

Selling Agricultural Products to Consumers Online through Marchel by goo

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Abstract

NTT Resonant offers a consumer-to-consumer online marketplace called *Marchel by goo*. This article explains recent trends in the creator economy and in domestic and international e-commerce services and introduces *Marchel by goo* with a focus on agricultural products. The actual voices of those involved in agriculture, the technical issues involved in operating the service, and its future prospects are described.

Keywords: consumer-to-consumer service, creator economy, e-commerce service trend

1. Marchel by goo

Marchel by goo is a service that offers a consumer-to-consumer online marketplace (Fig. 1). In contrast to other services that enable users to buy and sell used and new products, it values the process of creating a product, that is, the “story behind the product.” Using Marchel by goo, sellers can post stories related to products by linking with various social-networking services (SNSs) such as blogs, Twitter, Instagram, YouTube, and TikTok. It can also be easily connected to *goo blog*, a blog service operated by NTT Resonant, allowing sellers to (i) select *goo-blog* articles that describe sellers’ thoughts on products when they list products on Marchel by goo for sale and (ii) display the product being listed on Marchel by goo in the *goo-blog* article (Fig. 2). Sellers using *goo blog* are also able to send information to fans (readers) through blog articles. In addition, *goo blog* is a service that is visited by 28 million unique users each month, so Marchel by goo has the advantage of providing exposure of sellers to those users.

Believing that our service enables narrative branding by telling the story behind the product, rather than simply selling the product, we introduce this service to potential sellers by picturing it as similar to crowdfunding. With this perspective, we are currently

focusing our efforts on the following areas: (i) industry-academia collaboration in cooperation with creators of fine arts to support students who have lost the opportunity to present their work during the COVID-19 pandemic, (ii) collaboration with traditional craftspeople who are finding it difficult to sell their work in physical stores, and (iii) collaboration with people in agriculture, which is what we focus on for the remainder of this article. We are jointly operating web pages dedicated to each organization and school we collaborate with to introduce the creators and promote sales.

Marchel by goo has been in service for two years, and we have seen a significant difference between sellers who blog and those who do not in terms of product sales and repeat purchases. For customers (buyers), purchasing a product from a creator they are completely unfamiliar with is considered a very high psychological hurdle. It became clear that getting to know a person (creator) through blogs and other SNSs tends to lead to purchases. We believe this tendency also holds in the creator economy, which is currently growing.

2. Creator economy

The term *creator economy* started to come into use

Fig. 1. Home page of Marchel by goo.

in the latter half of 2020. It is defined as an economic zone formed by individual actions and dissemination of information. Over the last few years, many words such as “diversity” and “side business” have been heard, and people have more diverse ways to earn personal income than before. YouTubers, gifting, video-game live streaming, online salons (private chat rooms), and other forms of income that were unthinkable a few years ago are now available. In addition to those forms, with the advent of non-fungible tokens (NFTs), the means of earning income can now easily cross the border and/or currency barrier through crypto assets. We believe the market for NFTs will grow as items that enable people to establish an identity in the illustration, music, and metaverse domains; however, we do not believe NFTs are something that will be sold as soon as exhibited. As mentioned earlier, self-promotion and self-branding is necessary. Nevertheless, it is easier than ever before

to acquire fans and disseminate information through SNSs. Facebook and Instagram announced that they will invest a total of US\$1 billion to support creators in 2022. For creators, the number of ways to earn rewards will continue to increase, and this trend will probably become more popular in Japan.

3. Collaboration with farmers

Considering farmers as creators, Marchel by goo is strengthening sales of agricultural products. Originally, articles by people involved in agriculture published on the goo blog had a powerful story to tell about their crops, so they were a good match for connecting with Marchel by goo. As we spoke with farmers, we realized that much room for development and improvement still exists in regard to sales of agricultural products.

We are currently working with the Ministry of



Fig. 2. Linkage of Marchel by goo with other services.

Agriculture, Forestry and Fisheries on its project to support female farmers, farmers in Niigata Prefecture, and certified professionals for promoting the sixth industrialization in the food and agriculture sector (“Food Pro.”). Food Pro. is a group of experts involved in production (primary industry), processing (secondary industry), and distribution, sales, and services (tertiary industry). Together with small- and medium-enterprise management consultants, university professors, small and medium organizations, public officials, and people who want to promote local revitalization, we intend to implement nationwide distribution of agricultural products and support for farmers through Marchel by goo. We feel that it is essential to have the help of experts for new farmers and others who do not know how to sell their crops or who are not ready to take the first step into online sales.

3.1 Challenges identified while operating Marchel by goo with farmers

We had many opportunities to interview farmers about Marchel by goo and were able to identify certain challenges of handling agricultural products for online sales via any service (not just Marchel by goo).

(1) Problems with delivery

Due to higher delivery costs, inexpensive vegeta-

bles sold via Marchel by goo are priced higher than those sold in nearby supermarkets. This delivery-cost problem is not easy to solve; however, solving high delivery costs in a limited area could provide a significant competitive advantage. During our investigation, we found that there are many online-sales services that do not target the entire country but focus on certain parts of the country.

Another solution is to sell more expensive vegetables that are hard for the consumer to find nearby instead of selling inexpensive products. Crops produced by organic farming are often sold through direct-to-consumer distribution. Although the area devoted to organic farming is currently small in Japan compared with other countries, it has been reported that many consumers are willing to purchase organic food even at a slightly higher price because a certain level of added value is recognized by them. We believe the organic food market will expand further in the future.

Delivery slips can be converted to data and printed by those who are information-technology literate; however, many sellers are unfamiliar with the process, leading to problems due to errors while writing slips. To address this issue, some of our competitors established a system that allowed them to provide support to sellers locally. Another issue is the high

hurdle to integrate delivery slips with major delivery companies via an application programming interface (API), which requires several thousand transactions per month.

In response to the above issues, Marchel by goo provides a mechanism for farmers to write about their commitment to their products in their blogs so that customers (buyers) can appreciate the high value of those products even if they are a little expensive. Therefore, the customers can empathize with the passion of the farmers and purchase the products. We are also striving to address the issue regarding delivery slips in consultation with a startup company.

(2) Number of orders and inventory control

Marchel by goo handles many small orders; however, many farmers want to sell their produce in large quantities. If a system to meet this demand was implemented, such as taking large orders and delivering them to each household, it would be worth the challenge since it would help solve the problem of high delivery costs.

(3) Self-branding

It seems that customers who buy vegetables from Marchel by goo tend to be more concerned with who they buy from than what they buy. In other words, rather than simply buying agricultural products, they also feel a sense of support for the farmers. Information disseminated by farmers is interesting and often includes content that leads to interesting education about food, such as advance preparations for growing crops, the growth process, and stories of hardship such as “Wild animals ate my vegetables!”

4. How to expand Marchel by goo on the technical side

4.1 Means of guiding customers to products they want

When a customer searches for a product on the web, if the product has a well-defined name (a proper noun), the customer can discover new or used products that match their purpose and budget through various e-commerce services that appear in their search results and can then proceed to purchase those products. On the contrary, products created by creators are difficult to categorize, since both the product name and its introduction are given in free-text. This situation makes it highly unlikely that a web search will lead to a product. Accordingly, we believe that rather than relying on web searches, it is more important to build so-called social currency, which helps people find products via word-of-mouth on SNSs,

blogs, etc. and generates word-of-mouth by bringing creators and fans closer together.

It is also important to create a mechanism for visitors to Marchel by goo to become return customers. For example, a function that quantifies qualitative preferences and recommends products that co-occur with or deviate slightly from those preferences would lead to new purchases. We believe that we need a different method of making those recommendations from that used by a typical e-commerce service.

4.2 Cart abandonment and diversifying payment methods

For any e-commerce service, it is a common problem that customers put a product in their shopping carts but end up not purchasing it (so-called cart abandonment). One possible reason for this outcome is the time and effort required for settlement. Many e-commerce services accept payment by credit card. However, many more people than expected do not have a credit card; in fact, Marchel by goo has received many inquiries from such people. In response to this problem, a method of payment called “buy now pay later” (BNPL) is becoming popular in countries other than Japan. BNPL allows customers to pay for a product later at convenience stores, banks, etc. after they receive the product without the need to enter credit-card information at the time of purchase. Rather than fine-tuning the user interface (UI) to address the problem of cart abandonment, accepting BNPL will greatly improve the percentage of customers who reach the point of purchase as well as giving younger people an opportunity to purchase products. This type of post-payment settlement is also gradually spreading in Japan.

4.3 Touchpoints and work load of development

E-commerce services can be roughly divided into two parts: the front end, which includes product listings and product details, and the back end, which includes managing inventories, customers, and orders and processing payments. Marchel by goo operates both ends using a proprietary system, so it takes a long test period when part of the service is modified. For example, adding a new coupon function would require a major modification of the system that would involve modifying the entire system. The advantage of connecting the UI and back end with an API is that even if various smart devices or SNSs (in addition to personal computers and smartphones) are set up in the front end, as long as they are connected with an API, the back end will not require major changes.

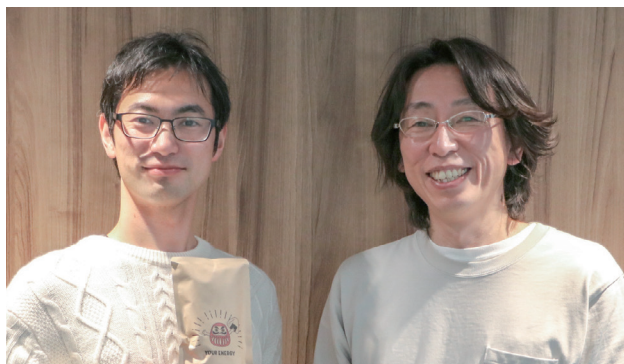
Such an arrangement called *headless commerce* can greatly reduce development costs. It also provides peace of mind that the back-end system can be left to the experts. Although Amazon, Shopify, and others offer this arrangement, its initial implementation cost is still too high.

5. Future service expansion and concluding remarks

In addition to selling agricultural and processed products, Marchel by goo will start handling alcoholic beverages in 2022. We also plan to collaborate with illustrators, and we will promote business

schemes for printing services, custom-made product sales, and collaborations with other companies. Considering recent trends, we believe that we need to catch up with the handling of digital content.

To generate a large number of transactions, we will continue to attract exhibitors and strengthen activities for increasing sales. We will also promote the provision of user experience that values the perspective of our service described at the beginning of this article. What is important to us is that our customers feel the value of purchasing products through Marchel by goo on the basis of “buying how” rather than “buying what” and “experiencing services” rather than “purchasing goods.”



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