
8-26-2021

Exploring a Business Model of Organic Farming through Qualitative Approach

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Recommended APA Citation

Raja, S. S., Raju, V., & Malik, F. (2021). Exploring a Business Model of Organic Farming through Qualitative Approach. *The Qualitative Report*, 26(8), 2648-2667. <https://doi.org/10.46743/2160-3715/2021.4875>

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Abstract

The main objective of this paper is to explore the business model of farmers involved in organic farming and to motivate the society for entering into organic farming business as it is environment friendly and healthy for consumers as well. The methodology used for this research was mainly interviews conducted by farmers of Punjab district of Pakistan. YouTube videos on organic farming in Pakistan were also assessed for gaining more knowledge. From the findings of interviews, a business model used by 05 farmers in production of organic products is explored which was an untapped area in previous research. The contribution of this research is that components of business model canvas used by farmers are explored, and regulatory bodies of the agriculture sector can design policies for the development of organic agriculture in Pakistan. The novelty of this research is that a business model of companies which are producing organic products is studied, however, a business model of organic farming still needs to be explored which is currently attempted. Farmers think that organic farming is a very lengthy and time-consuming process, but they are not aware of the fact that this is the healthiest, environmentally friendly and profitable business. So, this research has covered such aspects which can motivate farmers and even entrepreneurs to enter into organic farming sustainable business to create better income earning opportunities.

Keywords

organic farming, business model, semi-structured interviews, netnography, Pakistan

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Acknowledgements

The authors would like to acknowledge the respondents for providing their valuable time and cooperation during interview sessions. Without their willing participation and interest in the topic, this research would not have been possible.

Exploring a Business Model of Organic Farming through Qualitative Approach

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The main objective of this paper is to explore the business model of farmers involved in organic farming and to motivate the society for entering into organic farming business as it is environment friendly and healthy for consumers as well. The methodology used for this research was mainly interviews conducted by farmers of Punjab district of Pakistan. YouTube videos on organic farming in Pakistan were also assessed for gaining more knowledge. From the findings of interviews, a business model used by 05 farmers in production of organic products is explored which was an untapped area in previous research. The contribution of this research is that components of business model canvas used by farmers are explored, and regulatory bodies of the agriculture sector can design policies for the development of organic agriculture in Pakistan. The novelty of this research is that a business model of companies which are producing organic products is studied, however, a business model of organic farming still needs to be explored which is currently attempted. Farmers think that organic farming is a very lengthy and time-consuming process, but they are not aware of the fact that this is the healthiest, environmentally friendly and profitable business. So, this research has covered such aspects which can motivate farmers and even entrepreneurs to enter into organic farming sustainable business to create better income earning opportunities.

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Background of Study

The major contribution in Pakistan' economy is from agriculture sector which constitutes 18.5 percent to country's Gross Domestic Product (GDP) along with provision of 38.5 percent employment to national labor force but from past many decades it remained a backward sector of the economy although high performing agriculture in any country is a major factor towards economic growth and poverty alleviation. Pakistan is a blessed country with variety of climatic and geographic regimes due to which it is possible to create diversified agro-ecological conditions suitable for the farming of all kinds of vegetables. The total crop area is about 22.94 million hector and out of which vegetables as well as condiments are grown on 0.35 and 0.18 million hectares respectively which is about 2.30% of total crop area. In the total area of vegetables crops Punjab contributes its share by 52 %, Sindh 26.15 %, KPK 10.85 % and Balochistan 11 %. Agriculture sector of Pakistan is facing many challenges e.g., water

scarcity, climatic changes, and taxes etc. Over the past few years the performance of agriculture sector has been declined (See Pakistan Economic Survey, 2018-2019). Therefore, besides environmental challenges and scarce resources production of organic products is not only a sustainable factor for farmers in order to enhance their farming productivity but can also contribute in district development (Franceschelli et al., 2018). The organic farming in Pakistan is experiencing a rapid growth; however, it is highlighted in the report published by International Federation of Organic Agriculture Movements (2018) that the region under certified organic farming in Pakistan is only 0.1% in total organic farms in the world. As compared with the rest of the world Pakistan has not contributed much in organic farming but this report did not pointed out that the land under organic farming has been expanding with the timeframe. As per farming experts, the main reason for Pakistan in losing worldwide markets is due high standards of check and balance imposed by word World Trade Organization. But opportunities still exist as Pakistan can capture India's \$260 million rice business with the European Union following the EU's zero tolerance on Tricyclazole chemical found in Indian grains (Abduhu, 2017). It is the right moment for Pakistani farmers who also export their products to equip themselves with good agriculture practices with international models and organic farming is one of those models. Organic farming is basically a process of producing food stuffs without use of artificial or synthetic chemicals. It targets to avoid the addition of man-made chemicals, growth regulators, livestock feed additives and dangerous pesticides. In Pakistan too, organic farming is an environmentally friendly ecosystem management and eliminates the usage of all genres of synthetic inputs. It helps farmers to decrease the cost to attain self-sufficiency in all the inputs of agri-products. Despite the great attention in organic farming research (Truant, 2019; Truant et al., 2019; Wolf et al., 2015), there is a lack of detailed studies on exploring the business model of farmers in organic farming that can enhance their value creation process, to be lucrative and specifically rewarding. In order to achieve the growth in organic farming at world level, there is a need for business model to explore. According to Drucker (1999), a business model helps in identifying your customer, what value is needed to create for your customer in a reasonable cost.

Therefore, there is a need to explore and suggest business model for farmers for production of organic products in order to create, deliver and capture value for themselves as well as the customer. The intention of this research was to suggest business model canvas of organic farming to create income earning opportunities. The business model canvas was developed by Osterwalder and Pigneur (2010), however, this model was for manufacturing organizations. The same model components are explored for designing business model of organic farming. Hence, the intention of this research was that what different components can be involved for organic farming so that it will help people to start this business with lower investment to create better income earning opportunities. Therefore, in this study a business model canvas of organic farming is emerged from the data collected through semi-structured interviews of farmers.

Literature Review

Organic farming is described as working with natural system without using chemical, artificial fertilizers, free from pesticides and growth hormones (Lampkin & Measures, 1995; Lockie et al., 2006). It is not only considered better for health of human being but also good for environment as it is viewed as a superior system for the environment, livestock, soil and humans who work for and consumes its products (Ahmad & Juhdi, 2010). Therefore, vegetables and fruits produced by organic farming system are more nutritious and safe to consume. This helps in maximizing the well-being of humans as most of the buyers of organic food consider as healthier food. The common belief of consumers about organic food products

is that they are free from chemical, steroids, antibiotics, and residue-free safe products (Huang, 1996; Jolly et al., 1989; Misra et al., 1991; Schifferstein & Ophuis, 1998). Farmers must emphasize for the growth of organic vegetables and fruits as the consumer's intent towards health consciousness, safety, quality, nutritional value, taste and freshness as well (Davis et al., 1995). According to the study conducted by Gupta (2009), it is found that consumers prefer organic products like grains and pulses because these are free from pesticides.

Today, consumers are very much conscious about intake of chemical fertilizers and pesticides used in farming (Crosby et al., 1981). The world statistics about organic farming show that the trend of organic farming is increasing day by day. According to Willer and Kilcher, (2012), the regions with the largest share of the whole cultivated area were the following:

Table 1

World's Regions Largest Share of the Whole Cultivated Area

Region	Percentage	Region	Percentage	Region	Percentage
Oceania	33%	Europe	27 %	Latin America	23%
Asia	7%	North America	7%	Africa	3%

The ten countries with the largest concentrations per total cultivated area in hectares were the following:

Table 2

World's Countries with Total Cultivated Area in Hectares

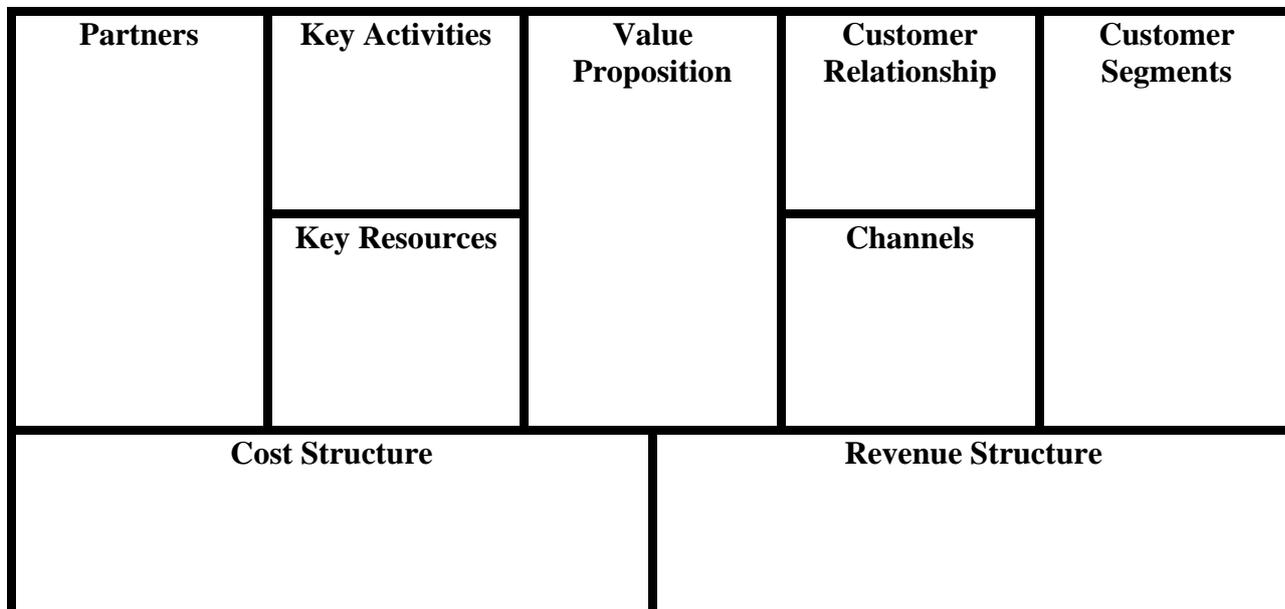
Country	Million	Country	Million	Country	Million	Country	Million
Australia	12	Argentina	4.18	USA	1.95	Brazil	1.77
Spain	1.46	China	1.46	Italy	1.41	Germany	0.99
Uruguay	0.93	France	0.85				

Hence, there is need of organic farming as it is safer for human life and environment as well. It can reduce the risks of many diseases caused by pesticides, artificial fertilizers, antibiotic and steroids used for non-organic farming. Human life is most precious and one cannot play with it, this is the major factor that trend of organic farming should increase and it should be encouraged everywhere. For the success of organic farming in Pakistan there is need to identify a business model, so that farmers can follow that model. Basically, a business model is a structure that supports to articulate the value of new technologies (Perkmann & Spicer, 2010). According to Drucker (1999) business model helps in identifying your customer and what value can be created for customer in a reasonable cost. This definition describes that every business model has three most important components; (i) everything related to designing and manufacturing the product starts with identification of a customer, (ii) everything related to creating a value for customer, (iii) everything related to a reasonable cost for customers and company as well. According to Sinfield et al. (2012), a business model at a conceptual level includes all aspects a company's approach to develop a profitable offering and delivering value to its target market. However, Osterwalder and Pigneur (2010) designed the visual representation of *Business Model Canvas* which includes nine important components (e.g.,

customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partners and cost structure) as depicted in Figure 1.

Figure 1

Business Model Canvas



Source: Osterwalder and Pigneur (2010)

Although, in previous research, this business model is applicable for companies, in previous research such models are studied with perspective of organic product enterprises (Mohammad & Malek; 2017; Poláková et al., 2015; Pölling et al., 2017), however, the particular objective is to explore the business model of organic farming which is done by farmers. Therefore, keeping in mind the business model canvas components, it might be explored that whether from farmer's perspective who are involved in organic farming, this business model canvas is applicable or not.

Rational of the Study

This research has taken a deep insight at the production of organic farm products in Pakistan from farmer's point of view for unpinning the business model used by farmers. The researchers were interested for introducing business models for organic farming to provide opportunities to those who do not have income earning avenues. Most of the times people are not aware of how to start organic farming activities. Therefore, this research has introduced business model canvas for organic farming. Hence, for achieving the aim of this research, the researchers conduct semi-structured interviews and put that information which was provided by respondents in the business model canvas.

Researchers Profile

Shahjahan Sarfraz Raja is interested in the socio-economic development of his village district Chakwal, Pakistan. He is highly dedicated for providing income earning opportunities for his village people by designing farm and non-farm home-based start-ups. Exploring a business model canvass is one of the initiatives which he has suggested in his PhD research

work. Valliappan Raju is a supervisor of Shahjahan Sarfraz Raja at Limkokwing University of Creative Technology Malaysia. His supervision through dissertation writing was highly valuable and his cooperation is unforgettable. Fozia Malik is a marketing consultant and researcher, she has designed an interview guide and conducted interviews from farmers. During interview sessions conducted by Fozia Malik, the role of silent observer was played by Shahjahan Sarfraz Raja, he was also taking notes along with Fozia Malik in order to ensure not to miss a single word of interviewee. Fozia Malik also act as a corresponding author in this research and she has also committed to work on all the recommended changes by reviewers and editor of the journal. Therefore, each researcher has used his and her expertise for completing this research.

Research Methodology

The Qualitative Inquiry

This research involves exploratory technique for gaining insight of the initial subject matter. Exploratory studies are common in social sciences and can be qualitative, quantitative, and a mix of both (Adams et al., 2007; Jain, 2021; Tortorella et al., 2017). Qualitative inquiry used in this research is semi-structured face to face interviews. The reason of selecting semi-structured interview was to collect relevant and detailed information from the knowledgeable respondents for the said topic.

Ethical Research Practice

The ethical research concern was ensured in this study by taking consent of respondents to take part in this research. Before face-to-face interviews, the consent of their participation was taken on telephone about the confidentiality and time factor. It was ensured to respondents during telephonic call that their information will be kept confidential. Out of twenty telephonic calls eight respondents were agreed for interview. However, due to COVID-19 only five interviews were arranged. During interview session it was also ensure to respondents that their information will be kept confidential and will be used for research purpose only. In this research, not any institution was involved, and respondents were interviewed individually. In the findings section of this study any personal information is not revealed, therefore, it poses no risk to the respondents of the study. As the study does not require any additional ethical oversight, hence, approval from any ethical research committee was not involved in this research.

Data Collection Procedure

In this research two approaches for data collection were used. The first approach was semi-structured interviews and the second approach used was netnography for gathering information from YouTube videos on organic farming. The reason of selecting netnography approach was the prevailing situation of COVID-19. Due to social distancing and travelling issues in Punjab it was difficult to interview more farmers. The reason of selecting semi-structured interviews was that the respondents can give their opinions without hesitation and can be more interactive (Adler & Clark, 2014). Therefore, through semi-structured face to face interviews the aim of this research was achieved. Furthermore, YouTube videos were also assessed for enriching business model canvass of organic farming through a methodological approach of netnography. This approach was first designed by Kozinets (2002) with three categories; (1) face to face to virtual, (2) virtual to face to face, and (3) exclusively virtual.

Therefore, the data was first gathered from semi-structured face to face interviews and then through netnography using first approach from face to face towards virtual. For downloading videos from you tube the key words “organic farming in Punjab” and “organic farming in Pakistan” were used. The most relevant videos were assessed to understand the procedure of organic farming to put that information in business model of organic farming.

Approaching to the Respondents

The intention was to collect information from 20 farmers of Punjab district but due to COVID-19 situation, the researchers were able to conduct detailed interviews of 05 farmers. Keeping in view this situation, the data was collected from two sources. Firstly, this qualitative research used semi-structured interviews pattern for conceiving interpretive paradigm. The interview guide was prepared and consent was also taken from respondents to provide interview of at least 1 hour. The interview guide covered the elements of business model canvas. A total of 05 interviews were taken from different regions of Punjab from the respondents who are involved in Organic Farming on individual basis, 1 interview was taken from Khushab; 2 from Chakwal; and 2 interviews were carried out from Sargodha. Purposive sampling technique was used in order to approach to respondents as this study was involved experienced farmers with the complete knowledge of organic farming process. Therefore, face to face interview approach was used and duration of interview was 45 minutes to 1 hour. As respondents were not willing for tap or video recording, therefore, interviews were hand written by researchers. Written interviews were assessed on the questions asked about nine components of business model canvas. The responses of participants of this research are collectively presented to the appropriate categories without any bias. Secondly, YouTube videos were assessed and downloaded with the words used “Organic Farming in Pakistan” by using netnography approach. Information provided by different farmers in their YouTube videos was also gathered.

Data Analysis Procedure

The responses are interpreted in a qualitative form and depicted in a business model canvas; however, demographic part is presented in a quantitative form (see Table 1). All respondents were males whose age ranges from 43 to 61 years. This shows that they were seasoned to carry out organic farming activities. The area covered for organic farming was 4 to 8 acre and they were involved in organic farming of fruits and vegetables. The minimum year served by respondents in such activities was 2 years. They are earning minimum amount of Pak Rupees 50, 000/- per month as shown in Table 1.

The data of current research is involved step-by-step content analysis procedure which focused on credibility, coherence and transferability of the results (Auerbach & Silverstein, 2003). During interview session with individual respondent’s field notes were taken because these are considered as best written records of the responses and we can keep a record of the study over time (Phillippi & Lauderdale, 2018). Through field notes, the step by step content analysis was carried out which involved, (1) codes relevant to the components of business model were identified; (2) those codes are clustered in the concepts; (3) the concepts were grouped into more abstract categories/themes; (4) the abstract categories/themes were put in the relevant headings of the business model canvass; (5) the business model canvas was finalized with the support of an external reviewer involved in organic farming business. The information gathered from YouTube videos was also assessed by the same procedure. Based on the detailed data analysis procedure, findings of responses are discussed in the next section of current research.

Table 1
Respondent's Profile Based on Interviews

Demographics	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5
Gender	M	M	M	M	M
Age	45	53	43	56	61
Area	Khushab	Chakwal	Chakwal	Sargodha	Sargodha
Area Per Acre	4 acre	5 acre	7 acre	5 acre	8 acre
Profit	More than 50,000/- per month	50,000/- to 90,000/- per month	80,000/- to 120,000/- per month	60,000/- to 85,000/- per month	70,000/- to 130,000/- per month
Products	Vegetables	Vegetables	Fruits	Fruits	Vegetables/ Fruits
Years Served	3 Years	5 Years	3 Years	2 Years	4 Years

Results and Discussion

The results are presented in this section are based on findings of semi-structured face to face interviews conducted by the respondent who are involved in organic farming activities and then YouTube videos were also assessed by searching the topic of "organic farming in Pakistan." The information provided in these videos were thoroughly analyzed and the relevant information related to organic farming business model were extracted. The information gathered through semi-structured interviews and YouTube videos helped in designing business model canvas of organic farming as presented in Figure 2. YouTube videos provided more information about the organic farming activities which are taken place in Pakistan (see Figure 3, 4, 5). The components covered in interviews were based on the business model as presented in Figure 1 of this study. First of all, the individual's responses were presented as described by them, then relevant information was extracted and combined findings are incorporated in Figure 2 of current research which is presenting business model of organic farming.

The above presented model for organic farming is covering the nine components of business model canvas. The components include (1) partners; (2) key activities; (3) key resources; (4) value proposition; (5) customer relationship; (6) customer segment; (7) channel; (8) cost structure and (9) revenue structure. The information gathered in current research is placed in this model and business model for organic farming is explored. The nine components with the combined findings from interviews and YouTube videos are described below.

Figure 2
Business Model Canvas of Organic Farming

<p>Partners</p> <p>Own business without partners and Family members, neighbors, local residents as partners</p>	<p>Key Activities</p> <p>Vegetables, fruits, pulses & beans farming, wheat, chicken, eggs, organic fertilizers etc. The organic production is carried out because it is safe for the environment and human health. It uses traditional techniques and production of local varieties</p>	<p>Value Proposition</p> <p>Quality, health, genuine products, emotional benefits, reduction of pollution and waste</p>	<p>Customer Relationship</p> <p>Strong link with retailers, with local people, consistent relationships with clientele</p>	<p>Customer Segments</p> <p>Local population, traders & retailers outside the region, collaborations with organic companies of the district</p>
	<p>Key Resources</p> <p>Logistics include own bike & van, rented bike & van, raw material from waste management companies for preparation of soil</p>		<p>Channels</p> <p>Direct sale, local retailers, food processing companies, trade fairs, indirect via local retailers. Suppliers providing waste material involved in channel.</p>	
<p>Cost Structure</p> <p>Limited cost on soil preparation, Cost savings, sharing of some resources, save money as don't use pesticides and fertilizers for the crops, benefit cost ratio is also higher for organic crops, the per hectare irrigation cost is slightly lower, lower yield per acre as it is a time consuming but give more profit due to higher prices. Sometimes more cost is incurred when field is destroyed as chemicals are not used to save field from insects or bugs.</p>		<p>Revenue Structure</p> <p>Minimum turnover is Rs. 50,000/- per month. Due to lower cost of production and higher price premium the benefit cost ratio is higher for organic.</p>		

Source: *Researcher's Own Processing*

Partners in Organic Farming

Partners in business involved those parties which have direct and indirect involvement in business and sharing profit with each other. According to the results of 05 respondents involved in organic farming in Punjab province of Pakistan, partners in organic farming include family members who help in farming process, neighbors and local residents without paying any cost to them they provide help whenever it is needed. For example, according to the statement of one of the respondents: “my business partner is family member (my brother) who is taking care of fields when I am on job, as I am the main investor and he (my brother) daily work on field so we share equal profit.” And according to another respondent, “one of my local friends is my business partner, he works with me throughout the day, we distribute profit equally.”

From the findings of YouTube videos, it is noticed that partners involved in organic farming business are family members and friends as well but mostly they are running individual business. The results indicated that partnership is very important element in business model. The key partners are needed to achieve key activities to deliver value to the customers. Here, in organic farming model, it is noticed from the interviews of respondents that partners who are playing important role for carrying out business activities include family members, neighbors, and local residents. Family members are helping each other in different organic farming activities but not sharing profit but outside family members, for example, neighbors and local residents who are sharing profit with business partners.

Key Activities of Organic Farming

Key activities involved production of fruits and vegetable after preparation of land and manure, seeding, taking care of land and cultivation of land. Response of respondents was that they carried out organic production activities in a careful manner so that it should be 100% organic and environmentally friendly as well. For instance, as per one of the respondents about the question asked that what are the key activities they are involved in organic farming:

I used to grow organic fruits on my cultivated area, I prefer to go for seasonal fruits as the demand is more for seasonal fruits, for this I use to prepare a land which requires lot of effort and time as well” and according to another respondent “I used to grow seasonal vegetables and fruits both.

This shows the key activity/business which the respondents are focusing on is production of fruits and vegetables.

Whereas one of the interviews taken from YouTube video organic wheat is also the activity which is being taken place (e.g., <https://www.youtube.com/watch?v=XyWd2wnlsTM>). Another video from YouTube, it is noticed that organic chicken and egg was another business activity which was carried out (e.g., <https://www.youtube.com/watch?v=ZmkeByaH6uI>). Organic fertilizer are also involved in key activities (e.g., <https://www.youtube.com/watch?v=iM2MGxI7CBY>). Hence, the production of fruits, vegetables wheat, chicken, eggs and organic fertilizers are the main activities for organic farmers.

From interviews and YouTube videos on the key activities of organic farming (see also <https://www.youtube.com/watch?v=340fCz7XrSI>), it is concluded that the key activities carried out are preparation of land, seeding process in land, and cultivation of land for vegetables and fruits, wheat growing, and organic fertilizer farming in organic business model. It is also noticed that chicken farming is another activity which is being carried out. Therefore,

for designing a business model canvas it is vital to evaluate different activities which can be helpful for those who are interested to start their business.

Figure 3



Source: <https://www.youtube.com/watch?v=ZmkeByaH6ul>

Figure 4



Source: <https://www.youtube.com/watch?v=XyWd2wnlsTM>

Key Resources Involved in Organic Farming

As answered by respondents about the key resources for organic farming fewer resources are required from the process of preparing a land, scattering seeds to cultivation and selling out product to the nearby market. However, sometimes logistics cost is high when motor bike or van is hired from sending product to the market. As the question was asked about what

are the most critical key resources which involved cost? According to the answer of one of the respondents: “I distribute vegetables through bike and sometimes I use rented vans because it depends on the quantity and distance as well.” Another respondent stated:

I can understand other resources are used in like people involved in my business but the most critical is the resources required for distribution of my vegetables in a timely manner which I have a grown after a hard work, for this I use my own van. I purchased used van as it can save cost of rented van for distribution of vegetables to local market and nearby villages.

This shows that transportation is the key resource which involved cost and is required to sell organic vegetables and fruits to nearby markets. Therefore, the most critical resources required in organic farming business is the transportation facility to distribute products to the local markets. Owning vans and bikes can reduce transportation cost as compared to rented transportation. Hence, for planning of organic farming business one need to focus on the appropriate transportation system for distribution purpose.

Value Proposition of Organic Farming

Value proposition is the value or benefit provided to the end user. The more value the business will provide to its customers the more satisfied the customer is. As per interviews findings presented above, one of the respondents claimed that he is providing values to their customers as he said that “he is satisfied because as per his feelings he is selling something genuine without using chemicals, he further stated that if I will take care of health of others then it will give me inner satisfaction.” Another respondent stated:

Through organic farming I am providing value not only to customers but also protecting environment as due to organic farming we can reduce pollution and waste as we are not using chemicals, pesticides and other related material, which is harmful for human health, by using the waste material e.g., garbage for preparing our land is also good thing to reduce waste material. We don't through garbage here and there rather we use it in our fields for preparing a land.

From one of the YouTube videos, organic farmer explained the whole process of preparing organic fertilizers from waste material and he also explained the benefits of it (e.g., <https://www.youtube.com/watch?v=iM2MGxI7CBY>). He explained that customer is satisfied with organic fertilizers which is good for health and for the benefit of whole society. Therefore, according to respondents as they are providing healthy food so the value we are adding to the society is in terms of quality, health, genuine products, emotional benefits, reduction of pollution and waste etc.

Hence, value proposition is another important component of business model which means that if customers are paying money in purchase of products then in return their problem is solved or pain is relived for them. In this case from the findings it is noticed that healthy food is needed for healthy body and mind which is being provided by organic farmers as they are growing vegetables, fruits, crops, and eggs without using any chemicals, pesticides and artificial methods.

Customer Relationship Involved in Organic Farming

Customer relationship is another important component of business model as this can help in building a strong linkage or bond with the customers. According to findings of one of the respondents as stated: “customer relationship involved consistent link with cosmetics companies and local clientele, customers are satisfied and happy with our organic products.” According to the findings of one of the YouTube videos, “one of the organic farmer shared the views of his customers who are using organic fertilizers to save their field from pests and bugs” (e.g., <https://www.youtube.com/watch?v=iM2MGxI7CBY>). Therefore, based on combined findings of current research customer relationship is focused on developing a strong link with retailers, with local people, consistent relationships with clients and to some small companies such as cosmetics companies.

Customer relationship in organic farming business involved one-to-one relationship with customers. For creating a strong bond with customers, even one of the fertilizer organic farmers is also providing training to his customers which shows that he is not only providing a product but also developing a strong link with customers.

Customer Segments of Organic Farming

Customer segments is the direct and indirect customers who are purchasing from the organic farmers. In response to the question related to customer segments, respondent answered that customer segment is based on local population, friends, traders & retailers outside the region, grocery stores, and other organic companies of the local district. For example, from the findings one of the respondents answered:

My customer segments involved local vegetable retailers and grocery stores; I sell directly to local vegetables sellers and to nearby grocery stores who also sell vegetables in their retail store, they are happy and satisfied because the end users now demand organic products because of healthy diet which they want to take, he further added that through direct relationship I can get quick feedback of my customers.

Another respondent stated that “my customers are small companies who purchase from me to produce fresh organic products.” According to one of the YouTube videos: “customer segments are farmers who purchase organic fertilizers from me and they are very much happy with my organic fertilizers.”

From another YouTube videos it is noticed that they are growing wheat for their personal use, for friends who purchase on a regular basis from us and for distribution of needy people. They all are happy and satisfied with our organic wheat (for example, <https://www.youtube.com/watch?v=hwSpQsipwv4>).

For the businesses such as organic farming, the customer located in the same region and nearby villages can save the distribution cost and it is also easy to identify local customers in future. If the organic farming is taken place at small level, then local friends, close family members and neighbors can be the regular customers. For example, one of the organic brown eggs sellers send messages on WhatsApp to her regular customer to pick eggs from her door step. So, females are also helping their male counterparts for increasing the customer base. Therefore, in such local level businesses, one can increase the customer segment through referral methods.

Channels Involved in Organic Farming

Channel involved direct and indirect selling methods. In direct selling channel intermediary is not involved between seller and customer. The findings of current research shows that organic farmers are using both direct and indirect channels. However, the suppliers are also involved in channel which include suppliers of livestock manure, green manure crops, and composted municipal garbage etc. For example, as per response of respondents; the channels which they are using include direct selling. However, one of the respondents is selling through local retailers which involved one intermediary. One of the respondents stated that:

I directly sell to local retailers and vegetable sellers as it is not involved any cost because if I am going to involve any intermediary so the price will vary and profit will be less for me, I want to save middleman cost, I directly communicate to them and use social media too.

Therefore, both direct and indirect channels are being used to sell their organic fruits and vegetables to the market. From the combined findings of current research, it is noted that channels involved in selling of organic farming include direct sale, via a local retailers, food processing companies, and taking part in trade fairs. This was also extracted from YouTube videos that organic farmers are also involved in trade fairs and on weekly basis they display their stalls nearby market (e.g., <https://www.youtube.com/watch?v=ZmkeByaH6uI> and <https://www.youtube.com/watch?v=p-1TKPJm8FI>).

Figure 5



Source: <https://www.youtube.com/watch?v=p-1TKPJm8FI>

Channel is an important decision to locate customer to distribute products. Organic farmers are mostly using direct channel to sell their products using pull strategy and directly communicating to customers through social media such as WhatsApp, YouTube channels and promotion through Facebook pages as well. They also participate in local trade shows to sell their products.

Cost Structure of Organic Farming

Cost structure involved, the cost incurred in preparation of soil, transportation and selling of product. The main objective of any business is to incur less cost and get more benefits. Therefore, according to the respondent's point of view, limited cost is involved in soil preparation, we save money as we don't use pesticides and fertilizers for the crops. Organic farming gives more benefits in a minimum cost, the per hectare irrigation cost is slightly lower as compared to traditional farming. Although, per acre yield is low as it is time consuming but give more profit due to higher prices when selling in the market. For example, as per findings of one of the respondents:

Cost structure involved sometimes less cost and more benefit, less cost is due to my own van to distribute products to local markets, I use social media and my personal contacts to sell products to save more cost, preparation of land through manure is another thing which I will recommend to organic farmers to reduce cost.

According to the findings from YouTube videos (e.g., <https://www.youtube.com/watch?v=ZmkeByaH6uI>) internal cost sometimes become high as the farmer said, "We can't use chemicals for vegetables and fruits due to which these can be destroyed, harvest quantity can be less, so it incur more internal cost."

Cost of organic farming business is less as compared to other businesses as from the response of respondents cost can be saved by having own van or bike to distribute products, by using social media and through personal contact for product's communication to the customers, even for preparation of land if using manure or garbage. So, through different activities cost can be reduced, however, if proper care is not given to the land, then through the attack of pests, the quantity can be decreased as chemicals are not used in organic farming for killing pests or insects.

Revenue Structure of Organic Farming

Revenue is an income which is earned through business activities. According to respondents, the organic farming involves more revenue an average turnover is greater than Rs.50, 000/- per month. Due to low cost of production and higher price premium, the benefit cost ratio is high for organic products. For example, from the above findings of one of the respondents: "He is earning more than Rs. 50,000/- per month in a less cost." And another respondent reported that "he is happy that his cost is less than his benefit and he earns on average 70,000/- to 130,000 per month." From the findings of YouTube videos (e.g., <https://www.youtube.com/watch?v=hwSpQsipwv4>): "He has recovered all expenses from purchase of land to growing and cultivating of field within a one year." This shows that organic farming is not only a profitable business, but it is also environmentally friendly and good for one's health.

After covering different costs or expenditures, the organic farmers are earning a reasonable amount from this business. Rather than being unemployed and without income, it is a better option to start organic farming business by starting different activities such as organic farming of fruits, vegetables, crops, fertilizers, and even brown eggs.

Figure 6
Pictures Taken from Camera



From the above findings and discussion, the current research has explored the business model of organic farming by covering the nine components of business model. The findings of current research has confirmed that organic farming involves partners, key activities, key resources, value proposition, customer relationship, customer segment, channel, cost structure and ultimately the revenue structure. In previous research (Osterwalder & Pigneur, 2010; Lambert & Davidson, 2012; Demil & Lecocq, 2015) these components were studied with the perspective of manufacturing companies; however, it was not studied in the light of organic farming. One can explore such opportunities to earn their livelihood and also feel satisfied by contributing for the societal well-being by offering healthy products to the local community. In this time of increased unemployment rate even having good education background it is very difficult to get a job. Doing business also requires reasonable investment to be successful in the market. However, there is a need to identify business opportunities which involved less cost and more profit to bear their daily life expenditures. Through this one can also involve others such as friends, neighbors, local residents, and even family members in their business to earn their income which cis involved reciprocal relationship. It can create income earning opportunities in a less investment and low cost for those who do not have income. Therefore, the organic farming business model provides the valuable directions not only to researchers but to those who are interested to start organic farming business.

Conclusion and Future Implications

The main purpose of this research is to explore the business model of organic farming and to motivate farmers that organic farming is environment friendly, and farmer can earn more profit as it gives more revenue than traditional farming process. For achieving objectives of study 05 farmers who are involved in organic farming are interviewed as well as YouTube videos are also assessed for getting more information related to the subject under discussion. Interview questions were based on business model's nine components. It was noticed that in organic farming process all components are directly applicable. By adopting this business model, farmers can grow their business and entrepreneurs can also gain insight for starting organic business. Although with the relevance of business model topic, in past empirical research was carried out on other areas such as information technology, manufacturing sectors, biotechnological companies, and other startups (Demil & Lecocq, 2015; Lambert & Davidson, 2012), however, business model in the organic sector and specifically with the agriculture sector have not been studied thoroughly (Bresciani, 2017; Vrontis et al., 2016). Previous research shows (Ulvenblad et al., 2014) that very limited attention is being paid with respect to business model in agriculture sector and in the agri-food sector with some exceptions (Fujimoto, 2012; Kusraeva, 2018; Mohammad & Malek, 2017; Poláková et al., 2015; Pölling, et al., 2017; Vorley, 2008). In past the research related to business model in an agricultural context was focusing on different aspect, for instance, business model of sustainable farming in an unfavorable area (Fujimoto, 2012); ability of farms to introduce upgrading strategies (Beuchelt & Zeller; 2013); the income model, the subsistence model, speculative model and the growth model of organic food enterprises (Jolink & Niesten, 2015). Henceforth, the focus of previous researchers was totally on the enterprises of organic products, they applied it in a different scenario, but current research mainly focused that the business model canvas as theorized by Osterwalder and Pigneur (2010) is much suitable for organic farmers. By applying this model, they can set priorities of organic performing and hence can increase their performance. In conclusion, the current investigated article explored the business model canvas of organic farming from the results of interviews taken by farmers. This research can provide direction to those start-ups who are interested in organic farming business. The configurations of business model canvas components will be most helpful to carry out organic farming activities. One can explore income earning opportunities not only for themselves but for the community members living in the same or nearby community. People without income can start with this low-cost business model to earn their income to meet their livelihood. Future researchers can explore business models of other farming and non-farming related activities in their local, regional, and national level.

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YouTube Videos Links

<https://www.youtube.com/watch?v=ZmkeByaH6uI>
<https://www.youtube.com/watch?v=XyWd2wnlsTM>
<https://www.youtube.com/watch?v=hwSpQsipwv4>
<https://www.youtube.com/watch?v=340fCz7XrSI>
<https://www.youtube.com/watch?v=iM2MGxI7CBY>
<https://www.youtube.com/watch?v=p-1TKPJm8FI>

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Acknowledgements: The authors would like to acknowledge the respondents for providing their valuable time and cooperation during interview sessions. Without their willing participation and interest in the topic, this research would not have been possible.

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Article Citation

Raja, S. S., Raju, V., & Malik, F. (2021). Exploring a business model of organic farming through qualitative approach. *The Qualitative Report*, 26(8), 2648-2667. <https://doi.org/10.46743/2160-3715/2021.4875>
