

## Analysis on Advantage Principle and Perceptible Principle of Rural Industry Revitalization

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**Abstract.** The core of Rural Revitalization is rural industrial revitalization and effective governance. The premise of rural industrial revitalization and effective governance is scientific industrial planning and project selection. Industrial planning and project selection depend on the guidance of "advantage principle" and "perceptible principle". Farmers and rural enterprises should give priority to products and services that consumers can directly perceive and verify their use value and utility, and transform competitive advantage into market advantage.

**Keywords:** Rural Industry Revitalization; Industrial Planning and Project Selection; Advantage Principle; Perceptible Principle.

### 1. Introduction

On June 1, 2021, the "Rural Revitalization Promotion Law of the People's Republic of China" came into effect, and the implementation of the rural revitalization strategy entered a new stage. In the 14th Five Year Plan and even for a relatively long period in the future, comprehensively implementing the rural revitalization strategy and accelerating the modernization of agriculture and rural areas will become the central task of the national "three rural" work. The overall requirements and strategic guidelines for implementing rural revitalization are: thriving industries, livable ecology, civilized rural culture, effective governance, and a prosperous life. The revitalization of rural industries and effective governance are the core of rural revitalization.

With the continuous deepening of the market economy, competition among rural enterprises is intensifying. In order to maintain sustained competitiveness and win in the competition, rural enterprises need to have scientific and correct strategic planning and project selection. If rural enterprises choose the direction of industrial development that they do not have advantages, or have no market demand, the failure of enterprise development is determined; Even though rural enterprises choose the right development direction, scientific and correct project selection is also necessary. Whether projects and products are unique or scarcity in a specific market, whether they can be recognized by specific consumers and form effective demand, is the key to forming the competitiveness of rural enterprises. In short, their scientific and correct strategic planning and project selection must follow the "advantage principle" and "perceptible principle".

### 2. Conceptual Analysis and Theoretical Foundations

#### 2.1 Revitalization of Rural Industries

The revitalization of rural industries is actually under the guidance of the government and experts, relying on local characteristic and advantageous resources, and based on market demand, rural areas choose to develop agriculture, planting, tourism, rural characteristic industries, transportation, cultural services, information industries, etc., driving the comprehensive progress of rural economic and social development through industrial upgrading and development.

## 2.2 Strategic Planning and Project Selection

The main bodies of strategic planning are county-level and township governments. They always draw up the macro planning of the key directions and fields for rural economic and industrial development within the county area under the guidance of scientific theories and national development strategies, which is based on local actual conditions and market demand. And then they guide the capital and other resources of farmers and rural enterprises to invest in the direction and fields set by the plan, through making some relevant policy and institutional arrangements to achieve rural industrial and economic development.

The main bodies of project selection are farmers and rural enterprises. They always rely on local distinctive resources and market demand to determine specific tasks, products, or service in specific directions and fields, in order to achieve profits for themselves under the guidance of established strategic plans of governments at all levels.

## 2.3 Advantage principle

The "advantage principle" means that the industrial development direction and specific project selection of individual agriculture and rural enterprises should be unique, scarcity or different, including two meanings: firstly, it should be unique or scarcity, that is, the products or businesses operated by farmers and enterprises are unique in a specific area or the supply quantity is relatively small. Secondly, they have the characteristics of differentiation through market segmentation. In this case, these enterprises can avoid strong competition and specialized in differentiated products and services, thus gaining a comparative advantage in competition.

Michael Porter, successfully introduced industrial organization and industrial economy theory into the field of strategic management, created an outstanding competitiveness analysis model, and formed a complete theory of industrial structure on this basis. This theory is based on the theory of industrial economics, which believes that a company's competitive advantage comes from its industrial structure and market position. The primary and fundamental factor determining an enterprise's profitability is the attractiveness of the industry, which in turn depends on the five competitive forces of the industry, namely whether the enterprise's products and services have absolute advantage or comparative advantage: (1) Can greatly restrict the entry of new competitors; (2) Can largely avoid the threat of substitutes; (3) The range of options available to consumers is extremely limited, leaving little room for bargaining; (4) Having the pricing power of products and services determines the great bargaining power of the enterprise; (5) Make it lack of competition or no competition in the field and industry, and in the provision of products and services, and be in a absolute advantage position or a comparative advantage position. Porter's theory mainly focuses on the competition with competitors. This strategy is actually to avoid using one's own weaknesses to compete with the strengths of the opponent, and is actually a strategy of winning through comparative advantage. This strategy is feasible in the short term, but it is difficult to maintain sustained competitiveness, because over time, new competitors will inevitably invade and the advantages already gained will be lost. Differentiation strategy and goal focused strategy actually aim to avoid the advantages of competitors and compete with them in areas where they have relative advantages. The fundamental difference between the "advantage principle" strategy proposed in this paper and Porter's competitive strategy is that if an enterprise wants to win absolutely in the competition, it must compete with its competitors in the field where it has absolute advantage. In this case, it does not need to deliberately reduce prices or avoid competition. Instead, it can rely on its absolute advantage in natural resources, technical resources, human resources, cultural resources, political resources, etc.

## 2.4 Perceptible principle

The "perceptible principle" originates from the concepts of perceived value and perceived use value and their related research by some economists. The value of use refers to the usefulness or

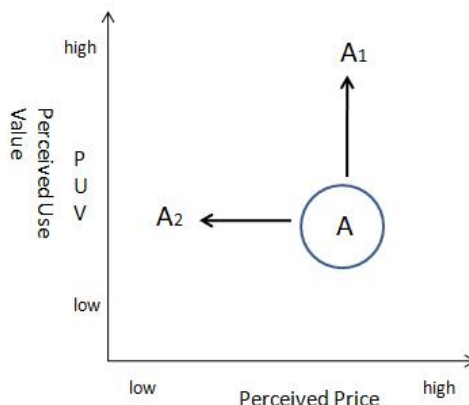
utility of a commodity, which is the material carrier of the value of the commodity. Some economists have found through research that the use value of goods can be divided into abstract, non directly perceivable use value and specific, directly perceivable use value, and the latter is perceivable use value. The "perceptible principle", also known as the principle of human nature, refers to the fact that the products and services produced by enterprises must conform to the perceptibility of human nature in order to form effective market demand. The products and services of farmers and rural enterprises that follow the advantage principle can only ensure that the enterprise wins in competition, and only by further adhering to the perceptible principle can they form an effective market, bringing considerable profits to farmers and rural enterprises.

Zeithaml expounded the concepts of Perceived Quality and Perceived Price in his paper and explored the relationship between them, thus leading to the concept of Customer Perceived Value. Customer perceived quality is a customer's evaluation of the overall superiority and excellence of a product, which is different from the actual quality. Compared to the unique attributes of a product, perceived quality has a more direct and perceptible quality, and in some cases, it is closer to an attitudinal overall evaluation. Perceived value is a concept that varies greatly from person to person. Although most respondents in the survey believe that quality is a key factor in measuring value, their impressions of value vary. Based on the survey, Zeithaml proposed several inspirations in management practice: (1)Close the quality perception gap. This demands enterprises should analyze quality from the perspective of consumers and understand what consumers want;(2)Identify key intrinsic and extrinsic attribute signals that consumers use to represent quality;(3)Acknowledge the dynamic nature of quality perceptions. Enterprises should always track consumer perception and calibrate promotional strategies;(4)Understand how consumers encode monetary and nonmonetary prices;(5)Recognize multiple ways to add value.

The strategic management scholars Faulkner and Bauman proposed a method designed for the study of corporate competitive strategy, known as the Customer Matrix. They believe that in order to achieve sustainable competitive advantage, enterprises must provide customers with the highest perceived use value at the lowest perceived price, and form a two-dimensional coordinate system with these two sets of variables. By examining the position of each enterprise in the competitive market in this coordinate system, we evaluate the strengths and weaknesses of the enterprise, and guide the enterprise in making strategic choices. To gain a competitive advantage, a company must provide customers with the highest perceived value of use at the lowest perceived price. The basic movement of competition in the Customer Matrix is shown in Figure1:

Above scholars' theories on customer perceived quality and perceived price, as well as the theory on customer matrix can explain perceived value of use in this article to some extent, their basic spirit is consistent. The success or failure of enterprises in competition is not complete solely by having competitive advantages. To truly stand out from competition, It is also necessary to examine whether the competitive advantage of the enterprise and the value (utility) of its products and services can be perceived by consumers, and whether its effectiveness can be verified, that is, whether it meets the "perceptible principle". Only when a certain competitive advantage and the utility of its products and services are specific and easily perceived by consumers can this competitive advantage achieve its maximum value in the market.

Fig. 1 Basic competitive movements in the customer matrix



### 3. How to Apply the Principle of Advantages in the Development of Rural Industries

#### 3.1 Why Use the "Advantage Principle"

Farmers and rural enterprises can use the "advantage principle" to develop advantageous projects, which can prevent competitors from entering. The application of the "advantage principle" by farmers and rural enterprises can maximize the bargaining power of consumers and enhance their pricing power. This is beneficial for farmers and rural enterprises, but disadvantageous for consumers and has both advantages and disadvantages for the overall socio-economic development. Farmers and rural enterprises can use the "advantage principle" to develop advantageous projects, which can avoid vicious competition and ensure reasonable prices of products and services, thus ensuring high profits for farmers and rural enterprises. Farmers and rural enterprises can use the "advantage principle" to develop advantage projects to avoid business cycle fluctuations, so that rural enterprises can maintain long-term stable development and farmers' income can maintain long-term stability.

#### 3.2 How to Use the "Advantage Principle"

Farmers and rural enterprises need to consider various factors such as their own internal and external conditions when applying the "advantage principle" to develop advantageous projects. There are probably the following situations: (1) Establish leading industries and major projects on the basis of advantageous natural resources through industrial planning and selection;(2) Strive to gain competitive advantages in technology, management, marketing, and branding through acquired efforts;(3) By adopting a differentiation strategy to avoid fiercely competitive fields and links, and developing their own products and services in areas that most enterprises are unwilling or do not pay attention to, in order to gain a comparative advantage in competition;(4) By abandoning strategies and abandoning products and projects that are at a disadvantage, one can discard their burdens and gain an advantage.

### 4. How Farmers and Rural Enterprises Apply the "Perception Principle" in Pproject Selection

#### 4.1 Why Use the "Perception Principle"

The "perception principle" requires that enterprises' products and services should meet the needs of consumers as much as possible, which are not abstract but specific, not vague but verifiable, and not only suitable for minority groups but also for the majority of people. Because the market

mechanism is the supply and demand mechanism, and the foundation of the supply and demand mechanism is human nature and human needs. Most people know that the products and services of enterprises need to meet human needs. But people do not know that human needs are divided into different levels, and there are differences in the quantity and intensity of people's needs at different levels: some needs can be directly converted into commercial value, while others cannot be directly converted into commercial value; Some demands can be transformed into a large amount of commercial value, while others can only be transformed into a small part; Some demands cannot be converted into commercial value; Some demands can only be transformed into commercial value in the future; According to Maslow's hierarchy of needs theory, people always pursue basic needs first and then higher level needs.

The "perception principle" requires farmers and rural enterprises not only to meet the needs of consumers when selecting projects and designing products, but also to prioritize the selection and design of products and services that meet the perceived use value of consumers.

#### **4.2 How to Use the "Perception Principle"**

Farmers and rural enterprises use the "perception principle" to select projects and products in order to better cater to consumer needs and maximize commercial value and corporate profits. The application of the "perception principle" should pay attention to the following issues: (1) Farmers and rural enterprises should choose products and services that consumers can directly perceive their use value and utility. For example, if rural enterprises want to launch new tractors or harvesters, they should focus more on the use value that consumers can directly perceive, such as appearance design, price, fuel consumption, durability, safety, and efficiency, rather than focusing on some so-called technical indicators that consumers cannot easily perceive;(2) Farmers and rural enterprises should choose products and services whose use value and utility can be directly verified, rather than products and services that cannot be verified or whose effectiveness is difficult to verify;(3) Farmers and rural enterprises should choose products and services that meet people's basic needs as much as possible based on Maslow's hierarchy of needs theory. For example, food, clothing, housing, transportation, and entertainment are the basic needs of people, which can form an effective market and should become the focus of project selection for farmers and rural enterprises;(4) Farmers and rural enterprises should combine the "perception principle" and the "advantage principle" when selecting projects and products.

### **5. Conclusion**

The "advantage principle" and the "perception principle" provide industrial planning and project guidance for county-level and township governments, as well as project and product selection for farmers and rural enterprises. This has strategic significance for achieving rural industrial revitalization and modernization of rural governance. Among them, the "advantage principle" determines the direction of industrial development for county-level economies, farmers and rural enterprises. The "perception principle" determines the selection of specific projects and products by county-level enterprises, farmers, and rural enterprises. The scientific application of the "advantage principle" and the "perception principle" greatly affects the success or failure of farmers and rural enterprises, as well as the success or failure of rural industrial revitalization and the success or failure of county-level government rural governance. The "perception principle" is a supplement to the "advantage principle". When farmers and rural enterprises choose and plan their industrial development direction, they should choose their most advantageous or competitive industries or projects as support, and this advantage must be specific, perceptible, and tangible.

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