, co-brand made, marketing labors cost reduced, shorten fumble period and clear account.

MOA, Taiwan promoted organic agriculture with collective growing and their dispatching system, such as Taiwan Sugar Company, Formosa Plastics Corporation, Yuen Foong Yu Group and Retired Soldier Service Committee. They set up and developed large firms to cultivate in special organic agriculture zone for good quality control, recording growing process, material usage, specialist guidance and cost reduction. MOA also promoted CAS certified label. Those stopped market to palm off organic products and established organic market order and protected consumer privileges after new management regulation of agriculture products growing and certification was enforced this year. Compare of Taiwan Organic Farm Area from 1996 and 2006 were described to increase 5 times as table 1 but organic products quantity were still limit.

**Table 1,** Taiwan Organic Farm Area (hectares)

<b>Year</b>	<b>Rice</b>	<b>Vegetables</b>	<b>Fruits</b>	<b>Tea</b>	<b>Others</b>	<b>Total</b>
<b>1996</b>	<b>186.2</b>	<b>26.1</b>	<b>67</b>	<b>5</b>		<b>382.7</b>
<b>2006</b>	<b>704</b>	<b>379</b>	<b>207</b>	<b>71</b>	<b>348</b>	<b>1709</b>

**Source: MOA, Taiwan, ROC 2007.04.11**

The largest religious NPO organic agriculture organization in Taiwan was initiated and established Tze-Hsin by the Buddhist Monk, Ri-Chang 1995. He carried forward and spread the teaching of Master Tsongkapa's "The Comprehensive Treatise on the Stages of the Path to Enlightenment" to Chinese communities in USA and Taiwan. He pointed out to his disciples his secret worry with great mercy and willingness: "If conventional farmers continue to use chemicals and insecticides on their farms, worldwide people cannot be avoided chemical and insecticide poison, hunger as no plants can be planted in acidic soil, and fighting for food shortage and finally human will all be ruin". So he rent 160 hectares of land from Taiwan Sugar Corp. Ltd. for organic planting and to start up simple exhibitions for organic agriculture products selling in 1996. The set-up theme unit of Tze-Xin Organic Agriculture Foundation (full abbreviated name TOAF) was a school, called Fuzhi Primary and Middle School - new organic force, also called the Educational Park. NPO first cultivated and operated the largest organic farm and directly to run a system of chain stores called Li-Ruhn around Taiwan. 60 convenience shops and 3 related logistics centers have been spread in northern, middle, and southern of Taiwan constituted a well structure produced and sold system now.

A noteworthy case of the TOAF was the Soy Bean Festival during June 2009. To celebrate the harvest, TOAF invited neighboring villagers to pick remaining beans left behind by the reaping machines. All participants were happy with joy to celebrate.

TOAF has been accredited as the third qualified organic agriculture organization in Taiwan. 232 farms have received Tze-Xin's organic agriculture licenses till 2003(Tze-Hsuen, 2003).

The research objects are the ecology of organic farming and the market niche of which has been recommended and succeeded by TOAF under the business ideas and specific business model of good relationship among trio-party of producer, retailer and consumer with honesty, mutual help, and appreciation of each other which stand for its core value of 3 leaves pipal (bodhi) tree brand logo as Fig.1.



**Fig. 1** Brand logo of Tze-Hsien and Li-Ruhn, Source: <http://www.li-ruhn.com/front/bin/home.phtml>

Two accreditation certificate labels of TOAF had been granted by MOA showed as Fig.2:



**Fig. 2** certificated labels of Tze-Hsien , TOAF. Source: <http://organic.niu.edu.tw/toaf/default.htm>

## **Materials & Methods**

1. Organic literature reviewed from web sites, databanks, journals and books.
2. Interviews relating persons such enterprisers, senior disciples, principals, and teachers about starting up a new shop in Educational Park.
3. Preparing a SWOT analysis to find the strength, weakness, opportunity and threat for start-up new shop in Educational Park.
4. Questionnaires of 11 opinion items of five points Likert Scale were asked to set up a chain shop necessary, set-up timing, selling price, goods quality, security of goods, replenishing speed, service attitude, racking position, operation time, moving lines in shop, cleanliness in shop, space in shop, parking lot.
5. Attended two key persons of Li-Ruhn chain shop and logistics in Taichung City and two successful general managers' speech about nature food and organic bakery.

## **Sampling**

A sample pre-test was done on 38 students' parents disciples of pretest and 193 disciples post-survey who were Educational Park volunteer workers weekend.

## **Results of survey:**

Table 1 shows SWOT analysis of a Li-Ruhn organic shop start-up in Educational Park. Described as following:

Strength:

Multi-skill of workers, low labor cost, good ability in communication and good human relation and mutual regard, near a great organic farm, co-share of the risk and free taxes.

Weakness:

Less efficiency, specified consumers and restricted operation time as most of inhabitant are students and teachers.

Opportunity:

Balance and adjustment of Tze-Hsin farm and Li-Ruhn logistics, Educational Park expanding plan and inhabitants increase in the future.

Threat:

Food crisis worldwide resulted higher costs to plant organic agriculture.

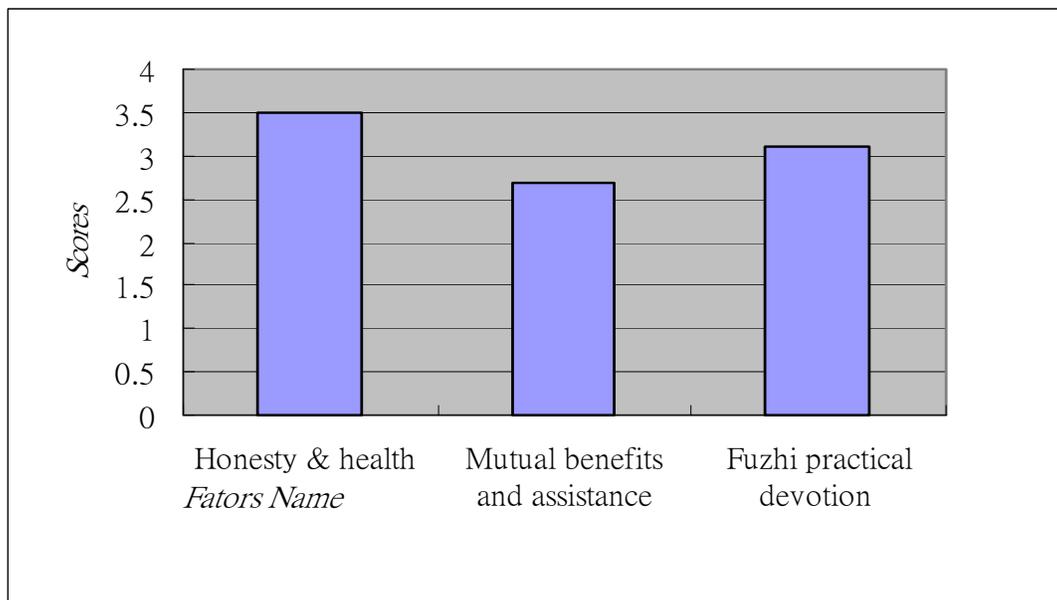
Higher oil price, same above.

Typhoon with heavy rain passing often damaged Taiwan beautiful land, plants, organic products, houses. Especially, such Morakot, August 8, serious destroyed Southern part of Taiwan.

**Table 1** SWOT analysis

<p><b>S:</b> Multi-skill of workers, low labor cost, good ability in communication and good human relation and mutual regard, near a great organic farm, co-share of the risk. Free taxes.</p>	<p><b>W:</b> Less efficiency, specified consumers, Restrict operation time as most of inhabitant is students and teachers.</p>
<p><b>O:</b> Balance and adjustment of Tze-Hsin farm and Li-Ruhn logistics, Park expanding plan and inhabitants increase in the future.</p>	<p><b>T:</b> Worldwide food crisis, Higher oil price, Typhoon damaged.</p>

58% of sample supported to set up a new shop and 38% with no comment ; only 21 % of sample agree to set up urgently and 68% with no comment. Comparing the average of 193 Questionnaire items and the Fig. 3 Consumers appeals found by researched - Factor Extracted 11 variables of questionnaires analysis of three principle factors, there were 4 items considered, 2) quality, 3) safety, 5) replenishment, 9) service attitude, that reduced to factor of honesty and health, item 1) selling price, 7) operation time, 11) parking lot that reduced the factor of mutual convenience assistance, and items such as 4) replenishment speed, 6) place on racks, 8) moving lines, and 10) space in shop reduced to factor of Fuzhi practical devotion purse.



**Fig. 3** Consumers pursues found by factors analysis

**Table 2.** Inferential statistics of the survey and checking calculation

Factor 1		Factor 2		Factor 3	
Original Mean	1.498684		2.321062		1.899471
Mean of scores by items	3.5		2.68		3.11
No.1 pursue	Honesty & Health	No.3 pursue	Mutual assistance	No.2 pursue	Fuzhi practical Devotion

As Table 3 indicated that the mid-corelation(+0.5) of factors Fuchi Practical Devotion with Mutual Assistance, which means the more mutual assistance the more devotion with honesty, but low co-relation (-0.1) of factors Fuchi Practical Devotion with Honesty & Health may be neglected, which means two factors are independence.

**Table 3.** Co-relationship of three factor-variables

Factor variables	Honesty & Health	Fuchi practical Devotion	Mutual assistance
Honesty & Health	1		
Fuchi Practical Devotion	-0.1	1	
Mutual Assistance	0	0.504983	1

### Conclusion and Discussion

The future of Taiwan organic agriculture, large enterprises or groups production and distributed to supermarket, shopping malls are inevitable. On the other hand, some motivators and several devoted cultivators grow upon collective accreditation, set up organic associations, might contest enterprise groups (Wu, 2005). Small scale organic farms might also make villages with multi-style and features, people livelihood. Organic products fair are worth to encourage.(Tung, 2009)

Perspectives of organic market niche in Taiwan are found : 1) Most people have motivation concept of global environment and protection. 2) Organic cultivators have increased day by day and motivators have big impacts. 3) Big enterprises have been made efforts on organic agriculture but should not be neglected influence power of NPO. 4) The minor farmers gather to apply collective accreditation. 5) Fine products category and accreditation that may attract young and high-income consumers. 6) Education in Taiwan has been popularized and consumers recognized organic products and protection officers kick off the organic markets illegal. 7) Half Taiwanese population had browsed web sites of organic products and high acceptance of organic products by students, government employees and teachers. 8) Organic regulations has been adopted.

With the success case of Tze-Hsin, we may conclude six reasons for niche of organic market in Taiwan:

1. Organic agriculture links to the attitude, the quality of green life and the environmental protection, so consumers may accept it.
2. Eleven variables of survey reduced to three principle factors: honesty & health, Fuchi practical devotion, and mutual convenience assistance were symbolized with three leaves of the TOAF business logo.
3. Referring to the expanding speed of Li-Ruhn organic chain shops and the honesty to consumers, it implies that Tze-Hsin has made Taiwan organic market booming.
4. Item 3 is coincident with the successful career model of the individual or business in Confucianism. The case of Tze-Hsin wholly follows the Confucian model so it succeeded.
5. The influences of organic NPO Tze-Hsin operation were larger than corporations operation. Like Li-Ruhn chain stores, for instance, they also offer series of life education activities and care communities and the Buddhism learning place for disciples. They bought a grip of vegetable once buying a week, may create a great amount of organic sales and good virtue effects.
6. Another success model for individual or business is imprint rule discovered by an American Geshe Michael Roach stating that the intention is the most important factor in deciding how strongly the imprint is made. Like built-in VCR, imprints for good and bad experiences are planted and caused good and bad result (Roach, 2000).

GTZ wishes to express its sincere thanks to the many stakeholders in the public and private sectors, farmers and exporters, academia, non-government, whose expert working we have sought to capture in this paper.

### **Acknowledgments**

Many people have helped in the preparation of this report. Academic Colleagues Professor Sheng-Shiuan Lin and Jing-Jiun Shih, encouraged submit and revised abstract. Teacher of Fu-Chi High School Lee-Lang Kuo and Students Yih Chen Lee, Pei-Cheng Liao, Tng-Fang Chang & Yun Chao carried out survey. Symposium Committee of Go Organic 2009 revised abstract and Organizing Team Dr. Apiradee UTHAIRATANAKIJ and Dr. Kullanaart OBSUWAN gave guides and various contacts ASAP.

### **References**

- What is Niche Market? [antbsd.twbbs.org/~ant/wordpress/?p=534](http://antbsd.twbbs.org/~ant/wordpress/?p=534)
- Niche market From Wikipedia, the free encyclopedia [en.wikipedia.org/wiki/Niche\\_market](http://en.wikipedia.org/wiki/Niche_market)
- Firefox 1.5.0.9 Release.COM & Web 2.0
- Molly Gordon, Mcc (2008), *Authentic Promotion*.
- Yang H and Li QM. ( 2008), Comparative Study of International Contractors Based on Niche Theory, *IEEE, 4th International Conference on Wireless Communications*,

*Networking and Mobile Computing*, Vols. 1-31.  
TVBS News, 2009.

Paratico, A. & Taylor, G. (2008), *Blue Jeans: Yesterday, Today, Tomorrow*, *86th Textile Institute World Conference*, Vol. 2, Conference Proceedings

Yo, C. H. (1998), *Questions and analysis of agriculture products accreditation – from Consuming respect*, *Institute of Agriculture and Economics*, National Taiwan University

Abrar, M., Tian, Z. and Deng X. (2008), *Innovation and Niche Marketing in Organic Textile: Opportunities for Pakistan*, *Proceedings of the 5<sup>th</sup> International Conference on Innovation & Management*, Vols. I and II , p.p. 2258-2262

Tse-Xin Organic Agriculture Development Foundation website:

<http://organic.niu.edu.tw/toaf/default.htm>

Tse-Xin Organic Certified website: <http://organic.niu.edu.tw/toaf/default.htm>

Li-Ruhn Organic Shop website: <http://www.li-ruhn.com/front/bin/home.phtml>

Li-Ruhn Logistics website: <http://www.sunuse.com.tw/liruhn/index>.

Wu, T. J. (2005), *Taiwan Organic Agriculture*, Taipei: Walkers Culture Company published.

Tung, S.J. (2009, Feb), *Farmer Fair and Future of Taiwan Organic Agriculture*, *Organic Agriculture*, 4.

Roach, M. (2000), *The Diamond Cutter*, New York: Published by Doubleday, a division of Random House Inc.