

# A Village Transformed by the Internet—— Take Shaji E-Commerce Model as a case



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# 沙集模式



**Shaji Model, as a rural e-commerce case, has been developed over 15 years (2006-2021), firstly changing farmers and then families. Through the replication of household by household, the scale of which becomes larger and larger, Shaji Model has led to local employment and entrepreneurship, poverty alleviation and prosperity, and has profoundly influenced the villages and counties where farmers live, driving huge changes in them.**

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# 一、被互联网改变的个人，镇村，县的基本情况

The Basic Situation of Individuals, Towns and Counties Transformed by the Internet

01

## 个人基本情况

Basic Personal Information

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Basic regional information

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3、社会经济情况  
social economy



## 1. 个人基本情况

### Basic Personal Information

Sun Han, born in 1982 in Dongfeng Village, worked in the county mobile company in 2006. Now he owns Jiangsu Meiyijia Furniture Co., Ltd., a logistics company with assets of 50 million RMB, and has been elected as a representative of Suining County People's Congress and a Model Worker in Xuzhou City. Having settled down in Suqian City, with his two children studying in good schools in the downtown, he spends his days commuting between the downtown and the Shaji factory.



陈雷（左）、孙寒（中）、夏凯（右）

Sun Han (middle)



Young people living like Sun Han can be found everywhere.

## location



## 2.区域基本情况

### Basic Regional Information



Suining is located near 34 degrees north latitude and 117 degrees east longitude, in the northwestern part of Jiangsu Province, the core of Huaihai Economic Zone, and the southern one of two wings of Xuzhou City. The county covers an area of 1,769 square kilometers, with a population of 1.45 million and 1.06 mu of arable land per capita. The per capita arable land in Shaji town is 0.8 mu, and that in Dongfeng village is 0.64 mu.



## income

In 2006, most people in Shaji Town relied on the acquisition and processing of waste plastics to support their families. The per capita housing area was less than 20 square meters and there were almost no family cars. Now, the per capita area of new housing in rural areas reaches 48 square meters, with 90% of the farmers in Shaji town owning their own cars.



## 2.区域基本情况

### Basic Regional Information



## socio-economic indicators

## 2.区域基本情况

### Basic Regional Information

### Comparison of Socio-economic Data of Suining from 2006 to 2021



**The employment rate of farmers who stayed in the region reached 99.5%.**

AAGR: Average annual growth rate



**Before there was an e-commerce economy, Suining used to be the most backward county in the whole Jiangsu Province. The rural labor force went out to work, reaching 330,000 at the peak, accounting for nearly half of the labor force of the appropriate age. In a village with little hope, e-commerce has added energy to farmers and injected vitality into the rural areas.**

## 二、改变的力量来自于何方？

Where is the Power of Transformation Derived from?

01

**自身的力量**

Internal Power

02

**外在的力量**

External Power



## (一) 自身的力量 (Internal Power)

- There are a sufficient number of rural laborers, especially young people; their incomes have been hovering at low levels for a long time, and their children's education, family medical care, and various living expenses have put tremendous pressure on them, forcing family members to stimulate endogenous motivation.
- The original commercial gene of recycling and processing waste plastics, the experience of primary processing industry, and the formed social capital, financial base and division of labor organization network manage to bear fruit with the support of market forces.
- Sun Han, a leader who are commercially minded, has an edge over others on account of the working experience with exposure to the Internet. When he started his business, he chose to sell cell phone recharge cards online, getting the first bucket of gold.
- Once went out to Shanghai by chance to contact the simple home decoration, Sun came back to imitate it, and since then opened the e-commerce home industry in Shaji, Suining. The scale of the industry developed from 1.4 million yuan in 2006 to 46 billion yuan in 2021.

## (二) 外在的力量 (External Power)

- ❄️ Alibaba's Taobao platform provided ordinary farmers with access to a massive market at low cost.
- ❄️ The understanding and support of village-level autonomous organizations and the kinship-geographical social relations of rural acquaintance society bring convenience to the replication and promotion of e-commerce industry.
- ❄️ The living space of rural households provides a cost-free place for primary processing industries.
- ❄️ The mutual trust and kinship between rural farmers brings facilitation to financial assistance and skill instruction, and the cooperative division of labor in the industry is smoother between kinship and kinship.
- ❄️ The government's lack of regulatory power at the time gave the industry a rare opportunity to develop.
- ❄️ The market depending on the Internet provides opportunities for selling these low-end products.
- ❄️ The chosen products meet the criteria for e-commerce and the real needs of low-income people who are just entering the city. **The combination of the above factors has provided a first-mover advantage for the development of rural e-commerce industry in Shaji, Suining.**



# 三、电商产业发展历程，特点及政府作为

Development History, Characteristics and Government Action of E-commerce Industry

01

## 自发生长阶段

Stage 1: Spontaneous  
Growth

May 2006 - May 2010

02

## 扶持推动阶段

Stage 2: Support and Promotion

May 2010 - May 2015

03

## 规范监管阶段

Stage 3: Regulation and Supervision

May 2015 - December 2021

# 1.自发生长阶段（2006年5月--2010年5月）

Spontaneous Growth (May 2006 - May 2010)

In May 2006, Sun Han from Dongfeng Village, Shaji Town registered Taobao store in his hometown, marking the beginning of the development of e-commerce in rural areas. From selling cell phone recharge cards to self-produced and self-sold furniture of simple style, Sun witnessed the sharp rise in e-commerce sales from 0 to 1.4 million yuan that year, basically achieving the goal of initial well-off in the situation with no adequate timber resources, physical furniture market either skilled workers in Shaji.



# 1.自发生长阶段（ 2006年5月--2010年5月 ）

Spontaneous Growth (May 2006 - May 2010)

Farmers are still in the stage of spontaneous entrepreneurship, shortage of raw and auxiliary materials, capital, carpentry technology. Thus, “expand production capacity, solve the ‘shortage’” is the theme of this period. In the “Taobao era”, the production tools are the combination of mechanical and artificial ways. The number of employees in the company is 3-5, mainly family members involved in sales and production and processing. In the family, the young man is responsible for design, the young woman is responsible for customer service, the older man is responsible for production, and the older woman is responsible for logistics. Logistics enterprises, furniture supporting enterprises, and training institutions with stores have emerged in large numbers, aiming at overcoming poverty and achieving prosperity. **In this period of 4 years:**

Total sales	AAGR	Per capita annual income of farmers
203 million yuan	234.5%	7,458 yuan



# 1.自发生长阶段（2006年5月--2010年5月）

Spontaneous Growth (May 2006 - May 2010)



- The courage to chase entrepreneurial wealth is the key. Without any resource endowment, rural e-commerce industry developed spontaneously from bottom to top. Women and the elders in rural areas can all show their competence in e-commerce via a computer and the Internet line even with poor typing and then gradually encourage surrounding neighbors to imitate and copy the mode. Ultimately, more and more villages and towns will participate in the process.
- The government mainly adopts the idea of “**supplement what is missing**” to promote the development of e-commerce.

## 2.扶持推动阶段（2010年5月--2015年5月）

Support and Promotion (May 2010 - May 2015)

In December 2010, Professor Wang Xiangdong of the Information Technology Research Center of The Chinese Academy of Social Sciences put forward the “**Shaji Model**” for the first time in his research report on the “Shaji Model”, which is characterized by “**farmers + networks + companies**”. “Network” connects the market while “farmers and companies” provide production. With entrepreneurial passion and dream, farmers pioneered the industrialization process led by information technology with the participation of all sectors of society. Production and operation units develop from the self-employed to enterprises and companies. Employees develop from family oriented to the outside. Specialized production factory director and professional designers are involved in the division of labor and furniture industry chain and supply chain are extended. As more and more e-commerce service enterprises have settled down, the number of outsiders is in the increase gradually.



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## 2.扶持推动阶段（2010年5月--2015年5月）

Support and Promotion (May 2010 - May 2015)

The **theme** of this stage is to expand the scale. The platform has entered the “Tmall era”, and the **production tools** of e-commerce are in the era of mechanization with the goal that is to be well-off in all respects. In the process of entrepreneurship, the role of knowledge is of great importance. In 5 years, the number of the mode “front shop and back factory” which is in use in Shaji reached 801, with more than 9000 people involved.

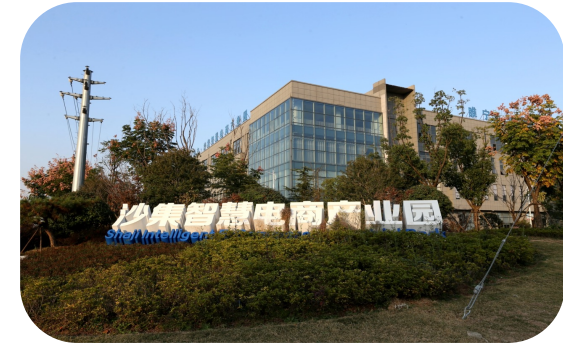
Total sales	AAGR	Per capita annual income of farmers
7.76 billion yuan	141%	11,430 yuan



## 2.扶持推动阶段（2010年5月--2015年5月）

Support and Promotion (May 2010 - May 2015)

After having primal accumulation, online merchants spend tens of thousands of yuan on purchasing equipment with high degree of automation and processing efficiency, and hiring dozens of workers. Online businesses have settled down in industrial parks, strengthened their awareness of intellectual property rights protection, basically equipped with environmental protection and safe production facilities and equipment, and paid more attention to quality and brand. Managers in the enterprise actively learn the knowledge of design and enterprise management consciously. Besides, products change from board furniture to solid wood furniture, steel wood furniture and other categories. In the positive environment, dozens of towns and villages around Shaji have joined the industrial chain and supply chain, attracting amounts of entrepreneurial youth back home.



## 2.模式诞生（2010年5月--2015年5月）

the Birth of Shaji Model (May 2010 - May 2015)



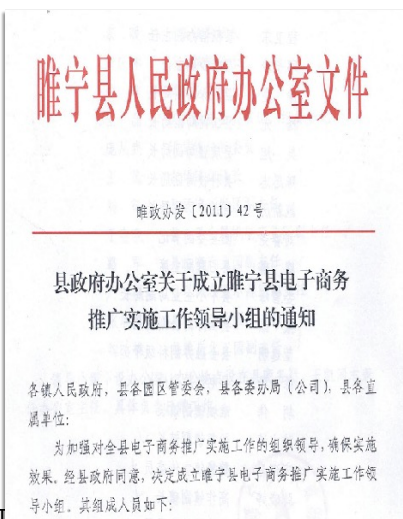
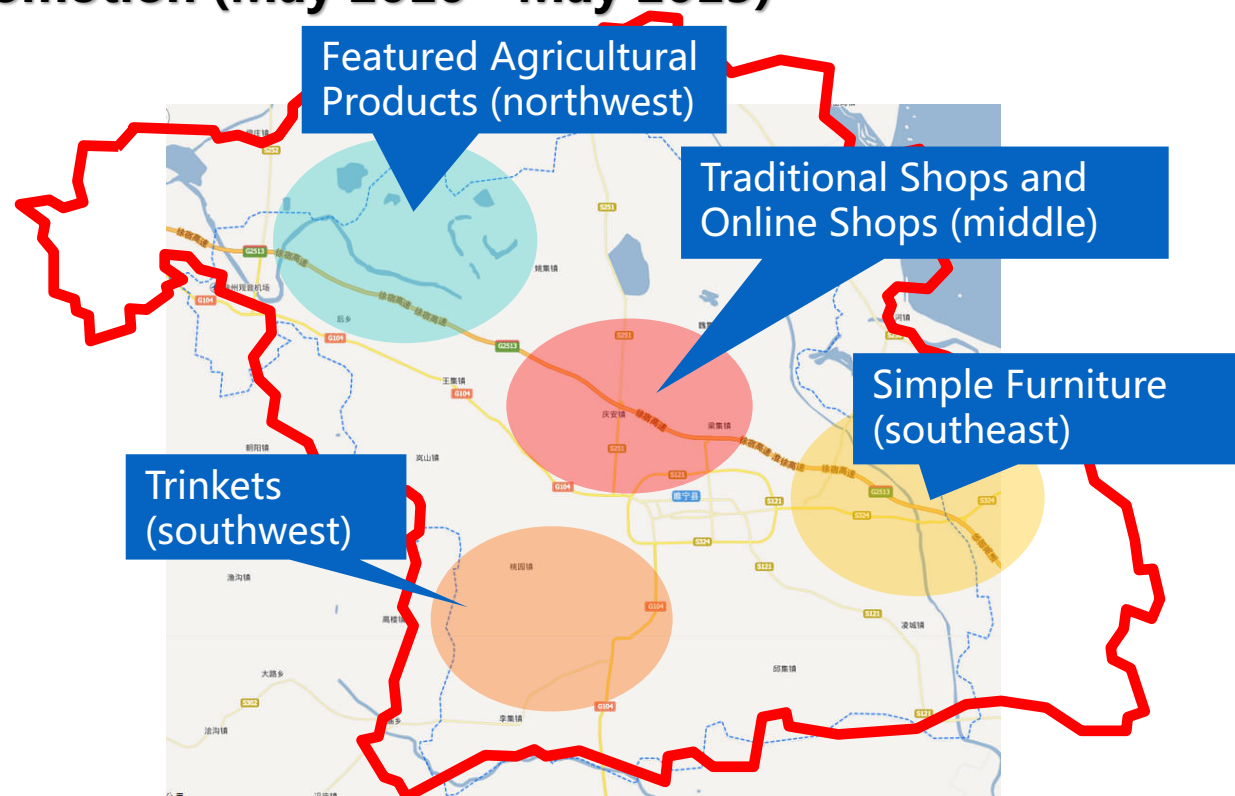
Liu Xingli, a college student born in Dong feng village, Shaji town, began to work in a large state-owned enterprise in Xuzhou after graduating from university in 1995. In 2007, he returned home to start his own business, opened a Taobao shop and established his own furniture factory. In 2013, he founded Xuzhou Jiudu E-commerce Co., LTD. Since then, he came on the road to become well-off through e-commerce. “Pu Bao”, a trademark created by him won the “Xuzhou famous trademark”. Due to the emergence of a large number of entrepreneurs equipped with ideas and knowledge, the e-commerce industry has been developing rapidly. At this time, the government, witnessing such a situation, turned to adopt a new ways of thinking and supporting — **the combination of “not absent”, “not offside” and “responsible in place”**, effectively promoting the “Shaji Model” to develop and flourish.



## 2.扶持推动阶段（2010年5月--2015年5月）

### Support and Promotion (May 2010 - May 2015)

- 1) Establish specialized service institutions for e-commerce
- 2) Improve infrastructure for industrial development
- 3) Plan e-commerce industry in the whole region
- 4) Strengthen the carrier construction of industrial parks





## 2.扶持推动阶段（2010年5月--2015年5月）

Support and Promotion (May 2010 - May 2015)

5) Optimize development policy measures

6) Create an atmosphere of public opinion on e-commerce

7) Provide e-commerce skills training

8) Establish advanced models of e-commerce



### 3.规范监管阶段（2015年5月--2021年12月）

Regulation and Supervision (May 2015 - December 2021)

The **theme** of this stage is “focus on brand and cope with quality”. With the diversification of platforms, furniture production tools have entered an era of higher intelligence, and competition has become white-hot. Online operating costs account for more than 10 percent of the total cost, and corporate profits are only in single digits. It has become fashionable for enterprises to join forces to share the benefits of the industrial chain. The production process is more subdivided, from simple online sales to offline and online lines. By the end of 2021, it has **2,356** e-commerce production plants, **788** supporting plants, **71** enterprises in design, consulting, operation, legal services, financial accounting, trademark and intellectual property services, and more than **200** logistics outlets. The government has entered an era of standardized supervision with the goal which is rural revitalization. The industrialization and agriculture under the guidance of new urbanization and informationization are carried out comprehensively in Suining land synchronously because of the high mechanization and preliminary modernization of land scale concentration. **E-business in the process of entrepreneurship, the role of synergy and sharing is increasingly important.**

**In the period of 6 years:**

Total sales	AAGR	Per capita annual income of farmers
70.97 billion yuan	48%	28,786 yuan



**35,400** e-businessmen



**Nearly 200** enterprises have passed ISO9001 quality management system certification.



**48,300** e-shops



At the end of 2021, the number of Taobao villages in Suining continues to **rank first** in the province and **fourth** in the country, becoming the **first** county in the country to realize that all townships have Taobao villages.



Online retail sales: **46 billion** yuan  
**Over 165,000** people seeking employment and entrepreneurship driven by e-commerce.



**Over 450** Logistics and express business outlets  
Annual revenue of logistics and express delivery:  
**6.3 billion** yuan



**Nearly 2,100** patents granted in the field of e-commerce  
**Over 4,300** registered trademarks





### 3.规范监管阶段（2015年2月--2021年12月）

Regulation and Supervision (May 2015 - December 2021)

The flourishing development of e-commerce business in this period emerged. For example, Cheng Huaibao's Xuzhou Good Century Furniture Co., Ltd, whose product “Jin Duoxi” won the title of Xuzhou famous trademark and well-known brand.



Wang Hao, a young man with disabilities born in 1990s who was influenced by the model creation, led 106 disabled people to employment, realizing the dream of supporting themselves by their own labor.

# 3.规范监管阶段 ( 2015年2月 --2021年12月 )

Regulation and Supervision (May 2015 - December 2021)

1) Set up e-commerce regulatory agencies



2) Declare furniture industry standard and drive demonstratio



3) Establish cross-administrative regional industrial alliances

4) Promote the E-commercialization of agricultural and sideline products

5) Promote the development of cross-border e-commerce

6) Take the new urbanization path of urban-rural integration

7) Cultivate the culture of e-commerce industry

8) Enhance the effectiveness of rural governance

9) Promote ethos civilization construction in rural areas

Q/320324  
睢宁县家具协会企业标准  
Q/320324-2016

睢宁沙集电商家具  
板式家具

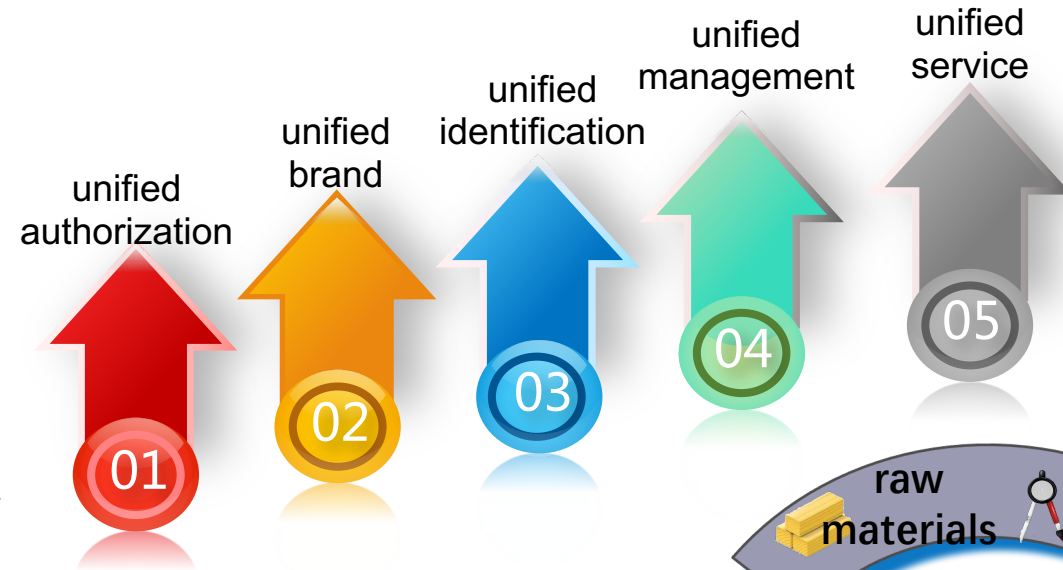
2016-07-27发布  
睢宁县家具协会 发布

### 3.规范监管阶段（2015年2月--2021年12月）

Regulation and Supervision (May 2015 - December 2021)

#### 10) Create a regional product brand

Take advantage of Shaji's influence and popularity to declare the trademark "Shaji Town" for the e-commerce furniture cluster and authorize compliant enterprises to use it.



#### 11) Set up an industrial chain of supply, production, storage and transportation

Relying on the Association to establish a centralized procurement mechanism for furniture raw materials.





## 四、睢宁经验

Suining's Experience

01

抓住机遇，占先机，得天时

Seize the opportunity

02

高位牵头，强合力，得人和

Make joint efforts of government and enterprises

03

勇于创新，解难题，得地利

Keep courage to pursue innovation

04

抓住重点，提效率，事半功倍

Grasp key points and boost efficiency

05

尊重规律，不折腾，以存图强

Respect objective rules and laws

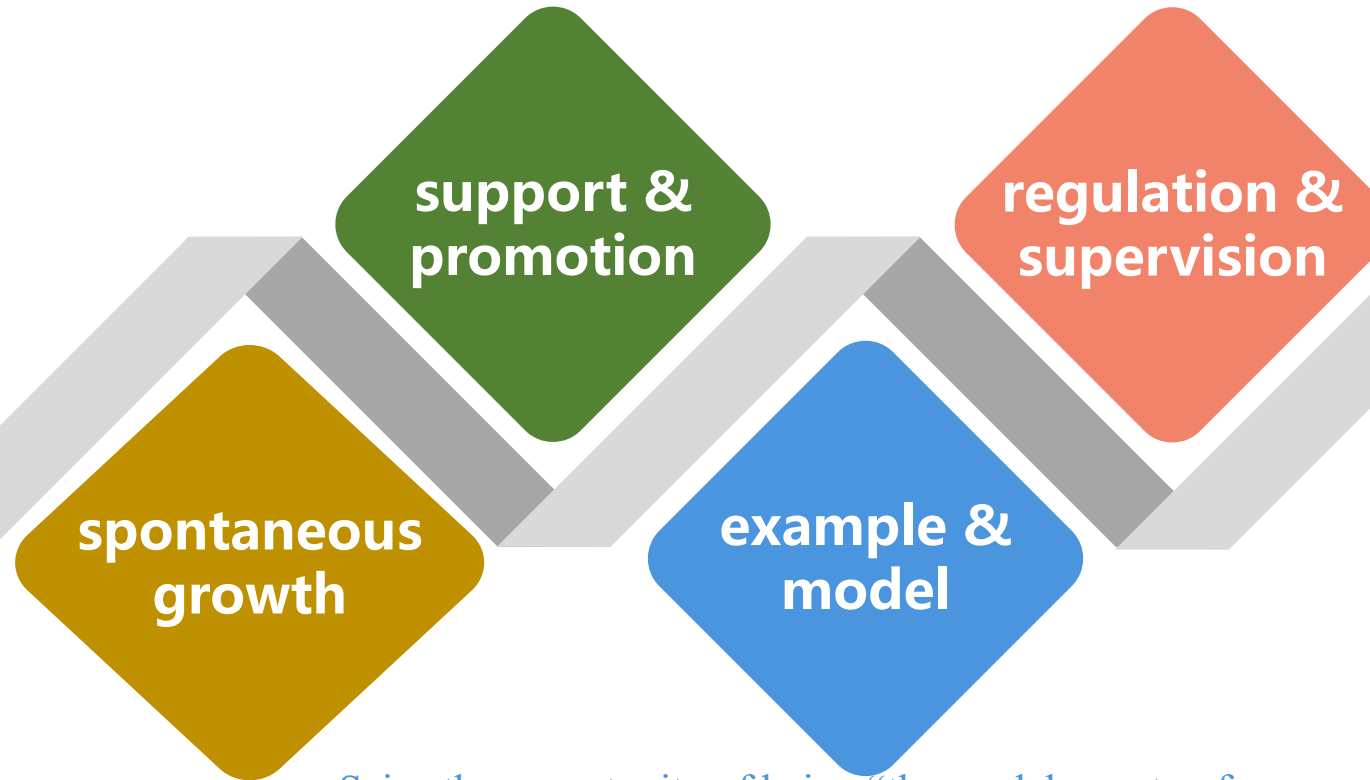
# 抓住时代机遇，占先机，得天时

## Seize the opportunity

- Seize the **opportunity** of broadband access to administrative villages to connect the countryside with an information highway;
- Seize the **opportunity** of rural power grid transformation to provide power supply support for e-commerce enterprises;
- Seize the **opportunity** of rural road reconstruction project to promote the smooth flow of e-commerce logistics;
- Seize the **opportunity** of e-commerce seller's market and train to expand the number of online merchants.

Implement preferential policies and expand the industrial scale with the **opportunity** of having concerns of governments at all levels and support from all sectors of society.

Seize the **opportunity** of regional integration, promote the implementation of industrial Internet practice, use the industrial medium, integrate small and micro enterprises to improve quality, reduce cost and increase efficiency.



- Seize the opportunity of being “the model county of e-commerce in rural areas” to speed up the industrial transformation and upgrading of e-commerce businesses, and improve the network sales rate of agricultural and sideline products.
- Seize the opportunities of the emerging diversified online platforms, **cooperate with vocational colleges**, and accelerate the cultivation of new e-commerce talents and industrial talents.

## 高位牵头，强合力，得人和

### Make joint efforts of government and enterprises

- The e-commerce economy is a new form of business, and we must pool resources from all sectors to foster a favorable atmosphere of support.
- The key to the sustainable development of e-commerce economy is giving full play of the head of the county and town and the establishment of cross-department joint coordination agencies.
- Taking e-commerce furniture industry as one of the leading industries with advance planning and joint forces, Suining has managed to build a “home furnishing industrial cluster”, which helps create healthy industrial ecology, increase the entrepreneurship and employment population and decrease the operating marginal cost.





## 勇于创新，解难题，得地利

### Keep courage to pursue innovation

- Jiangsu local government has a strong sense of responsibility, leading all stakeholders of society to take action and solve the difficult problems within the scope of responsibility.
- We have made up for weaknesses in infrastructure, industrial regulation, product standards, self-discipline, raw material supply, and the business environment.
- In line with the new development trend, we have actively guided online businesses to seize the opportunities of the times and have the courage to innovate so as to promote high-quality development of the industry. For example, we provide free e-commerce operation training, provide venues for third-party operators, and reward industrial intermediary organizations to carry out exchange activities.

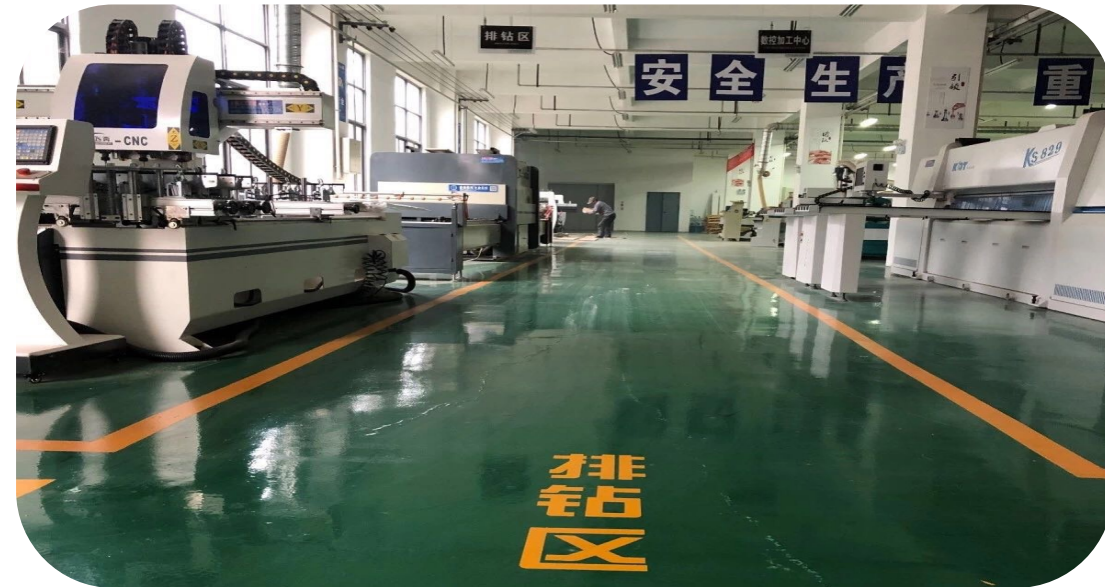


## 抓住重点，提效率，事半功倍

### Grasp key points and boost efficiency

Only by closely focusing on key areas of industrial development and solving major problems can we yield twice the result with half the effort.

- Attach importance to the empowerment of farmers' e-commerce skills and expand the number of e-commerce practitioners.
- Strengthen the thinking and brainstorming ability of enterprise leaders and highlight the leading role of the minority.
- Seize the core of brand with good quality and standardize enterprise management.
- Strengthen IPR protection and crack down on infringements.
- Pay attention to the cultivation of the cluster brand.





## 尊重规律，不折腾，以存图强

### Respect objective rules and laws

- Respect the law of industrial development and the reality that rural farmers are market entities. Support Industries to develop from low to high, from weak to strong, and from small-scale to concentrated and intensive stage. Instead of going beyond the stage of development or forcing industries to grow higher and bigger blindly, we should adopt prudent and inclusive oversight and regulation.
- We will leave industries in rural areas and provide guarantee for farmers to find jobs or start businesses as conveniently as possible. During its 15 years of development, Shaji has accumulated 78.93 billion yuan of wages and 20 billion yuan of profits from online sales, which has become farmers' disposable income. In view of the current situation of low-end furniture products, we will pursue the goal stressing the best quality of similar products, the highest cost performance and the best service efficiency to gradually promote the product to high-end orientation, rather than aim too high or imitate others and thus lose our own features.





**As a participant, practitioner and witness, I am honored to be invited to share. Any comments and suggestions will be appreciated.**





**THANK YOU**